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Vedanta Resources Plc
Interim Results For The Half Year Ended 30 September 2011

Financial Highlights

- Revenue of US$6,553 million, up 43%
- EBITDA of US$1.7 billion, up 27%
- Underlying EPS[1] of 68 cents, down 35%, due to lower attributable profit from our subsidiaries
- Interim dividend of 20 US cents per share
- Strong free cash flow of US$746 million up 67%
- Invested US$1.2 billion in organic growth programme during H1

Business Highlights

- Production growth in zinc, silver, copper, aluminium and power
- Commissioned the 100 ktpa Dariba Lead Smelter
- 350 tonne silver refinery under commissioning
- Successfully integrated Zinc International acquisition
- Acquired Liberia Iron Ore assets with an estimated 1bn tonnes reserves and resources
- Completed acquisition of 28.75% stake in Cairn India, remaining 30% stake nearing completion

(in $ millions, except as stated)

Consolidated Group Results	**H1 FY2011-12**	**H1 FY2010-11**	**% Change**
Revenue	6,552.6	4,581.5	*43.0*
EBITDA	1,711.4	1,348.6	*26.9*
EBITDA Margin	*26.1%*	*29.4%*	-
EBITDA margin excluding custom Smelting (%)	36.9%	39.9%	-
Operating Profit	1,171.4	985.3	*18.9*
Attributable Profit	27.8	337.0	*(91.8)*
Underlying attributable Profit[1]	186.3	284.0	*(34.4)*
Basic Earnings per Share (US cents)	10.2	123.8	*(91.8)*
Earnings per Share on Underlying Profit (US cents)	68.3	104.3	*(34.5)*
ROCE (excluding project capital work in progress)	*16.5%*	*20.1%*	-
Interim Dividend (US cents per share)	20.0	20.0	-

1 *Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and minority interest effects (refer to note 6 of Condensed financial statements)*

Mr Anil Agarwal, **Chairman of Vedanta Resources plc** said, *"Vedanta has delivered strong production growth, successfully integrated the Zinc International assets acquired from Anglo American and acquired over 1 billion tonnes of iron ore reserves and resources in Liberia. Vedanta, with its significant exposure to fast growing economies and its strong organic investment programme, supplemented by select acquisitions, is well placed and remains confident about the future."*

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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, silver, iron ore and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Ireland 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, please 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

Vedanta continues to focus on delivering long term value for its shareholders and has delivered strong performance in the first half of the year with production growth and EBITDA of US$1.7 billion. I would like to thank all our employees for their contribution in delivering these results. We made good progress in our organic growth programme, spent US$1.2 billion in growth capex during H1, and continue to ramp-up those projects.

During the half year, we successfully integrated the Zinc assets acquired from Anglo American plc, acquired 1 billion tonnes of iron ore reserves and resources in Liberia, and are looking forward to completing the Cairn India acquisition. These acquisitions further expand our geographic footprint, and will be important growth drivers in the near future.

Financial Performance

The company reported revenues of US$6.6 billion and an EBITDA of US$1.7 billion in the first half of the year, higher than the corresponding prior period, driven by the newly acquired Zinc International assets and higher volumes and realisations across majority of our operations. Operating and Attributable profit were US$1.2 billion and US$28 million, as compared to US$1.0 billion and US$337 million respectively, in H1 FY 2011. Profits during the current period were adversely affected by losses at VAL and SEL and mark-to-market foreign exchange losses on account of depreciation of the Indian Rupee. The underlying attributable profit and EPS, which are based on profit for the period after excluding the impact of special items, mark-to-market foreign exchange losses and gains on embedded derivatives, were US$186 million and 68 US cents respectively.

US$746 million of free cash flow was generated before capex of US$1.2 billion. Net debt and gearing were at US$7.2 billion and 36.9% respectively, including debt raised for funding the acquisition of a 28.75% stake in Cairn India.

Operational Performance

The ramp-up of our various expansion projects contributed to volume growth at our zinc-lead-silver, copper and power business, as we made progress with our organic growth programme.

During the period we commissioned the 100ktpa Dariba lead smelter at our Zinc- India operations. We are on track to increase our refined silver capacity to 16 million ounces per annum by the end of this financial year, following the commissioning of the new silver refinery.

Along with integrated volume growth at our Copper-Zambia operations, projects at Copper-Zambia progressed well.

Acquisitions

We completed the acquisition of iron ore assets in Liberia with reserves and resources of approximately 1 billion tonnes in H1, adding to our iron ore resource base. We will develop this project over the next few years, and are targeting first shipment from Liberia in FY 2014.

Further to the announcement of the acquisition of a majority stake in Cairn India Limited in FY 2011, we have completed the acquisition of a 28.75% stake in Cairn India and look forward to completing the acquisition of the balance 30%, the funding for which is fully secured. The transaction has been approved by the Government of India, and Cairn India shareholders.

Sustainability

We remain committed to creating value sustainably by minimising our impacts on air, water and land, by caring for the health and safety of our people and by collaborating with communities to add value to the lives of the people with whom we come in contact. The company positively impacts 2.9 million people across 474 villages in communities around its operations.

Following the sustainability governance changes made last year to the Board-appointed Sustainability Committee, we are focused on improving our sustainability framework and aligning performance across the group.

Dividends

We announced an interim dividend of 20.0 US cents a share. Since our IPO in 2003, we have returned US$ 1.3 billion to shareholders in the form of dividends and share buy-backs.

Outlook

Despite the global economic uncertainty, we believe the long-run outlook for commodities remains favourable. We look forward to delivering good performance with increase in volumes across our operations and sustainably driving value creation through our structurally low-cost operations, strategic acquisitions and industry-leading organic growth programme.

Anil Agarwal

Chairman

9 November 2011

Business Review

Summary

Emerging markets with domestic demand remain a silver lining despite clouds of global economic volatility. Commodity prices held up during the first half of the six month period, but showed weakness subsequently with sovereign debt concerns in developed nations and monetary tightening in growing countries like China and India. Besides, manufacturing industries continued to face inflationary cost pressures, largely in the form of increase in energy and manpower costs. We remain committed to our strategy of being a low cost producer through our sustained focus on operational efficiencies, cost control and volume growth. With the recent downward trend in commodity prices, we expect to see some correction in commodity linked input prices.

As a result of strong production growth across majority of our businesses and higher commodity prices, we achieved an EBITDA of US$1.7 billion, 26.9% higher than the corresponding prior period.

We spent US$1.2 billion in the growth programme during the period and ramp-up of our various expansion projects contributed to volume growth . The 100 ktpa lead smelter at Dariba was commissioned and the smelter is ramping-up well. The silver refinery is expected to be commissioned in Q3 FY2011-12.

105.3 MW of wind power capacity was commissioned and the balance 45 MW is planned to be commissioned by Q3 FY2011-12. With this our total wind power generation capacity will be 273 MW.

Work on the 160 MW (80*2) and 1,200 MW (300*4) thermal power plants at Tuticorin and Korba are also progressing well.

The 1.25 mtpa Jharsuguda-II smelter project is in its final stages of completion, and we continue to evaluate the option of selling power versus producing aluminium at this smelter. The Lanjigarh alumina refinery is operating at a capacity of 1 mtpa and we are in active discussions with the Orissa State Government for allotment of alternative bauxite mines. Work on the alumina refinery expansion is on hold . awaiting the next hearing by the High Court on the review petition filed by VAL. Overall, we remain committed to an integrated aluminium strategy.

At our copper India operations, National Environmental Engineering Research Institute ("NEERI") inspected our operations, carried out certain studies and submitted its report to the Supreme Court, as directed. The Court considered the report and comments from the State Pollution Control Board ("TNPCB"); and directed the TNPCB to issue directions for implementation of various improvement measures suggested by NEERI and other regulatory bodies. The case has been listed to be heard in the first week of January, 2012. In the interim, the stay order remains in place and the unit continues to operate at its rated capacity.

28.75% stake was acquired in Cairn India during H1 FY2011-12 and the additional 30% is nearing completion. The acquisition would further diversify our existing portfolio and will be an important growth driver in the near future.

We also announced an acquisition of 51% stake in Western Cluster, Liberia, with reserves and resources of approximately 1 billion tonnes, adding to our iron ore resource base. Process of obtaining exploration permits and the aero-magnetic survey has been initiated.

Exploration activities at Iron ore mines in Goa and Zinc Mines in Rajasthan progressed well during the first half of FY2011-12. We are currently exploring over 6,200 sq km area in 10 'Reconnaissance Permits' (RPs) at Zinc India. Work on the scoping study into the potential development of the Gamsberg mine and certification of R&R, has also been initiated. Exploration activity at Iron Ore mines and KCM has also been progressing as planned.

We purchased a 0.52% of Sterlite stake during H1 for a total consideration of US$64 million, increasing our effective shareholding in Sterlite to 58.0%.

Sustainable development continues to be a priority across the group. We are working hard to reduce our accident rates and environmental footprint. We continue to cultivate positive relationships across our wide spectrum of Stakeholders. We have positively impacted the lives of over 2.9 million people through our Community Development projects such as the Vedanta Bal Chetna Anganwadi programme where more than 133,000 children attend day-care centres and our HIV/AIDS program which has helped counsel, test or treat over 5,700 people.

Group Results

Group revenues in H1 FY2011-12 were US$6,553 million, an increase of 43.0% as compared with the corresponding prior period. EBITDA was 26.9% higher at US$1,711 million in H1 FY2011-12. Higher revenues and EBITDA reflected higher volumes in most of the businesses, higher commodity prices, and higher by-product realizations, which were partially offset by higher operating costs mainly due to high coal costs and commodity linked costs. The details are discussed further along with respective businesses. However, the attributable profit was US$28 million in H1 FY2011-12 as compared to US$337 million in H1 FY2010-11, which is primarily on account of losses at VAL, losses at SEL, special items and other gains and losses (mark-to market losses on the foreign currency borrowings at our Indian entities partially off-set by gain on embedded derivatives). The underlying profit which is excluding the special items and other gains and losses was at US$186 million in H1 FY2011-12 as compared to US$284 million in H1 FY2010-11.

Higher volumes in our Zinc and Copper businesses contributed ~ US$90 million to EBITDA, the addition of volumes from Zinc International contributed ~US$200 million, higher commodity prices contributed a further ~US$400 million. These were partially offset by ~US$210 million impact due to higher cost of production (COP) mainly due to high coal costs and commodity linked inputs and impact of pot outage at Jharsuguda smelter and lower volumes at Iron ore which were primarily impacted by the mining ban at Karnataka and mining contract at Orissa not being extended, the impact of lower volumes of Iron ore was ~US$110 million.

EBITDA margin was 26.1% in H1 FY2011-12 compared with 29.4% in H1 FY2010-11. Our EBITDA margin excluding copper custom smelting operations was 36.9% in H1 FY2011-12 as compared with 39.9% in H1 FY2010-11.

Conversion of EBITDA to free cash flow for H1 FY2011-12 was at 43.6% compared with 33.0% in H1 FY2010-11. Free cash flow conversion would have been even better albeit for the increased working capital, mainly in the form of inventory levels at Copper-India operations, and working capital at the new zinc and aluminium operations at Dariba and Jharsuguda, respectively.

We have maintained our strong balance sheet and funding position, with cash and liquid investments totalling US$5.9 billion as at 30 September 2011 compared to US$7.3 billion as at 30 September 2010. We generated free cash flows pre-expansion capex in H1 FY2011-12 of US$746 million. Net debt was at US$7,166 million and our gearing ratio was at 36.9% after spending US$4.2 billion in acquisition of 28.75% stake in Cairn India, US$1.2 billion on project expansions and US$64 million on share purchase of Sterlite shares.

Segmental revenue and EBITDA are presented in the table below.

(in US$ million, except as stated)

	H1 2011-12	H1 2010-11	Change
Revenue			
Aluminium	932.4	801.8	*16.3%*
Copper	3,120.4	2,182.6	*43.0%*
— India/Australia	2,197.9	1,322.2	*66.2%*
— Zambia	922.5	860.4	*7.2%*
Zinc	1,666.4	881.7	*89.0%*
— India	1,177.8	881.7	*33.6%*
— International	488.6	-	
Iron Ore	627.5	707.6	*(11.3)%*
Energy	227.4	55.4	*310.5%*
Others and eliminations	(21.5)	(47.6)	-
	6,552.6	**4,581.5**	***43.0%***
EBITDA			
Aluminium	91.0	156.5	*(41.9)%*
Copper	405.7	282.8	*43.5%*
— India/Australia	161.5	108.9	*48.3%*
— Zambia	244.2	173.9	*40.4%*
Zinc	861.7	456.3	*88.8%*
— India	657.7	456.3	*44.1%*
— International	204.0	-	
Iron Ore	307.0	432.7	*(29.1)%*
Energy	50.7	22.9	*121.4%*
Others and eliminations*	(4.7)	(2.6)	-
Total EBITDA	**1,711.4**	**1,348.6**	***26.9%***

* *Including unallocated corporate expenses*

Zinc - India

(in US$ million, except as stated)

	H1 2011-12	H1 2010-11	Change	FY 2010-11	H2 2010-11
Production – zinc (kt)					
— Mined metal content	355	350	*1.4%*	752	402
— Refined metal	378	341	*10.9%*	712	372
Production – lead (kt)					
— Mined metal content	43	37	*16.2%*	88	51
— Refined metal [1]	33	31	*6.5%*	63	32
Production – Saleable Silver (in m oz)	2.63	2.33	*12.9%*	4.76	2.43
Average Zinc LME cash settlement prices (US$ per tonne)	2,236	2,015	*11.0%*	2,185	2,354
Average Lead LME cash settlement prices (US$ per tonne)	2,503	1,989	*25.8%*	2,244	2,497
Exchange rate – INR per US$	45.26	46.09	*(1.8%)*	45.58	45.06
Unit costs					
— Zinc (US$ per tonne)	1,050	997	*5.3%*	990	984
— Zinc except royalty (US$ per tonne)	861	831	*3.6%*	808	787
Revenue	1,177.8	881.7	*33.6%*	2,159.9	1,278.2
EBITDA	657.7	456.3	*44.1%*	1,219.6	763.3
EBITDA margin	*55.8%*	*51.8%*	–	*56.5%*	*59.7%*
Operating profit	596.8	405.5	*47.2%*	1,117.2	711.7

1. *Including captive consumption of 3kt vs. 3kt in H1 FY12 vs. H1 FY11*

Production and Sales

Mined metal production in H1 FY2011-12 was at 398,000 tonnes, 2.8% higher than the corresponding prior period. Rampura Agucha mine had a maintenance shutdown in Q1 and was back to near normal production in Q2.

Zinc refined metal production in H1 FY2011-12 was a record at 378,000 tonnes, an increase of 10.9%, primarily due to improved operational performance at our hydro smelters. Production of refined lead was at 33,000 tonnes in H1 FY2011-12 as compared to 31,000 tonnes in H1 FY2010-11, which included 2,000 tonnes of production from the new lead smelter. Sales of surplus lead concentrate were at 10,000 dmt in H1 FY2011-12 containing an additional 0.55 million ounces of payable Silver.

We produced 2.63 million ounces of silver in H1 FY2011-12, 12.9% higher than the 2.33 million ounces produced in H1 FY2010-11, primarily due to higher silver content in the mined ore. Silver revenues in H1 FY2011-12 were US$104 million.

We sold 405,000 tonnes of refined Zinc-Lead during the period. Out of this, 239,000 tonnes were sold in the domestic market.

Unit Costs

Unit costs of production excluding royalties were marginally higher at US$861 per tonne in H1 FY2011-12, as compared with US$831 per tonne in H1 FY2010-11. Higher strip ratio at mines and higher coal costs were partially offset by improved by-product realisations and higher volumes.

LME-linked royalties increased from US$166 per tonne in H1 FY2010-11 to US$189 per tonne in H1 FY2011-12 due to higher LME prices. We expect cost of production (pre-royalty) to reduce in H2 FY2011-12 driven by higher volumes and improved operating efficiencies.

Financial Performance

EBITDA for H1 FY2011-12 was US$658 million, 44.1% higher than the corresponding prior period. The increase in EBITDA was largely due to higher volumes, increase in LME prices and higher by-product realizations, which were partly offset by higher cost of production.

Projects

The 100 ktpa lead smelter at Rajpura Dariba was commissioned in H1 and is ramping up well. The silver refinery is expected to be commissioned in Q3 FY2011-12.

Production Performance Zinc International

(in US$ million, except as stated)

	H1 2011-12	FY 2010-11
Production– Zinc (kt)		
Mined metal content BMM and Lisheen*	112	30
Refined metal Skorpion	76	50
Production– Lead (kt)		
Mined metal content	45	14
Average LME zinc cash settlement prices (US$ per tonne)	2,236	2,185
Average LME lead cash settlement prices (US$ per tonne)	2,503	2,244
Zinc Cach cost (c/lb)	56.1	50.7
Revenue	488.6	218.9
EBITDA	204.0	101.3
EBITDA Margin	*41.8%*	*46.3%*
Operating Profit	94.9	47.2

** Post acquisition period*

Production and Sales

Total equivalent zinc-lead production was 233,000 tonnes in H1 FY2011-12. This comprised production of zinc-lead concentrate of 157,000 tonnes MIC at Black Mountain and Lisheen, and refined zinc production of 76,000 tonnes in H1 FY 2011-12 at Skorpion. The production during the period was stable. For the six months ended 30 September 11, 26% of contained metal in concentrate production from Lisheen i.e. 28,800 tonnes, was produced from putting ore from a nearby mine through its mill and concentrator plant. Lisheen is currently in a retreat mining phase on its ore body, and the additional ore has assisted the plant to run at a consistent steady state. The custom treatment of this ore resulted in a contribution to an EBITDA of US$19 million for the six months.

Unit Costs

The production costs were 56.1 c/lb as compared to 50.7 c/lb in prior period post acquisition. The costs were negatively impacted due to higher energy costs, and lower by-product credit.

Financial Performance

EBITDA for H1 was US$204 million and operating profit at US$94.9 million, in line with our expectations.

Iron Ore

(in US$ million, except as stated)

	H1 2011-12	H1 2010-11	*Change*	FY 2010-11	H2 2010-11
Production volumes (kt)					
Saleable ore	5,511	8,607	*(36.0)%*	18,801	10,193
Pig iron	126	140	*(10.0)%*	276	136
Sales (kt)					
Iron Ore	5,797	6,715	*(13.7)%*	18,137	11,422
Pig iron	123	138	*(10.9)%*	266	128
Revenue	627.5	707.6	*(11.3)%*	1,979.5	1,271.9
EBITDA	307.0	432.7	*(29.1)%*	1,174.1	741.4
EBITDA Margin	*48.9%*	*61.2%*	–	*59.3%*	*58.3%*
Operating Profit	221.0	326.3	*(32.3)%*	757.6	431.3

Production and Sales

Production during H1 FY2011-12 was 5.5 mt, 3.1 mt lower than the corresponding prior period, primarily due to non-extension of mining contract at Orissa in November 2010, which in H1 FY 2010-11 was 1.0 mt. Further in August 2011, the Hon'ble Supreme Court temporarily banned operations across all mines in the major iron ore producing districts in Karnataka, in order to have complete control on the illegal mining in the state. The court directed Central Environment Committee ("CEC") to ascertain ground realities and give their recommendations for a proposed environment management plan for the State.

Iron ore sales in H1 FY2011-12 were 13.7% lower at 5.80 mt due to the aforementioned reasons.

Export sales were 3.90 million tonnes in H1 FY2011-12 as compared to 6.08 million tonnes in H1 FY2010-11. Domestic sales from Karnataka were higher at 1.90 million tonnes in H1 FY2011-12, compared to 0.64 million tonnes in H1 FY2010-11, prior to the mining ban imposed at end August 2011.

Financial Performance

Revenues in H1 FY2011-12 were lower at US$627 million and EBITDA was US$307 million due to lower volume lower mine grade of iron ore and accordingly lower sales realizations.

Operating costs have been higher due to increased royalties, higher logistic costs and increase in the export duty from 5% to 20% from March 2011.

Projects

We remain committed to and had taken multiple steps to upgrade the infrastructure and enhance mining capacity to attain 36 mt capacity. However in the current uncertain environment, we foresee delays in obtaining the approvals.

Work on expanding our pig iron plant capacity to 625 ktpa and associated expansion of capacity at the metallurgical coke plant to 560 ktpa is nearing completion and is on track for commissioning by Q3 FY2011-12.

Copper

Copper—India/Australia

(in US$ million, except as stated)

	H1 2011-12	H1 2010-11	*Change*	FY 2010-11	H2 2010-11
Production (kt)					
Australia – mined metal content	11	14	*(21.4%)*	23	9
India – cathode	161	145	*11.0%*	304	159
Average LME cash settlement prices (US$ per tonne)	9,057	7,131	*27.0%*	8,138	9,136
Unit conversion costs – US cents per lb	(3.3)	7.1	-	4.0	1.3
Realised TC/RCs (US cents per lb)	13.4	12.7	*5.5%*	11.9	11.2
Revenue	2,197.9	1,322.2	*66.2%*	3,428.2	2106.0
EBITDA	161.5	108.9	*48.3%*	241.5	132.6
EBITDA margin	*7.3%*	*8.2%*	–	*7.0%*	*6.3%*
Operating profit	138.9	88.3	*57.3%*	196.6	108.3

Production and Sales

Mined metal production at our Australian mine was at 11,000 tonnes during H1 FY2011-12, as compared to 14,000 tonnes in the prior period, primarily as a result of rock fall incident at the mine in the month of September 2011. Work on restoration of the mining operations has been completed and the mine has now resumed near normal operations. Underlying operating rate remains stable.

Production of cathodes at Copper–India was 161,000 tonnes in H1 FY2011-12, an increase of 11.0% compared with the corresponding prior period. This was primarily due to a planned bi-annual maintenance shutdown during H1 FY2010-11 and improved volumes in Q2 FY2011-12.

Unit Costs and TC/RCs

Net unit conversion cost at Copper India was negative 3.3 US cents per lb in H1 FY2011-12, a substantial improvement from 7.1 US cents per lb in H1 FY2010-11, primarily on account of improved by-product credit mainly sulphuric acid, higher LME prices and higher volumes.

TC/RCs received in H1 FY2011-12 were marginally higher at 13.4 US cents per lb compared with 12.7 US cents per lb in H1 FY2010-11. A large part of copper concentrate is procured under long term contracts.

Financial Performance

EBITDA for H1 FY2011-12 was US$161 million, 48% higher than the comparable prior period primarily due to lower net production costs, higher LME prices and marginally higher realised TC/RCs.

Projects

Construction of the 160MW captive power plant at Tuticorin is progressing well and the first unit is scheduled for commissioning in Q4 FY2011-12. While the MoEF clearance is in place for the 400 ktpa copper smelter expansion project at Tuticorin, the project is awaiting consent from the State Pollution Control Board.

Copper—Zambia

(in US$ million, except as stated)

	H1 2011-12	H1 2010-11	*Change*	FY 2010-11	H2 2010-11
Production(kt)					
Mined metal	52	47	*10.6%*	90	43
Cathode	102	113	*(9.7%)*	217	103
Integrated	68	66	*3.0%*	133	67
Custom	34	47	*(27.7%)*	84	36
Average LME cash settlement prices (US$ per tonne)	9,057	7,131	*27.0%*	8,138	9,136
Unit costs (US cents per lb)	224.4	187.0	*20.0%*	197.5	209.1
Revenue	922.5	860.4	*7.2%*	1,825	964.6
EBITDA	244.2	173.9	*40.4%*	439.9	266.0
EBITDA margin	*26.5 %*	*20.2%*	-	*24.1%*	*27.6%*
Operating profit	167.5	106.6	*57.1%*	309.1	202.5

Production Performance

Production of copper cathode in H1 FY2011-12 was 102,000 tonnes, lower than the corresponding prior period primarily due to a decrease in custom smelting as a result of lower availability of concentrate. Mined metal production was 10.6% higher at 52,000 tonnes mainly due to higher production at Nchanga mine. Production from the tailings leach plant was at 24,000 tonnes, marginally lower as compared to corresponding period due to lower feed grade. Finished integrated production has improved by 3% in H1 FY2011-12.

Unit Costs

Unit costs of integrated production in H1 FY2011-12 were 224.4 US cents per lb, higher than corresponding prior period primarily on account of increase in pre-stripping costs, wages and prices of other inputs. Several initiatives were taken during the period, and are expected to have a positive impact on the production costs in coming quarters at the back of higher volume, voluntary separation of ~400 people in H1, increased cobalt credit, commissioning of new mills at Nchanga, etc, besides sharp focus on reducing overall spend base.

Financial Performance

EBITDA in H1 FY2011-12 of US$244 million, 40.4% higher than EBITDA of US$174 million in H1 FY2010-11, primarily due to higher LME prices and better integrated production, which was partially offset by higher production costs.

Project

At KDMP, after crossing the important milestone of commissioning the mid shaft loading last year, parallel work on the bottom shaft sinking is progressing well. Our priority remains to accelerate the primary and secondary mine development to access the ore.

Aluminium

(in US$ million, except as stated)

	H1 2011-12	**H1 2010-11**	*Change*	**FY 2010-11**	**H2 2010-11**
Production volumes (kt)					
Alumina – Lanjigarh	451	376	*19.9%*	707	331
Alumina – Korba	-	–	–	-	-
Total Alumina	**451**	**376**	***19.9%***	**707**	**331**
Aluminium – Jharsuguda	201	174	*15.5%*	386	212
Aluminium – Korba	121	128	*(5.5%)*	255	127
Total Aluminium	**322**	**302**	***6.6%***	**641**	**339**
Surplus power sales (Million units)	983.9	1,556.0	*(36.8%)*	2,794.3	1,238.3
Power sales realization (US cents/ kwh)	7.2	8.3	*(13.3%)*	7.4	6.3
Cost of production of power (US Cents/kwh)	4.9	4.2	*16.6%*	4.2	4.1
Average LME cash settlement prices (US$ per tonne)	2,495	2,090	*19.4%*	2,257	2,422
Exchange Rate (INR per US$)	45.26	46.09	*(1.8%)*	45.58	45.06
Unit costs (US$ per tonne)					
Aluminium Business	2,282	1,860	*22.7%*	1,806	1,757
BALCO Production Cost	2,036	1,780	*14.4%*	1,784	1,788
BALCO Smelting Cost[1]	1,230	991	*24.1%*	1,007	1,023
Jharsuguda Production Cost	2,427	1,918	*26.5%*	1,820	1,738
Jharsuguda Smelting Cost[1]	1,544	1,124	*37.4%*	1,173	1,214
Revenue	932.4	801.8	*16.3%*	1,779.6	977.8
EBITDA	91.0	156.5	*(41.9%)*	352.7	196.2
EBITDA Margin	*9.8%*	*19.5%*	-	*19.8%*	*20.1%*
Operating (Loss)/Profit	**(25.1)**	**47.2**	***(153.2%)***	**123.5**	**76.3**

1. *Smelting cost comprises production cost excluding alumina cost*

Production Performance

Production of aluminium in H1 FY2011-12 was 322,000 tonnes, an increase of 6.6% as compared with the corresponding prior period. This increase is primarily attributable to the production of 201,000 tonnes from the Jharsuguda 500ktpa aluminium smelter. Power failure during the period negatively impacted our production capacity and affected around 170 pots. Work on restoration of pots is in progress and we expect to have normal operations by end of the current financial year. Operations at Korba smelter were stable and continue to operate at its capacity.

The Lanjigarh alumina refinery produced 451,000 tonnes of alumina H1 FY2011-12, an increase of 19.9% in comparison with 376,000 tonnes in H1 FY2010-11.

Total sales of aluminium were 5% higher at 308,000 tonnes in H1 FY2011-12. Sales of aluminium in the domestic market increased 3% to 245,000 tonnes in H1 FY2011-12. Sales of value added product increased by 25% as compared with corresponding prior period. The share of value added products was 57% of total sales in H1 FY2011-12, significantly higher as compared with 48% in H1 FY2010-11. We continue to focus on increasing our domestic sales, as our sales realisation in the domestic market is higher than that of exports.

Unit Costs

Unit costs of production increased to US$2,282 per tonne in H1 FY2011-12 compared with US$1,860 in H1 FY2010-11 primarily on account of higher cost of alumina, higher cost of coal and higher power consumption at Jharsuguda smelter due to power outage in June 2011. Due to heavy rains in the coal mining area, supply logistics was impacted in later part of Q2, resulting in the use high cost imported coal and purchase of power from third parties for a few days at the smelter to meet the power requirement . This negatively impacted the overall production cost.

Operating costs at Korba were higher primarily due to higher coal, carbon and alumina costs.

We expect the smelting costs at Jharsuguda to steadily reduce in H2 FY2011-12 on the back of several factors such as pots stabilising thus reduced power consumption, reduced carbon and alumina cost and improved coal availability.

Financial Performance

As informed earlier in our June quarter results, the segment has been updated to include the surplus power sales from the power plant at Korba and Jharsuguda. This has been done in compliance with IFRS 8.

Revenue in H1 FY2011-12 was US$932 million, a 16% increase when compared with US$802 million in H1 FY2010-11.

EBITDA in the period was US$91 million, significantly lower compared with US$157 million in H1 FY2010-11 primarily due to reasons mentioned above. In addition, power realisation has reduced to US7.2 cents per unit in H1 FY2011-12 as compared with US8.3 cents per unit in H1 FY2010-11, in line with the commercial market coupled with increase in generation cost of power to US4.9 cents per unit in H1 FY2011-12 as compared to US4.2 cents per unit in H1 FY2010-11, mainly due to increase in coal cost.

The revenue and EBITDA from the sales of surplus power from power plants in the aluminium business was at US$78 million and US$23 million, respectively as compared with revenue of US$135 million and EBITDA of US$68 million in H1 FY2010-11.

Projects

The 325 ktpa Korba smelter construction is progressing well and first metal tapping is expected in Q4 FY2011-12. The 1,200 MW (300 MW * 4) power plant at Korba is progressing well and the first unit of 300 MW is expected to be commissioned during Q3 FY 2011-12, work on other units is progressing well.

The discussions with Orissa State Government for allocation of new bauxite deposits in accordance with our MoU with them for the supply of 150 mt bauxite, are in progress. The refinery will continue to operate at 1 mtpa with bauxite sourced from BALCO and third parties. The work on refinery expansion remains suspended. Post the Orissa High Court order in July 2011, MOEF declined to accept VAL's submission, hence a review petition has been filed by VAL in the Orissa High Court for clarification and the matter is likely to be heard in latter part of November 2011.

Energy

(in US$ million, except as stated)

	H1 2011-12	H1 2010-11	Change	FY 2010-11	H2 2010-11
Power Sales (MU)	2,851	553	*415.6%*	1,879	1,326
SEL*	2,404	49	-	856	808
MALCO and HZL Wind Power	446	504	*(11.5)%*	1,023	518
Sales Realization (US cents/kwh)	8.2	10.3	*(20.4)%*	9.7	9.4
Cost of Production (US cents/kwh)	6.2	5.9	*5.1%*	6.2	6.4
Revenue	227.4	55.4	*310.3%*	124.0	68.6
EBITDA	50.7	22.9	*121.4%*	43.9	21.0
EBITDA Margin	*22.3%*	*41.3%*	-	*35.4%*	*30.6%*
Operating Profit	12.4	13.2	*(6.1)%*	20.3	7.1

* *Includes SEL trial run production of 288 million units in H1 FY 2011-12 vs 49 million units in H1 FY 2010-11.*

Production Performance

We sold 2,851 million units of power in H1 FY2011-12 compared with 553 million units in the corresponding prior period, the increase is primarily due to SEL two units of 600 MW each are in operation. Production during the quarter was affected due to heavy rainfall in the coal belt, affecting our ability to generate power at our rated capacity.

Unit Costs

Average power generation cost in H1 FY2011-12 was 6.2 US cents per unit compared with 5.9 US cents per unit in H1 FY2010-11, reflecting higher coal costs. Coal supplies to Jharsuguda were adversely affected due to heavy rainfall in the coal belt and hence we had to purchase the high cost local coal as well as imported coal to meet the shortfall.

Financial Performance

During the first half of the financial year, the power tariffs fell primarily because of lower demand, whereas the state utilities preferred load shedding as against purchasing the power from merchant market. This was unsustainable and prices began to increase marginally in Q2 FY2011-12. Costs were higher as mentioned above resulting in lower margins. EBITDA in H1 FY2011-12 was US$51 million, higher than the EBITDA of US$23 million in the corresponding prior period, due to increased generation from SEL. EBITDA margin has reduced sharply due to reasons mentioned earlier.

Projects

The third unit of the 2,400 MW (4x600MW) SEL power project is expected to be synchronised in Q3 FY 2011-12.

Work on the 2,640 MW (660MW * 4) Talwandi Sabo supercritical power project is progressing as scheduled. Considering the current coal scenario and the power tariffs in India, the plan for 4th unit of 660 MW has been put on hold.

Of the 150 MW Wind Power Project, 105.3 MW had been commissioned during the first half and remaining 44.7 MW is expected to be commissioned by Q3 FY2011-12. With commissioning of the 150 MW wind power generation capacity, we will have 273 MW of green energy, which will be among the highest in India.

Sustainable Development

Vedanta Resources embraces the responsibility that comes with our position as an international resources operator. We are committed to the highest operating standards and respect for human life, the environment and the communities in which we operate. Following the sustainability governance changes made last year to the Board appointed Sustainability Committee, we are devoting considerable time to improving our Sustainability Framework and aligning performance across the group.

The committee has approved, Vedanta Group Policies for Biodiversity, Human Rights, Water, Energy and Carbon, Social and HIV/Aids and a revised HSE policy. These policies are designed to better support Vedanta's Vision, Values and Code of Conduct.

In line with our Board- led commitment to sustainable development, we continue to work on the recommendations of Scott Wilson and our first six monthly progress report together with the Scott Wilson July 2011 visit report are now available on our web site www.vedantaresources.com/sustainability. We believe our progress to date is very positive and we will continue to work diligently to meet the goals set by this process and our overall conviction that Sustainability is a core value of the Company.

Finance Review

We achieved record EBITDA of US$1,711 million in the first half of the financial year primarily due to volume growth and higher realizations. We have a strong balance sheet with US$5.9 billion of cash and liquid investments post the acquisition of 28.75% stake in Cairn India Shares and the Liberian Iron Ore Assets in West Africa, which along with our various funding arrangements, are sufficient to fund our organic growth projects. Basic Earnings per Share was US 10.2 cents, as compared to US 123.8 cents in the corresponding prior period, primarily due to the mark to market (MTM) loss on account of depreciation of the Indian Rupee against US dollar and losses at our Aluminium business in VAL. The underlying EPS which excludes the MTM loss and Special items was US 68.3 cents as compared US 104.3 cents in the corresponding prior period.

Background

Our interim financial report is prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted for use in the European Union. Our reporting currency is the US dollar.

Key Financial Performance Indicators

(in US$ million except as stated)

	H1 2011-12	**H1 2010-11**	***% change***	**FY2010-11**
EBITDA	1711.4	1,348.6	*26.9*	3,566.8
Attributable Profit	27.8	337	*(91.8)*	770.8
Underlying Attributable Profit *	186.3	284.0	*(34.4)*	715.3
Basic EPS (US cents per share)	10.2	123.8	*(91.8)*	283.2
Underlying EPS (US cents per share)	68.3	104.3	*(34.5)*	262.8
Free Cash Flows	745.7	445.7	*67.3*	2,347.3
ROCE** (excluding project capital WIP) (%)	16.5	20.1	*(17.9)*	21.0
Net Debt	7,165.6	1,638.5	*337.3*	1,970.3

** Excluding special items and other gains and losses (refer to Note 6 of Condensed financial statements)*

*** Annualised basis*

We have delivered stable operating performance with higher volumes at the majority of the businesses. Continued focus on cost control and operational excellence has helped us contain the impact of substantial increases in input prices during the period. We continue to focus on improving operational efficiency. Our balance sheet continues to remain strong with cash and liquid investments of US$5.9 billion. Our gearing ratio at the period end was 36.9%.

Income Statement

(in US$ million, unless otherwise stated)

	H1 2011-12	H1 2010-11	% change	FY2010-11
Revenue	6,552.6	4,581.5	*43.0*	11,427.2
EBITDA	1,711.4	1,348.6	*26.9*	3,566.8
EBITDA margin (%)	*26.1%*	*29.4%*	-	*31.2%*
EBITDA margin (excluding custom smelting) (%)	*36.9%*	*39.9%*	-	*44.6%*
Operating special items	(38.5)	(4.6)	*736.9*	(163.4)
Depreciation	(363.2)	(255.9)	*41.9*	(554.6)
Amortisation of mining reserve	(138.3)	(102.8)	*34.5*	(314.5)
Operating profit	**1,171.4**	**985.3**	***18.9***	**2,534.3**
Share in Consolidated profit of associate	**48.8**	**-**	-	**-**
Net interest (expense) / income	(110.4)	(58.5)	*88.7*	(103.1)
Other Gains and losses	(193.6)	179.5	-	252.1
Profit before tax	916.2	1,106.3	*(17.2)*	2,683.3
Income tax expense	**(335.5)**	**(250.1)**	*34.1*	**(649.5)**
Tax rate (%)	*36.6%*	*22.6%*	-	*24.2%*
Minority Interest	(552.9)	(519.2)	*6.5*	(1,263.0)
Minority Interest rate (%)	*95.2%*	*60.6%*	-	*62.1%*
Attributable to equity shareholders in parent	**27.8**	**337.0**	***(91.8)***	**770.8**
Basic earnings per share (US cents per share)	**10.2**	**123.8**	***(91.8)***	**283.2**
Attributable rate (%)	**4.8%**	**39.4%**	**-**	**37.9%**
Underlying attributable to equity shareholders in parent	**186.3**	**284.0**	***(34.4)***	**715.3**
Underlying attributable rate (%)	**23.6%**	**39.2%**	**-**	**36.4%**
Underlying earnings per share (US cents per share)	**68.3**	**104.3**	***(34.5)***	**262.8**

Revenue

Higher volumes and realisations in most of our businesses supported by acquisition of Zinc assets in H1 FY2011-12 helped in achieving record Group revenues at US$6,553 million, up from US$4,582 million in H1 FY2010-11.

EBITDA and Operating Profit

We posted record EBITDA of US$1,711 million in H1 FY2011-12, a 26.9 % increase compared with US$1,349 million in H1 FY2010-11 mainly due to higher volumes and increase in commodity prices. EBITDA margins in H1 FY2011-12 decreased to 26.1% from 29.4% in H1 FY2010-11 largely due to increase in production costs as well as forex losses on mark-to-market of creditors.

Zinc India contributed the majority of EBITDA at ~38.4%, followed by Iron ore at 17.9%, Copper Zambia at 14.3%, Zinc International at 11.9%, Copper India/Australia at 9.4%, Aluminium at 5.3% and Energy at 3.0%.

Group operating profit in H1 FY2011-12 was US$1,171 million, 18.9% higher than the US$985 million achieved in H1 FY2010-11. The depreciation charge in H1 FY2011-12 was US$502 million compared to depreciation of US$359 million in H1 FY2010-11, reflecting the impact of additional depreciation from the newly commissioned facilities and acquisition of Zinc business from Anglo.

Net Interest

Net interest expense was US$110 million in H1 FY2011-12 compared with US$58 million in H1 FY2010-11. This was primarily on account of higher financing costs and additional debt along with utilisation of available cash for purchase of 28.75% stake in Cairn, partially offset by higher returns on cash and liquid investments.

Gross finance costs increased to US$527 million in H1 FY2011-12 up from US$325 million in H1 FY2010-11, primarily on account of higher debt and higher interest rates. The interest capitalised in H1 FY2011-12 was US$132 million as compared with US$77 million in H1 FY2010-11. Accordingly the finance costs charged to income statement increased to US$395 million in H1 FY2011-12 up from US$248 million in H1 FY2010-11. In addition to higher interest rates, the interest cost was higher due to cost of new bond issued by the Company during the period (~US$40 million), additional interest charged on capitalisation of the projects post 30 September 2010 (~US$24 million) and cost of debt raised by Sesa (~US$20 million).

The average debt in H1 FY2011-12 was US$12,030 million, compared with H1 FY2010-11 levels of US$8,579 million. The increase in debt relates to the US$1.65 billion bond offering by the Company, US$500 million debt raised by KCM, and additional debt facilities taken in some of our subsidiaries to fund their expansion projects and around US$700 million raised by Sesa Goa. The average debt maturity at 30 September 2011 was 3.7 years.

Investment income increased significantly to US$284 million in H1 FY2011-12, up from US$190 million in H1 FY2010-11, primarily on account of a higher rate of return on investments. However the additional income was partially offset by lower available cash for investments mainly at Sesa Goa wherein US$2.1 billion available cash was utilised for the acquisition of 18.7%stake in Cairn India.

Other Gains and Losses

Other gains and losses comprises the impact on account of mark to market of foreign currency borrowings, primarily at our Indian entities and on account of periodical valuation of embedded derivatives relating to the foreign currency convertible bonds at Sterlite and Sesa Goa.

The other losses in H1 FY2011-12 were US$194 million, as compared with a gain of US$179 million in H1 FY2010-11. During the H1 FY2011-12, the mark to market losses on borrowings accounted for in the finance cost was US$253 million, which was on mainly account of depreciation of the Indian Rupee against US dollar. The gain on mark-to-market of embedded derivatives of US$59 million was related to the foreign currency convertible bond at Sterlite and Sesa Goa and cumulatively since inception the gain on such bonds was US$173 million. The gain is primarily correlated with the movement in the respective entity's share price.

Taxation

The effective tax rate for H1 FY2011-12 is 36.6% significantly higher than 22.6% in H1 FY2010-11. The effective tax rate is higher primarily due to the losses at VAL and SEL wherein no deferred tax asset is recognised considering when VAL and SEL are profitable, they have to pay minimum alternate tax in India. Therefore, the losses at VAL and SEL effectively reduce overall PBT and consequently impacted increase in the effective tax rate.

The effective tax rate differs for each subsidiary, due to differing tax rates in India, Australia and Zambia and also due to changes in the profit mix between subsidiaries.

Attributable Profit

Attributable profit in H1 FY2011-12 was US$28 million, significantly lower as compared with US$337 million in H1 FY2010-11, primarily due to the losses on MTM of dollar borrowings at our Indian entities, high profit at Zinc India where we have lower attributable and losses at aluminium business where we have higher attributable, and costs incurred for acquisition of Cairn India. The underlying profit which is excluding the impact on account of MTM losses, gains on embedded derivatives and special items was US$186 million (23.6% of the profit after tax) as compared with US$284 million (39.2% of the profit after tax) in H1 FY2010-11.

Earnings Per Share ('EPS') and Dividend

Basic EPS in H1 FY2011-12 was 10.2 US cents per share compared with 123.8 US cents per share in H1 FY2011. Diluted EPS in H1 FY2011-12 was US cents 10.0 per share against US cents 122.2 per share in H1 FY2011.

The underlying EPS which is after excluding the impact on account of MTM losses, gains on embedded derivatives and special items, was US 68.3 cents as compared with US 104.3 cents in H1 FY2010-11.

The Board has approved an interim dividend of US 20 cents per share.

Balance Sheet

(In US$ million, except as stated)

	30 September 2011	30 September 2010	31 March 2011
Goodwill	12.2	12.2	12.2
Intangible Assets	321.6	-	162.1
Tangible assets	16,652.9	15,309.6	17,189.5
Investments in Associates	3,849.0	-	-
Other non-current assets	364.0	431.8	446.4
Cash and liquid investments	5,889.3	7,342.3	7,777.0
Other current assets	3,626.2	2,718.5	3,294.1
Debt	(13,056.4)	(8,983.3)	(9,752.5)
Other current and non-current liabilities	(5,410.6)	(4,372.2)	(5,449.8)
Net assets	**12,248.2**	**12,458.9**	**13,679.0**
Shareholders' equity	4,649.6	5,246.5	5,648.9
Minority interests	7,598.6	7,212.4	8,030.1
Total equity	**12,248.2**	**12,458.9**	**13,679.0**

Shareholders' equity at 30 September 2011 was US$4,650 million compared with US$5,649 million at 31 March 2011. The decrease is primarily on account of the translation losses US$1,257 million on account of depreciation of Indian Rupee against the US dollar, which more than offset the profit for the period.

Minority interests also decreased to US$7,599 million at 30 September 2011 from US$8,030.1 million as at 31 March 2011, due depreciation of the Indian rupee against the US dollar outpacing the profit for the period.

Intangible Assets

The increase in intangible assets at US$322 million as on 30 September 2011 as compared to US$162 million as at 31 March 2011, mainly relates to the purchase of mining rights of Western Cluster, Liberia.

Tangible Fixed Assets

During H1 FY2011-12, we added approximately US$1.4 billion to property, plant and equipment, which was primarily spent on our expansion and semi-expansion projects amounting to US$1.2 billion; and spent on maintenance capex amounting to US$179 million. Details of expenditure on expansion projects are set out in the table below.

Our cash and liquid investments position at 30 September 2011 was US$5.9 billion and we expect to further add to this by maintaining a high EBITDA to cash flow conversion in future periods.

PROJECTS

Projects under execution

(in US$ million, except as stated)

Sector	Project	Capacity	Country	Completion Date	Project Cost	Spent in H1 2011-12	Spent upto 30 Sep 11
Alumina	Lanjigarh I Alumina Refinery	1.0 mtpa	India	Completed	1,015.3	0.5	982.5
	Debottlecking Lanjigarh I	1.0 mtpa	India	On Hold	150.0	1.6	73.8
	Lanjigarh II Alumina Refinery	3.0 mtpa	India	On Hold	1,570.0	14.8	819.4
Aluminium	Korba III Smelter & 1200 MW CPP	325 KT	India	Q2 FY 2012-13	1,820.0	206.3	1,234.3
	Jharsuguda I Smelter	0.5 mtpa 1,215 MW CPP	India	Completed	2,400.0	-	2,324.4
	Jharsuguda II Smelter	1.25 mtpa	India	Progressively by Q3 FY 2013-14	2,920.0	211.8	2,187.2
Zinc	Smelting	2.1 ltpa Zinc	India	Completed	900.0	33.6	786.7
		1.0 ltpa Lead		Completed			
		160 MW CPP		Completed			
	Mining	RA 5 to 6 mtpa		Completed			
		SK – 1.5 mtpa		Progressive started			
		Kayar- 1 mtpa		End 2013			
Copper	KCM KDMP Project	7.5 MTPA	Zambia	Q3 FY 2012-13	973.0	46.7	843.5
	KCM Nchanga Smelter	250 KT PA	Zambia	Completed	473.0		460.5
	KCM CRO Project	50 ktpa	Zambia	Temporarily on hold	320.0	8.2	8.2
	SIIL Expansion +CPP	400 KTPA 160 MW CPP	India	EC awaited Q1 FY12-13	500.0	45.4	201.3
Energy	SEL IPP	2,400 MW	India	600 MW by Q3 FY 2012, 600 MW by Q4 FY 2012	1,900.0	60.9	1,576.5
	HZL WPP Project	150 MW	India	Q3 FY 2011-12	190.0	113.9	190.0
	Talwandi Sabo Power Project	2,640 MW	India	FY 2013-14	3,030.0	207.8	569.4
Iron Ore	Pig Iron Expansion	375 ktpa	India	Q3 FY 2011-12	150.0	29.6	114.1
	Sesa Iron Ore Expansion	36 mtpa	India	FY 2012-13	500.0	31.6	108.6
Infrastructure	Vizag Coal Berth		India		150.0	15.0	34.6
	Paradeep Port		India		150.0	-	-
	Total				19,111.3	1,027.7	12,515.0

Total amount committed but not spent towards above mentioned expansion projects at 30 September 2011 was $3.1 billion.

Net Debt

At 30 September 2011, net debt was US$7,166 million, an increase from net debt of US$1,970 million at 31 March 2011. Net debt comprises US$5,889 million of cash and liquid investments offset by debt of US$13,056 million. The net debt position has increased by US$5,196 million in H1 FY2011-12, due to US$1.2 billion spent on funding our project expansions and US$4.3 billion on purchasing 28.75% stake in Cairn by Sesa and Vedanta, asset acquisition of Western Cluster and buy-back of shares in our subsidiary. Our cash and liquid investments portfolio continues to be conservatively invested in debt mutual funds and in cash and fixed deposits with the banks. Additionally, the investments portfolio at our Indian entities is independently reviewed by CRISIL (Credit Rating Agency) and our investment portfolio has been rated as “Very Good”.

External debt at operating subsidiaries was US$6,715 million and debt at Vedanta Resources Plc was US$6,340 million as at 30 September 2011 compared with US$4,557 million at 31 March 2011, primarily due to additional project financing at some of our subsidiaries that are engaged in large capacity expansions as well funding for purchase of stake in Cairn. Of the $13.1 billion total debt, $2.3 billion consists of convertible bonds.

Cash Flows

(in US$ million, except as stated)

	H1 2011-12	H1 2010-11	FY 2010-11
EBITDA	1,711.4	1,348.6	3,566.8
Special items	(38.5)	(4.6)	(163.4)
Working capital movements	(347.8)	(634.9)	(304.2)
Changes in long term creditors and non-cash items	(110.7)	10.2	128.8
Sustaining capital expenditure*	(179.1)	(131.1)	(239.5)
Sale of tangible fixed assets	73.6	26.0	28.3
Net interest received including gains on liquid investments and dividend received	(8.5)	133.4	87.1
Tax paid	(354.7)	(301.9)	(756.6)
Free Cash Flow	**745.7**	**445.7**	**2,347.3**
Expansion capital expenditure*	(1,027.6)	(1,134.5)	(2,471.3)
Semi-expansion capital expenditure**	(167.6)	(30.2)	(45.9)
Purchase of fixed asset investments	-	(30.7)	(25.9)
Acquisition of minorities	(63.8)	(121.0)	(122.0)
Investment in Associate	(4,187.1)	-	-
Acquisitions, net of cash and liquid investments acquired	(102.5)	-	(1,036.7)
Buy-back of shares of Vedanta Resources plc	-	(128.0)	(128.0)
Convertible Bond transfer and conversion	-	427.7	430.2
Dividends paid to equity shareholders	(89.1)	(75.1)	(129.9)
Dividends paid to minority shareholders	(113.4)	(86.8)	(87.4)
Other movements***	(189.9)	41.6	246.5
Movement in net cash/(debt)	**(5,195.3)**	**(691.3)**	**(1,023.1)**

* *On an accruals basis.*

** *Non-project capital expenditure.*

*** *Includes foreign exchange movements.*

Free cash flow in H1 FY2011-12 was US$746 million which represents 43.6% of EBITDA. The free cash flow includes additional working capital at our new operations at Jharsuguda and increase in working capital at our aluminium and copper smelting operations, most of which is expected to get normalised in next half. We have invested US$179 million in sustaining capital expenditure during H1 FY2011-12 to modernise our plants and refurbish equipment, and help us sustain and continually improve on operational parameters.

Acquisitions and Stake in Cairn India

In April 2011, the Group through its subsidiary Sesa Goa acquired 200 million shares amounting to 10.5% stake in Cairn India Limited from Petronas International Corporation Ltd. ('Petronas') at a price of INR 331 per share amounting to total cash consideration of US$1,465 million. Further, Sesa Goa and Sesa Resources acquired 8.1% of Cairn India Limited through Open Offer at a total cost of US$1,216 million at a price of INR 355 per share. On 11 July 2011, the Group through its wholly owned subsidiary Twinstar Mauritius Holding Limited, further acquired 191.9 million shares from Cairn Energy Plc, amounting to 10.1% stake in Cairn India Limited at a price of INR 355 per share amounting to US$1,506 million. The Group's current shareholding in Cairn India Limited is 28.75%.

On 22 August 2011, Sesa Goa through its 100% subsidiary, acquired 51% of the equity of Western Clusters Limited (WCL), which is a company registered under the laws of Liberia, which has around 1 billion tonnes of iron ore deposits, for a total consideration of US$102.5 million, including US$12.5 million of licence fee paid to the Government of Liberia. WCL is an iron ore project comprising three deposits namely Bomi Hills, Bea Mountain and Mano River.

Other matters

Contingent Liabilities and Commitments

In the normal course of business, we enter into certain commitments for capital and other expenditure and certain performance guarantees. The aggregate amount of indemnities and other guarantees was US$1,296 million at 30 September 2011. Details of related party transactions, contingent liabilities and commitments are set out in note 11 of the accompanying interim financial statements.

Risks and Uncertainties

Our businesses 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 in which we operate but also of other factors over which we have little or no control. These risks may be categorised as operational, financial, environmental, health and safety, political, market-related and strategic. Details of the principal risks affecting our business and our actions to mitigate them have been detailed in our most recent Annual Report for the year ended 31 March 2011 and include: internal controls, treasury, commodity, political, legal, economic and regulatory, reserves and resources, delivery of expansion projects, asset use and continuity insurance, safety, health and environment, operational, liquidity, currency, interest rate, counterparty and employee risk.

We monitor risks under Turnbull matrix, wherein we have got extensive framework of the risks, which gets reviewed at business level and the top 20 risks of the Group gets reviewed at the Board level twice yearly.

In addition to regular controls, we have introduced additional controls to monitor the quality of investments which are primarily in highly rated instruments issued by mutual funds. We do not foresee any specific risk on our investments. We regularly monitor our financial assets for exposures and believe they are not subject to any major risk.

More specifically for the second half of FY 2011-12, the risks which our Directors believe could have a material impact on the financial performance and position of our businesses include: a decline in the LME prices of copper, zinc, aluminium, lead and silver; a decline in iron ore prices, a strengthening of the Indian rupee and other currencies against US dollar; a reduction in treatment and refining charges received in our custom copper smelting operations at India and Zambia; and unexpected delays in the completion of our expansion projects and ramping up of production in newly expanded capacities.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operational Review in our last annual report on pages 28 to 57. These activities and factors have not materially changed since the issue of the last annual report.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from its current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide liquidity both in the short term as well as in the long term. Anticipated future cash flows and undrawn committed facilities of US$7,226 million, together with cash and liquid investments of US$5,889 million as at 30 September 2011, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the foreseeable future.

The Group has a strong Balance Sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's and Moody's are BB and Ba1 respectively. These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms, taking into consideration current market conditions.

The Group generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, we have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the Interim Financial Report.

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting;
- the interim management report includes a fair view of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair view of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

M S Mehta	D D Jalan
Chief Executive Officer	Chief Financial Officer
09 November 2011	09 November 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2011

(US$ million except as stated)

	Note	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Revenue	3	**6,552.6**	**4,581.5**	**11,427.2**
Cost of sales		(4,944.7)	(3,357.7)	(8,107.0)
Gross profit		**1,607.9**	**1,223.8**	**3,320.2**
Other operating income		31.8	24.7	73.9
Distribution costs		(208.4)	(102.9)	(319.6)
Administrative expenses		(221.4)	(155.7)	(376.7)
Special items	4	(38.5)	(4.6)	(163.5)
Operating profit	3	**1,171.4**	**985.3**	**2,534.3**
Share in consolidated profit of associate	10	48.8	-	-
Investment revenues		284.1	189.8	431.6
Finance costs		(394.5)	(248.3)	(534.7)
Other losses and gains (net)		(193.6)	179.5	252.1
Profit before taxation	3	**916.2**	**1,106.3**	**2,683.3**
Tax expense	5	(335.5)	(250.1)	(649.5)
Profit for the period/year from continuing activities		**580.7**	**856.2**	**2,033.8**
Attributable to:				
Equity holders of the parent		27.8	337.0	770.8
Non-controlling interests		552.9	519.2	1,263.0
		580.7	**856.2**	**2,033.8**
Earnings per share				
Basic earnings per ordinary share (US Cents)	6a	10.2	123.8	283.2
Diluted earnings per ordinary share (US Cents)	6a	10.0	122.2	270.2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2011

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Profit for the period/year	**580.7**	**856.2**	**2,033.8**
Income and expenses recognised directly in equity:			
Exchange differences arising on translation of foreign operations	(1,256.7)	85.7	162.6
(Loss)/Gain in fair value of available-for-sale financial assets	(113.6)	23.7	59.1
(Loss)/Gain in fair value of cash flow hedges deferred in reserves	(144.3)	20.8	5.4
Tax effects arising on cash flow hedges deferred in reserves	46.5	(6.8)	(1.7)
Total (loss)/income recognised in equity	**(1,468.1)**	**123.4**	**225.4**
(Losses)/gains in fair value of cash flow hedges transferred to income statement	(125.4)	19.8	(1.6)
Tax effects arising on cash flow hedges transferred to income statement	40.9	(6.5)	0.5
Total transferred (from)/to the income statement	**(84.5)**	**13.3**	**(1.1)**
Total comprehensive (expense)/income for the period/year	**(971.9)**	**992.9**	**2,258.1**
Attributable to:			
Equity holders of the parent	(701.1)	418.1	886.9
Non-controlling interests	(270.8)	574.8	1,371.2

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2011

(US$ million)

	Note	As at 30 September 2011	As at 30 September 2010	As at 31 March 2011
Assets				
Non-current assets				
Goodwill		12.2	12.2	12.2
Intangible assets		321.6	-	162.1
Investment in Associate	10	3,849.0	-	-
Property, plant and equipment		16,652.9	15,309.6	17,189.5
Financial asset investments		194.4	258.0	304.2
Other non-current assets		17.3	24.6	24.6
Other financial assets (derivatives)		128.5	85.2	99.4
Deferred tax assets		23.9	64.0	18.2
		21,199.8	**15,753.6**	**17,810.2**
Current assets				
Inventories		1,957.2	1,688.3	1,924.6
Trade and other receivables		1,511.3	1,006.5	1,328.6
Other current financial assets (derivatives)		88.8	23.7	40.9
Liquid investments	9	4,638.5	7,086.5	6,865.4
Cash and cash equivalents	9	1,250.7	255.9	911.6
Current tax assets		68.9	-	18.6
		9,515.4	10,060.9	11,089.7
Total assets		**30,715.2**	**25,814.5**	**28,899.9**
Liabilities				
Current liabilities				
Short-term borrowings	9	(3,740.0)	(2,523.4)	(3,045.1)
Trade and other payables		(3,411.2)	(2,567.0)	(3,407.5)
Other current financial liabilities (derivatives)		(88.6)	(13.5)	(9.3)
Provisions		(16.8)	(17.9)	(22.8)
Current tax liabilities		(50.9)	(33.3)	(68.2)
		(7,307.5)	**(5,155.1)**	**(6,552.9)**
Net current assets		**2,207.9**	**4,905.8**	**4,536.8**
Non-current liabilities				
Medium and long-term borrowings	9	(7,045.8)	(4,205.3)	(4,435.9)
Convertible loan notes		(2,270.5)	(2,254.6)	(2,271.5)
Trade and other payables		(181.4)	(216.7)	(148.1)
Other financial liabilities (derivatives)		(127.2)	(82.8)	(94.2)
Deferred tax liabilities		(1,211.4)	(1,227.0)	(1,348.1)
Retirement benefits		(50.6)	(47.3)	(56.8)
Provisions		(260.7)	(154.9)	(301.5)
Non-equity Non-controlling interests		(11.9)	(11.9)	(11.9)
		(11,159.5)	(8,200.5)	(8,668.0)
Total liabilities		**(18,467.0)**	**(13,355.6)**	**(15,220.9)**
Net assets		**12,248.2**	**12,458.9**	**13,679.0**
Equity				
Share capital		29.7	29.6	29.7
Share premium account		196.8	196.8	196.8
Share-based payment reserves		28.8	35.1	20.5
Convertible bond reserve		418.6	486.0	453.3
Hedging reserve		(86.4)	50.3	38.2
Other reserves		1,066.3	1,402.2	1,452.4
Treasury shares		(556.9)	(556.9)	(556.9)
Retained earnings		3,552.7	3,603.4	4,014.9
Equity attributable to equity holders of the parent		**4,649.6**	**5,246.5**	**5,648.9**
Non-controlling interests		7,598.6	7,212.4	8,030.1
Total equity		**12,248.2**	**12,458.9**	**13,679.0**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 September 2011

(US$ million)

	Note	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Operating activities				
Profit before taxation		916.2	1,106.3	2,683.3
Adjustments for:				
Depreciation and amortisation		501.5	358.6	869.0
Share in consolidated profit of associate	10	(48.8)	-	-
Investment revenues		(284.1)	(189.8)	(431.6)
Finance costs, including foreign exchange		588.1	68.9	282.6
Share-based payment charge		8.3	9.6	18.4
Impairment of asset		-	-	118.3
Other non-cash items		(61.5)	0.6	(7.7)
Operating cash flows before movements in working capital		**1,619.7**	**1,354.2**	**3,532.3**
(Increase) in inventories		(189.7)	(415.0)	(534.5)
(Increase) in receivables		(434.1)	(94.8)	(398.5)
Increase/(Decrease) in payables		263.4	(143.3)	585.7
Cash generated from operations		**1,259.3**	**701.1**	**3,185.0**
Dividend received		46.7	71.0	160.4
Interest income received		184.2	97.4	194.7
Interest paid		(476.6)	(77.9)	(625.7)
Income taxes paid		(354.7)	(301.9)	(756.5)
Dividends paid		(89.1)	(75.1)	(129.9)
Net cash from operating activities		**569.8**	**414.6**	**2,028.0**
Cash flows from investing activities				
Net cash on acquisition of subsidiary*		-	-	(1,124.4)
Purchase of intangible assets**		(102.5)	-	-
Purchases of property, plant and equipment		(1,179.4)	(1,059.6)	(2,491.4)
Proceeds on disposal of property, plant and equipment		73.6	26.0	28.3
Investment in associate		(4,187.1)	-	-
Sale/(Purchase) of liquid investments	9	1,832.6	(167.4)	178.4
(Purchase) of financial asset investments		-	(30.7)	(25.9)
Net cash used in investing activities		**(3,562.8)**	**(1,231.7)**	**(3,435.0)**
Cash flows from financing activities				
Issue of ordinary shares		-	-	0.1
Dividends paid to non-controlling interests of subsidiaries		(113.4)	(86.8)	(87.4)
Buyback of shares		-	(128.0)	(128.0)
Buyout of non-controlling interest		(63.8)	(121.0)	(122.1)
Increase in short-term borrowings	9	629.0	1,452.5	1,863.2
Proceeds from long-term borrowings	9	3,135.3	36.8	847.8
Repayment of long-term borrowings	9	(417.2)	(499.0)	(686.2)
Net cash from financing activities		**3,169.9**	**654.5**	**1,687.4**
Net increase/(decrease) in cash and cash equivalents	**9**	176.9	**(162.6)**	**280.4**
Effect of foreign exchange rate changes	9	162.2	28.5	241.2
Cash and cash equivalents at beginning of period/year	9	911.6	390.0	390.0
Cash and cash equivalents at end of period/year	9	**1,250.7**	**255.9**	**911.6**

* *March 2011 figure includes cash paid for acquisition US$ 1,513.0 million, settlement of shareholder's loan US$ 87.7 million and cash acquired on acquisition US$ 476.3 million for March 11*

** *Relates to acquisition of intangible assets in Western Cluster Limited*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.1**	**1,452.4**	**4,014.9**	**5,648.8**	**8,030.1**	**13,678.9**
Total Comprehensive income for the period	-	-	-	-	-	(124.5)	(739.1)	162.5	(701.1)	(270.8)	(971.9)
Transfer from AFS on becoming an associate	-	-	-	-	-	-	-	(200.8)	(200.8)	-	(200.8)
Conversion of convertible bond	-	-	-	-	(34.7)	-	-	34.7	-	-	-
Transfers **	-	-	-	-	-	-	353.0	(353.0)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(89.1)	(89.1)	(113.4)	(202.5)
Additional Investment in Subsidiaries	-	-	-	-	-	-	-	(16.5)	(16.5)	(47.3)	(63.8)
Recognition of share-based payment	-	-	-	8.3	-	-	-	-	8.3	-	8.3
At 30 September 2011	**29.7**	**196.8**	**(556.9)**	**28.8**	**418.6**	**(86.4)**	**1,066.3**	**3,552.7**	**4,649.6**	**7,598.6**	**12,248.2**

For the year ended 31 March 2011

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2010	**29.6**	**196.8**	**(428.9)**	**25.5**	**305.9**	**27.8**	**2,463.8**	**2,090.0**	**4,710.5**	**6,729.1**	**11,439.6**
Total Comprehensive income for the period	-	-	-	-	-	10.4	105.7	770.8	886.9	1,371.2	2,258.1
Issue of Convertible Bond****	-	-	-	-	211.6	-	-	-	211.6	-	211.6
Convertible Bond Transfer	-	-	-	-	(64.2)	-	-	64.2	-	-	-
Conversion of convertible bond	-	-	-	-	-	-	-	163.6	163.6	55.0	218.6
Merger of Subsidiaries	-	-	-	-	-	-	-	(21.4)	(21.4)	21.4	-
Transfers **	-	-	-	-	-	-	(1,117.1)	1,117.1	-	-	-
Dividends paid	-	-	-	-	-	-	-	(129.9)	(129.9)	(87.4)	(217.3)
Exercise of LTIP/STIP Awards	0.1	-	-	(23.4)	-	-	-	23.4	0.1	-	0.1
Purchase of Treasury Shares***	-	-	(128.0)	-	-	-	-	-	(128.0)	-	(128.0)
Additional Investment in Subsidiaries	-	-	-	-	-	-	-	(62.9)	(62.9)	(59.2)	(122.1)
Recognition of share-based payment	-	-	-	18.4	-	-	-	-	18.4	-	18.4
At 31 March 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.2**	**1,452.4**	**4,014.9**	**5,648.9**	**8,030.1**	**13,679.0**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 30 September 2010

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2010	**29.6**	**196.8**	**(428.9)**	**25.5**	**305.9**	**27.8**	**2,463.8**	**2,090.0**	**4,710.5**	**6,729.1**	**11,439.6**
Total Comprehensive income for the period	-	-	-	-	-	22.5	58.6	337.0	418.1	574.8	992.9
Issue of Convertible Bond****	-	-	-	-	211.4	-	-	-	211.4	-	211.4
Convertible Bond Transfer	-	-	-	-	(31.3)	-	-	31.3	-	-	-
Conversion of convertible bond	-	-	-	-	-	-	-	163.5	163.5	52.8	216.3
Transfers **	-	-	-	-	-	-	(1,120.2)	1120.2	-	-	-
Dividends paid	-	-	-	-	-	-	-	(75.1)	(75.1)	(86.8)	(161.9)
Purchase of Treasury Shares***	-	-	(128.0)	-	-	-	-	-	(128.0)	-	(128.0)
Additional Investment in Subsidiaries	-	-	-	-	-	-	-	(63.5)	(63.5)	(57.5)	(121.0)
Recognition of share-based payment	-	-	-	9.6	-	-	-	-	9.6	-	9.6
At 30 September 2010	**29.6**	**196.8**	**(556.9)**	**35.1**	**486.0**	**50.3**	**1,402.2**	**3,603.4**	**5,246.5**	**7,212.4**	**12,458.9**

* *Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve and the general reserves established in the statutory accounts of the Group's Indian subsidiaries.*

** *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 that year. This general reserve becomes fully distributable in future periods. The transfer is to reflect the general reserve at the cumulative amount attributable to the equity holders of the parent, offset by the current period transfer of US$ 671.3 million.*

*** *Includes buy back of US$ 66.4 million made by an independent company Gorey Investments Ltd., funded by a wholly owned subsidiary of Vedanta.*

**** *This relates to the recognition of the equity component of the US$ 883 million convertible bond on the removal of the cash settlement option of 28 July 2010.*

Notes to the financial information

1. Basis of preparation

The financial information in this interim financial report is prepared under International Financial Reporting Standards ('IFRS') as adopted by the European Union. The interim condensed consolidated financial information for the period ended 30 September 2011 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The financial information for the full preceding financial year has been derived from the statutory accounts for the financial year ended 31 March 2011 as filed with the Registrar of Companies. The auditor's report on the statutory accounts for the year ended 31 March 2011 was unqualified, did not draw attention by way of emphasis of matter and did not contain statements under section 498(2) (regarding adequacy of accounting records and returns) or under section 498(3) (regarding provision of necessary information and explanations) of the Companies Act 2006.

The financial information prepared under IFRS in respect of the six months ended 30 September 2011 and 30 September 2010 is unaudited but has been reviewed by the auditor and their report is set out on pages 45 and 46.

This interim financial report for the half-year ended 30 September 2011 is unaudited and has been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the EU.

The half-year financial statements represent a "condensed set of financial statements" as referred to in the UK Disclosure and Transparency Rules issued by the Financial Services Authority. Accordingly, they do not include all of the information required for a full annual report and are to be read in conjunction with the most recent annual financial report.

The Company published full financial statements that comply with IFRS as adopted by the European Union for the year ended 31 March 2011.

The condensed set of financial statements included in the interim financial report has been prepared using the going concern basis of accounting for the reasons set out in the Going Concern section of the Financial Review.

2. Accounting policies

This interim financial report, including all comparatives, has been prepared using the same accounting policies and methods of computation as followed in the annual financial statements for the year ended 31 March 2011 as published by the Company. New accounting policies for Investment in associates, Intangible assets and Service concession arrangements were adopted during the period because of new significant transactions.

The comparative information for the period ended 30 September 2010 and year ended 31 March 2011 has been restated to reflect the change in the composition of the energy segment as included in Note 3 – Segment Reporting.

Investments in associates

Entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures are associates and are accounted for using the equity method of accounting. The results and assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost and adjusted to reflect the Group's share of the associates' post acquisition profits or losses, which is recognised in the income statement, and its share of post-acquisition comprehensive income, which is recognised in the Group statement of comprehensive income. Where a Group company transacts with an associate, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

For associate acquired in stages, when the Group has previously held an investment in the associate, the deemed cost of the associate is the fair value of the original investment tranche at the date that significant influence is obtained plus the consideration paid for the additional stake. When the original investment tranche has been classified previously as an available-for-sale financial asset, the revaluation gain or loss recognised in other comprehensive income is reclassified from Other reserves to Retained earnings within equity.

Service Concession Arrangements

In accordance with International Financial Reporting Interpretations Committee ("IFRIC") 12- Service Concession Arrangements and the various provisions of IFRS, the Group has determined the appropriate treatment of the principal assets of and income from such service concession contracts. Service concessions are accounted for as intangible assets where the Group, has a contractual right to charge users of public services.

Intangible assets

Intangible assets acquired as part of a business combination are capitalised separately. An intangible asset recognised related to service concession arrangements represents the right to future profits on the service element of these concessions. The intangible asset is amortised from the date on which it is available for use over the remaining life of the service concession and tested each year for impairment.

In addition to the above mentioned accounting policies, the accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 March 2011.

Other amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were applicable from 1 April 2011, do not have an impact on the Group.

Foreign Exchange Rates

The following exchange rates to US dollar ($) have been applied:

	Average rate for six months ended 30 September 2011	Average rate for six months ended 30 September 2010	Average rate for year ended 31 March 2011	As at 30 September 2011	As at 30 September 2010	As at 31 March 2011
Indian rupee	45.26	46.09	45.58	48.93	44.92	44.65
Australian dollar	0.95	1.11	1.07	1.02	1.03	0.97

3. Segmental Reporting

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- India
- Zinc-International
- Iron Ore
- Energy

The Energy segment has been reclassified and now comprises Independent power plants at Sterlite Energy, Talwandi Sabo and MALCO and Wind power at HZL. The surplus power sold from captive power plants earlier classified under Energy segment is now included in the respective business segments. In compliance with IFRS 8, this classification was applied from 1 April 2011 and accordingly comparative information for the year ended 31 March 2011 and six months ended 30 September 2010 has been restated for this change.

Management monitors the operating results of reportable segments for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on the EBITDA of each segment.

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the six months ended 30 September 2011 and 30 September 2010 and for the year ended 31 March 2011. Items after operating profit are not allocated by segment.

(a) Reportable segments

Period ended 30 September 2011

(US$ million)

	Continuing Operations								
	Aluminium	**Copper-India/ Australia**	**Copper-Zambia**	**Zinc-India**	**Zinc-International**	**Iron Ore**	**Energy**	**Elimination/ Others**	**Total Operations**
REVENUE									
Sales to external customers*	932.1	2,197.9	922.5	1,177.8	457.3	626.9	215.5	22.6	6,552.6
Inter-segment sales	0.3				31.3	0.6	11.9	(44.1)	-
Segment revenue	932.4	2,197.9	922.5	1,177.8	488.6	627.5	227.4	(21.5)	6,552.6
RESULT									
EBITDA(1)	91.0	161.5	244.2	657.7	204.0	307.0	50.7	(4.7)	1,711.4
Depreciation and amortisation	(114.8)	(22.6)	(67.4)	(54.7)	(118.8)	(85.9)	(38.3)	1.0	(501.5)
Segment result before special items	(23.8)	138.9	176.8	603.0	85.2	221.1	12.4	(3.7)	1,209.9
Special items (note 4)	(1.3)		(9.3)	(6.2)	9.7			(31.4)	(38.5)
Segment result after special items	(25.1)	138.9	167.5	596.8	94.9	221.1	12.4	(35.1)	1,171.4
Net finance cost									(304.0)
Share in consolidated profit of associate									48.8
PROFIT BEFORE TAXATION									916.2
Tax expense									(335.5)
PROFIT AFTER TAXATION									580.7
Segments Assets	8,499.8	2,552.5	2,478.0	5,659.8	1,632.9	2,558.2	2,223.3	33.4	25,637.9
Investment in Associate									3,849.0
Unallocated Assets									1,228.3
TOTAL ASSETS									30,715.2
Segment liabilities	(4,848.6)	(2,045.7)	(1,477.7)	(398.2)	(430.8)	(1,492.0)	(1,151.8)	(3.5)	(11,848.3)
Unallocated liabilities									(6,618.7)
TOTAL LIABILITIES									(18,467.0)
Other segment information									
Additions to property, plant and equipment	484.3	59.5	229.7	265.1	189.7	93.3	0.2	32.7	1,354.5
Depreciation and amortisation	(114.8)	(22.6)	(67.4)	(54.7)	(118.8)	(85.9)	(38.3)	1.0	(501.5)

**Includes within the Aluminium segment and Zinc- India segment, the surplus power sold from captive power plants of US$ 78.0 million and US$ 1.8 million respectively*

Period ended 30 September 2010 (Restated)

(US$ million)

	Continuing Operations							
	Aluminium	Copper-India/ Australia	Copper-Zambia	Zinc-India	Iron Ore	Energy	Elimination/ Others	Total Operations
REVENUE								
Sales to external customers*	800.9	1,322.2	813.8	881.7	707.5	55.4	-	4,581.5
Inter-segment sales	0.9	-	46.6	-	0.1	-	(47.6)	-
Segment revenue	**801.8**	**1,322.2**	**860.4**	**881.7**	**707.6**	**55.4**	**(47.6)**	**4,581.5**
RESULT								
EBITDA	156.5	108.9	173.9	456.3	432.7	22.9	(2.6)	1.348.6
Depreciation and amortisation	(109.3)	(20.6)	(67.3)	(46.2)	(106.4)	(9.8)	0.9	(358.7)
Segment result before special items	47.2	88.3	106.6	410.1	326.3	13.1	(1.7)	989.9
Special items (note 4)	-	-	-	(4.6)	-	-	-	(4.6)
Segment result after special items	**47.2**	**88.3**	**106.6**	**405.5**	**326.3**	**13.1**	**(1.7)**	**985.3**
Net finance income								121.0
PROFIT BEFORE TAXATION								**1,106.3**
Tax expense								(250.1)
PROFIT AFTER TAXATION								**856.2**
Segments Assets	8,346.9	3,797.7	2,175.8	4,831.4	4,256.7	2,091.6		25,500.1
Unallocated Assets								314.4
TOTAL ASSETS								**25,814.5**
Segment liabilities	5,255.1	1,490.1	873.2	410.2	2,070.2	658.8		10,757.6
Unallocated liabilities								2,598.0
TOTAL LIABILITIES								**13,355.6**
Other segment information								
Additions to property, plant and equipment	1,119.9	75.1	134.5	143.8	53.0	140.5	2.7	1,669.5
Depreciation and amortisation	(109.3)	(20.6)	(67.3)	(46.2)	(106.4)	(9.8)	0.9	(358.7)

**Includes within the Aluminium segment and Zinc- India segment, the surplus power sold from captive power plants of US$ 135.3 million and US$ 1.1 million respectively*

Period ended 31 March 2011 (Restated)

(US$ million)

	Continuing Operations								
	Aluminium	**Copper-India/ Australia**	**Copper-Zambia**	**Zinc-India**	**Zinc-International**	**Iron Ore**	**Energy**	**Elimination/ Others**	**Total Operations**
REVENUE									
Sales to external customers	1,778.1	3,428.2	1,741.3	2,159.5	218.9	1,977.9	123.3	-	11,427.2
Inter-segment sales	1.5	-	83.7	-	-	1.6	0.7	(87.5)	-
Segment revenue	**1,779.6**	**3,428.2**	**1,825.0**	**2,159.5**	**218.9**	**1,979.5**	**124.0**	**(87.5)**	**11,427.2**
RESULT									
EBITDA(1)	352.7	241.5	439.9	1,219.6	101.3	1,174.1	43.9	(6.2)	3,566.8
Depreciation and amortisation	(221.4)	(45.0)	(130.8)	(97.8)	(54.1)	(298.2)	(23.6)	1.9	(869.0)
Segment result before special items	**131.3**	**196.5**	**309.1**	**1,121.8**	**47.2**	**875.9**	**20.3**	**(4.3)**	**2,697.8**
Special items (note 4)	(7.8)			(4.6)	-	(118.3)	(0.1)	(32.7)	(163.5)
Segment result after special items	**123.5**	**196.5**	**309.1**	**1,117.2**	**47.2**	**757.6**	**20.2**	**(37.0)**	**2,534.3**
Net finance income									149.0
PROFIT BEFORE TAXATION									**2,683.3**
Tax expense									(649.5)
PROFIT AFTER TAXATION									**2,033.8**
Segments Assets	8,776.5	2,859.3	2,243.5	5,641.0	1,906.0	4,709.5	2,259.4	-	28,395.2
Unallocated Assets									504.7
TOTAL ASSETS									**28,899.9**
Segment liabilities	(4,577.0)	(2,157.4)	(827.8)	(415.1)	(479.1)	(1,113.8)	(908.2)	-	(10,478.4)
Unallocated liabilities									(4,742.5)
TOTAL LIABILITIES									**(15,220.9)**
Other segment information									
Additions to property, plant and equipment	1,371.1	132.5	295.9	297.1	1,204.7	249.8	396.7	13.6	3,961.4
Depreciation and amortisation	(221.5)	(45.0)	(130.8)	(97.8)	(54.1)	(298.2)	(23.6)	1.8	(869.0)

**Includes within the Aluminium segment and Zinc- India segment, the surplus power sold from captive power plants of US$ 208.0 million and US$ 6.7million respectively*

3. Segmental Reporting (continued)

Segment result after special items

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Aluminium	91.0	156.5	352.7
Copper	394.2	282.8	681.4
- India/Australia	150.0	108.9	241.5
- Zambia	244.2	173.9	439.9
Zinc	872.4	456.3	1,320.9
- India	657.7	456.3	1,219.6
- International (1)	214.7	-	101.3
Iron Ore	307.0	432.7	1,174.1
Energy	50.7	22.9	43.9
Other	(3.9)	(2.6)	(6.2)
EBITDA	**1,711.4**	**1,348.6**	**3,566.8**
Depreciation and amortisation	(501.5)	(358.7)	(869.0)
Special items	(38.5)	(4.6)	(163.5)
Segment result after special items	**1,171.4**	**985.3**	**2,534.3**

(1) Acquired during the year ended 31 March 2011.

4. Special items

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Voluntary retirement schemes	(17.0)	(4.6)	(12.5)
Impairment of mining reserves **	-	-	(118.3)
Reversal of provision for onerous contracts***	9.8	-	-
Acquisition related costs *	(31.3)	-	(32.7)
	(38.5)	**(4.6)**	**(163.5)**

* *Acquisition related costs include costs related to the acquisition of the Anglo Zinc assets and the proposed Cairn India acquisition.*

** *The impairment of mining reserves relates to mines at Sesa Goa operated on a lease basis which have expired and have not been renewed during the year.*

*** *Relates to onerous sales contract that has been closed and earlier provision reversed*

5. Income tax expense

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Current tax:			
Foreign tax:			
- India	328.2	292.0	689.4
- Australia	10.4	11.0	21.3
- Africa and Europe	28.5	1.2	18.7
- Others	4.4	-	-
	371.5	**304.2**	**729.4**
Deferred tax:			
Movement in deferred tax	(36.0)	(54.1)	(79.9)
	(36.0)	**(54.1)**	**(79.9)**
Total income tax expense	335.5	**250.1**	**649.5**
Effective tax rate	36.6%*	22.6%	24.2%

* *Effective tax rate is higher primarily due to losses at VAL and SEL wherein no deferred tax asset is recognised due to uncertainty on utilisation of such tax losses thus effectively reducing overall profit before taxation and consequently increasing the effective tax rate*

6. Earnings per share

(a) Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period (adjusted for the effects of dilutive options and convertible loan notes).

The following reflects the income and share data used in the basic and diluted earning per share computations:

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Net profit attributable to equity holders of the parent	27.8	337.0	770.8

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Weighted average number of Ordinary Shares for basic earnings per share	272.7	272.3	272.2
Effect of dilution:			
- Convertible bonds*	-	-	34.3
- Share options	4.6	3.5	2.2
Adjusted weighted average number of Ordinary Shares for diluted earnings per share	**277.3**	**275.8**	**308.7**

Basic earnings per share on the profit for the period/year

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Profit for the period/year attributable to equity holders of the parent ($ million)	27.8	337.0	770.8
Weighted average number of Ordinary Shares of the Company in issue (million)	272.7	272.3	272.2
Earnings per share on profit for the period/year (US cents per share)	**10.2**	**123.8**	**283.2**

Diluted earnings per share on the profit for the period/year

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Profit for the period/year attributable to equity holders of the parent ($ million)	27.8	337.0	770.8
Adjustment in respect of convertible bonds of Vedanta ($ million)*	-	-	63.4
Profit for the period/year after dilutive adjustment	**27.8**	**337.0**	**834.2**
Adjusted weighted average number of Ordinary Shares of the Company in issue for basic EPS (million)	277.3	275.8	308.7
Diluted earnings per share on profit for the period/year (US cents per share)	**10.0**	**122.2**	**270.2**

* *The adjustment in respect of the convertible bonds has an anti-dilutive impact on the number of shares and earnings and is thus not disclosed.*

Profit for the period would be diluted 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 period of this conversion would be the interest payable on the convertible bond.

The outstanding awards under the Long-Term Incentive Plan ('LTIP') are reflected in the diluted EPS figure through an increased number of weighted average shares.

There have been no other transactions involving Ordinary Shares or potential Ordinary Shares since the reporting date and before the completion of this financial information.

(b) Earnings per share based on underlying profit for the period/year

The Group's Underlying Profit is the attributable profit for the period/year after adding back special items, exchange (gains)/losses on borrowings and capital creditors and their resultant tax and Non-controlling interest effects:

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Profit for the period/year attributable to equity holders of the parent	27.8	337.0	770.8
Special items	38.5	4.6	163.5
Other losses/(gains)	193.6	(179.3)	(252.1)
Tax effect	(23.0)	43.7	18.1
Non-controlling interest	(50.6)	78.0	15.0
Underlying Profit for the period/year	**186.3**	**284.0**	**715.3**

Basic earnings per share on Underlying Profit for the period/year

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Underlying profit for the period/year	186.3	284.0	715.3
Weighted average number of Ordinary Shares of the Company in issue (million)	272.7	272.3	272.2
Earnings per share on Underlying Profit for the period/year (US cents per share)	**68.3**	**104.3**	**262.8**

Diluted earnings per share on Underlying Profit for the period/year

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Underlying profit for the period/year	186.3	284.0	715.3
Adjustment in respect of convertible bonds of Vedanta		-	63.4
Underlying profit for the year after dilutive adjustment	186.3	284.0	778.7
Adjusted weighted average number of shares of the Company (million)	277.3	275.8	308.7
Diluted earnings per share on Underlying Profit for the year (US cents per share)	**67.2**	**103.0**	**252.3**

7. Dividends

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Amounts paid as distributions to equity holders:			
Final dividend paid			
- Final dividend 2009-10 : 27.5 US cents per share	-	75.2	75.2
- Final Dividend 2010-11 : 32.5 US cents per share	89.1	-	-
Interim dividend			
- Interim Dividend 2010-11 : 20.0 US cents per share	54.9	-	54.7
Total	89.1	75.2	129.9

The proposed interim dividend for the six months ended 30 September 2011 was 20.0 US cents per share.

8. Intangible Assets

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Exploration and evaluation assets			
Opening Balance	162.1	-	-
Additions	159.5	-	162.1
Net carrying amount	**321.6**	**-**	**162.1**

The intangible assets relates to the acquisition of Gamsberg exploration project and Western Cluster Limited

9. Movement in net debt [1]

(US$ million)

	Cash and cash equivalents	Liquid investments	Debt due within one year: Debt carrying value	Debt due within one year: Debt- related derivatives[2]	Debt due after one year: Debt carrying value	Debt due after one year: Debt-related derivatives[2]	Total Net Debt
At 1 April 2011	**911.6**	**6,865.4**	**(3,045.1)**	**-**	**(6,707.4)**	**5.2**	**(1,970.3)**
Cash flow	279.4	(1,832.6)	(629.0)	-	(2,718.1)	-	(4,900.3)
Purchase of intangible asset	(102.5)	-	-	-	-	-	(102.5)
Other non-cash changes[3]	-	54.3	(327.2)	1.5	(117.0)	(5.2)	(393.6)
Foreign exchange differences	162.2	(448.6)	261.3	-	226.2	-	**201.1**
At 30 September 2011	**1,250.7**	**4,638.5**	**(3,740.0)**	**1.5**	**(9,316.3)**	**-**	**(7,165.6)**

(US$ million)

	Cash and cash equivalents	Liquid investments	Debt due within one year: Debt carrying value	Debt due within one year: Debt- related derivatives[2]	Debt due after one year: Debt carrying value	Debt due after one year: Debt-related derivatives[2]	Total Net Debt
At 1 April 2010	**390.0**	**6,849.4**	**(1,012.6)**	**(0.9)**	**(7,161.0)**	**(12.1)**	**(947.2)**
Cash flow	(108.2)	(178.4)	(1,863.2)	-	(161.6)	-	(2,311.4)
Net cash flows arising on acquisition of a subsidiary	388.6	37.3	(29.4)	-	-	-	396.5
Other non-cash changes[3]		78.8	(96.1)	0.9	635.6	17.3	636.5
Foreign exchange differences	241.2	78.3	(43.8)	-	(20.4)	-	255.3
At 31 March 2011	**911.6**	**6,865.4**	**(3,045.1)**	**-**	**(6,707.4)**	**5.2**	**(1,970.3)**

(US$ million)

	Cash and cash equivalents	Liquid investments	Debt due within one year: Debt carrying value	Debt due within one year: Debt- related derivatives[2]	Debt due after one year: Debt carrying value	Debt due after one year: Debt-related derivatives[2]	Total Net Debt
At 1 April 2010	**390.0**	**6,849.4**	**(1,012.6)**	**(0.9)**	**(7,161.0)**	**(12.1)**	**(947.2)**
Cash flow	(162.6)	167.4	(1,452.5)	-	462.2	-	(985.5)
Other non-cash changes[3]	-	20.8	(23.0)	3.3	252.7	12.1	265.9
Foreign exchange differences	28.5	48.9	(35.3)	-	(13.8)	-	28.3
At 30 September 2010	**255.9**	**7,086.5**	**(2,523.4)**	**2.4**	**(6,459.9)**	**-**	**(1,638.5)**

(1) *Net debt 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 commodity-related derivative financial assets and liabilities.*

(3) *Other non-cash changes comprised US$ 166.1 million (March 2011: US$ 462.4 million, September 2010: US$ 119.3 million) of project buyers credit obtained from banks , for which there is no cash movement as it represents the re-financing of amounts previously owed to suppliers. It also includes US$ 54.3 million (March 2011 : US$ 59.1 million, September 2010 : US$ 20.8 million) of fair value movement in liquid investments. A movement of US$ 3.7 million (March 2011 : US$ 18.2 million, September 2010 : US$ 15.4 million) which pertains to fair value of debt related derivatives is also included in other non-cash changes.*

10. Investment in associates

Cairn India Limited - In April 2011, the Group through its subsidiary Sesa Goa acquired 200 million shares amounting to 10.5% stake in Cairn India Limited from Petronas International Corporation Ltd. ('Petronas') at a price of INR 331 per share amounting to total cash consideration of US$ 1,465.3 million. Further, Sesa Goa and Sesa Resources acquired circa 8.1% of Cairn India Limited through Open Offer at a total cost of US$ 1,216.1 million. On 11 July 2011, the Group through its wholly owned subsidiary Twinstar Mauritius Holding Limited, further acquired 191.9 million shares from Cairn Energy Plc, amounting to circa 10.1% stake in Cairn India Limited at a price of INR 355 per share amounting to US$ 1,505.7 million. The Group's current shareholding in Cairn India Limited is 28.75%.

The Group's share of the net assets, post tax results and reserves of associates are included in the financial statements using the equity accounting method from 11 July 2011, the date it acquired significant influence.

The following is the summary of the financial information for the associate:

Share of associate's balance sheet-

(US$ million)

	As at 30 September 2011
Non Current Assets	3,552.1
Current Assets	722.9
Total Assets	4,275.0
Current Liabilities	311.3
Non Current Liabilities	114.7
Total Liabilities	426.0
Share of net assets	**3,849.0**

Share of associate's revenue and profit-

(US$ million)

	Six months ended 30 September 2011*
Revenue	155.9
Operating profit	76.1
Investment revenues	4.5
Finance cost	(19.3)
Profit before taxation	61.3
Tax expense	(12.5)
Share of Profit for the period	**48.8**
Attributable to:	
Equity holders of the parent	34.6
Non-controlling interests	14.2
	48.8

**Associate from 11 July 2011 to 30 September 2011*

11. Other disclosures

Capital commitments

Contractual commitments to acquire fixed assets were US$ 3,058.1 million at 30 September 2011 (31 March 2011: US$ 3,737.1 million, 30 September 2010: US$ 4,012.3 million).

Contingent liabilities and guarantees

Significant changes to legal cases have been discussed below; however for full disclosure please refer 31 March 2011 annual report.

Guarantees

As at 30 September 2011, US$ 276.4 million of guarantees had been issued to banks in the normal course of business (31 March 2011: US$ 240.0 million, 30 September 2010: US$ 293.5 million). The Group has also entered into guarantees advanced to the customs authorities in India of US$ 1,019.8 million (31 March 2011:US$ 1,077.2 million, 30 September 2010: US$ 971 million) relating to payment of import duty.

Export Obligations

The Indian entities of the Group have export obligations of US$ 5,103.4 million (31 March 2011: US$ 5,691.7 million, 30 September 2010: US$ 5,847.2 million) over eight years, on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme laid down by the Government of India. In the event of the Group's inability to meet its obligations, the Group's liability would be US$ 638.0 million (31 March 2011: US$ 711.6 million, 30 September 2010: US$ 821.4 million) reduced in proportion to actual exports.

This liability is backed by bonds executed in favour of the customs department amounting to US$ 1,601.9 million (31 March 2011: US$ 1,710.5 million, 30 September 2010: US$ 1,406.2 million).

Guarantees to Suppliers

The Group has given corporate guarantees to certain suppliers of concentrate. The value of these guarantees was US$ 170.0 million at 30 September 2011 (31 March 2011: US$120.0 million, 30 September 2010: US$ 170.0 million).

ASARCO

Sterlite and Sterlite (USA), Inc. ("Sterlite USA") entered into an agreement with Asarco, a US-based copper mining, smelting and refinery company, to purchase substantially all of the operating assets of Asarco on 30 May 2008. This agreement was renegotiated and a new agreement was entered into on 6 March 2009. The new agreement provided for the settlement and release of any potential claims against Sterlite and Sterlite USA arising out of the old agreement. The consummation of the new agreement was contingent upon the confirmation of a Chapter 11 plan of reorganisation proposed by Asarco and sponsored by Sterlite USA (the "Debtor Plan") by the US Bankruptcy Court for the Southern District of Texas, Corpus Christi Division. As part of Asarco's reorganisation process, various parties, including Grupo Mexico S.A.B. de C.V. through its subsidiaries, also proposed a reorganisation plan (the "Parent Plan"). The US District Court considered both plans and on 13 November 2009 it confirmed the Parent Plan and rejected the Debtor Plan. Sterlite and Sterlite USA filed an appeal against this decision of the US District Court, but the appeal was dismissed as being equitably moot.

After confirmation of the Parent Plan, Asarco terminated the March 2009 agreement and drew down the US$50 million provided as deposit under the new agreement. Sterlite and Sterlite USA have also filed a separate application to the US Bankruptcy Court for the return of the US$50 million drawn by Asarco and legal costs.

On 17 March 2010, Asarco filed a complaint in the US Bankruptcy Court for the Southern District of Texas, Corpus Christi Division against Sterlite and Sterlite USA alleging that Sterlite and Sterlite USA had breached the agreement dated 30 May 2008 by, among other things, refusing to pay the US$ 2.6 billion purchase price and refusing to assume the liabilities and contractual obligations as allegedly required by that agreement.

Asarco is seeking to recover from Sterlite and Sterlite USA damages it allegedly suffered as a result of the alleged breach and certain other amounts, including costs associated with Asarco's efforts to complete its reorganisation and costs, disbursements and attorneys' fees in connection with the proceedings. Asarco has claimed these damages to be in the range of US$ 533 million to US$ 1,509 million and has also claimed applicable pre-judgment interest.

The trial on the Company's application and Asarco's complaint completed on 17 Aug, 2011 in US Bankruptcy Court and decision is awaited. The Company believes that Asarco's claim has no merit. Asarco didn't suffer any damages, as it got substantially higher consideration under the Parent Plan than possible consideration under May 2008 agreement between the Company and Asarco.

Miscellaneous Disputes

The Indian excise and related indirect tax authorities have made several claims against the Group companies for additional excise and indirect duties. The claims mostly relate either to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns.

The approximate value of claims against these companies total US$ 531.7 million (31 March 2011: US$ 583.5 million, 30 September 2010: US$ 489.6 million) of which US$ 15.5 million (31 March 2011: US$ 6.4 million, 30 September 2010: US$ 5.6 million) is included as a provision in the balance sheet as at 30 September 2011. In the view of the Directors, there are no significant unproved liabilities arising from these claims.

Related party transactions

The information below sets out transactions and balances between the Group and various related parties for the period. These related parties include Sterlite Technologies Limited ('STL'), which is related by virtue of having the same controlling party as the Group, namely Volcan.

The tables below set out transactions with related parties that occurred in the normal course of trading.

STL

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Purchases	3.6	-	5.3
Sales to STL	103.8	76.0	137.8
Reimbursement of expenses	0.04	-	-
Net Interest Received	0.5	-	0.2
Amounts receivable at period/year end	24.0	12.0	13.3

Other transactions with STL

Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and STL, the Company and Sterlite provided various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the half year ended 30 September 2011, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL during the six months ended 30 September 2011 amounted to US$ 18,435 (31 March 2011: US$ 28,800 ,30 September 2010: US$ 18,115).

Vedanta Foundation (formerly Sterlite Foundation)

During the period ended 30 September 2011, US$ 1.0 million was paid to Vedanta Foundation (30 September 2010: US$ 0.4 million, 31 March 2011: US$ 1.7 million).

The Vedanta Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Vedanta Foundation is providing computer education for disadvantaged students. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family.

Sesa Community Foundation Limited

During the period, US$ 0.6 million (30 September 2010: US$0.4 million, 31 March 2011: US$ 0.7 million) was paid to the Sesa Community Foundation Limited. The Sesa Community Foundation Limited is controlled by the directors of Sesa Goa.

The Anil Agarwal Foundation

During the period, US$ 0.1 million was received from the Anil Agarwal Foundation towards reimbursement of expenses (30 September 2010: US$ 0.1 million; 31 March 2011: US$ 0.4 million). During the period ended 30 September 2011, US$ Nil million (30 September 2010: US$ 0.3 million) was paid to Anil Agarwal Foundation.

The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

Henry Davis York

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Consultancy services	0.1	0.3	1.2

Henry Davis York provides consultancy services to a subsidiary of the Group. The executive management of Henry Davis York holds a similar office at the said subsidiary.

Volcan

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Reimbursement of bank charges	0.2	0.1	0.2

In relation to the shares of Sterlite held by Twin Star, MALCO issued guarantee, US$ 23.5 million, to the Income Tax Department of India, at the request of Volcan.

Sterlite Iron and Steel Limited

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Reimbursement of bank charges	0.1	0.1	0.1
Receivable at year end	0.3	-	0.3

Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Group, namely Volcan.

Vedanta Medical Research Foundation

(US$ million)

	Six months ended 30 September 2011	Six months ended 30 September 2010	Year ended 31 March 2011
Donation	1.7	-	9.5
Reimbursement of expenses	-	6.7	-

Vedanta Medical Research Foundation is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

The Vedanta Medical Research Foundation is a registered not-for-profit entity under which the cancer hospital is being constructed to support social health infrastructure in India.

12. Share Transactions

BALCO Option

The Company purchased a 51.0% holding in BALCO from the Government of India on 2 March, 2001. Under the terms of this shareholder's agreement ("SHA") for BALCO, the Company has a call option that allows it to purchase the Government of India's remaining ownership interest in BALCO at any point from 2 March, 2004. The Company exercised this option on 19 March, 2004. However, the Government of India has contested the validity of the option and the valuation. The Company sought an interim order from the High Court of Delhi to restrain the Government of India from transferring or disposing of its shareholding pending resolution of the dispute. The High Court directed on 7 August, 2006 that the parties attempt to settle the dispute by way of a mediation process as provided for in the SHA. However, as the dispute could not be settled through mediation, it has been referred to arbitration as provided for in the SHA. Arbitration proceedings commenced on 16 February 2009 and final hearing was held between 27 August 2010 and 29 August 2010. In view of the Judgement delivered by the Division Bench of the Bombay High Court on section 111A of the Companies Act, 1956, an additional hearing was held on 9 October 2010 giving the opportunity to the parties to make their submissions on the same before the Arbitration Tribunal. The Arbitration Tribunal in its majority award dated 25th January 2011 has rejected the claims of Sterlite on the ground that clauses on call option, right of first refusal, tag along right, restriction on transfer of shares are violative of section 111A(2) of the Companies Act, 1956. Sterlite has on 23April 2011, filed an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi for setting aside the award dated 25 January, 2011 to the extent to which it holds that clause 5.8, 5.3, 5.4 and 5.1(a) of the SHA is void, ineffective and inoperative by virtue of being violative of sub-section (2) of 111A of the Companies Act, 1956. The Government also challenged the majority award upholding the first valuation report and also the Company's right to buy at 75% of the valuation in the event of default by the Government, by way of an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi. The matter is now listed for hearing on 9 November, 2011.

HZL Option

The Company's wholly-owned subsidiary, Sterlite Opportunities and Ventures Limited ("SOVL"), had two call options to purchase all of the Government of India's shares in HZL at fair market value. SOVL exercised the first call option on August 29, 2003 and acquired an additional 18.9% of HZL's issued share capital, increasing its shareholding to 64.9%. As of March 31, 2009 and 2010, the Government of India's holding in HZL was 29.5%. The second call option provides SOVL the right to acquire the Government of India's remaining 29.5% share in HZL. This call option is subject to the right of the Government of India to sell 3.5% of HZL to HZL employees. This call option is also subject to the Government of India's right, prior to the exercise of this call option, to sell its shares in HZL through a public offer. From April 11, 2007, SOVL has the right to exercise the second call option. The option has no expiry date. The Company has exercised the second call option in its letter dated July 21, 2009. The Government has stated that they are maintaining the same stand as in BALCO on the validity of the call option and has refused to act upon the second call option. The Company has invoked the Arbitration clause for referring the matter to arbitration and has appointed its arbitrator, and has requested the Government to nominate its arbitrator nominee so that Arbitral Tribunal is constituted. As the Government of India has not appointed its arbitrator, the Company had filed Arbitration application u/s 11(6) of the Arbitration and Conciliation Act 1996 in the Delhi High Court for constitution of arbitral tribunal. The Delhi High Court has in its order dated 18 May 2010 directed the parties to appoint mediators for mediation of the dispute and if mediation fails, arbitration will commence. The Government of India and SOVL has appointed mediators, respectively. Depending upon the outcome of the mediation process the arbitration would commence.

Share Purchases

During the six months ended 30 September 2011, the Group increased its holding in certain of its subsidiaries through open market purchases. The details of such purchases are as follows:-

a) 17,297,059 shares of Sterlite Industries India Limited accounting for 0.52% of SIIL's total equity.

b) 4,398 shares of Malco accounting for 0.0% of Malco's total equity.

The aggregate loss arising on these transactions of US$ 16.5 million was recorded within equity.

INDEPENDENT REVIEW REPORT TO VEDANTA RESOURCES PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

9 November 2011

GLOSSARY AND DEFINITIONS

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, company incorporated in India

ASARCO

American smelting and refining company, incorporated in United States.

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.

BMM

Black Mountain Mining Pty

Board or Vedanta Board

The board of directors of the Company

Businesses

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

Cairn

Cairn India Limited, an associate company, incorporated in India

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

CMT

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

Company or Vedanta

Vedanta Resources plc

Company financial statements

The audited financial statements for the Company for the year ended 31 March 2011 as defined in the Independent Auditor's Report on the individual Company Financial Statements to the members of Vedanta Resources plc

Convertible Bonds

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

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

US$ 500 million 4.0% guaranteed convertible bonds due 2014, issued by a subsidiary of the Company, 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

Cents/lb

US cents per pound

Directors

The Directors of the Company

Dollar or $

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

EBITDA

Earnings before interest, taxation, depreciation and amortisation, 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

EPS

Earnings per ordinary share

ESOP

Employee share option plan

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 2011 as defined in the Independent Auditor's 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

Gearing

Net Debt as a percentage of Capital Employed

Government or Indian Government

The Government of the Republic of India

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

IFRIC

International Financial Reporting Interpretations Committee

IFRS

International Financial Reporting Standards

INR

Indian Rupees

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

KPI s

Key performance indicators

Kwh

Kilo-watt hour

LME

London Metals Exchange

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

MOEF

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

mt or tonnes

Metric tonnes

MU

Million Units

MW

Megawatts of electrical power

Net (Debt)/Cash

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

Non-executive Directors

The Non-Executive Directors of the Company

PBT

Profit before tax

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

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

STL

Sterlite 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

Sterlite

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

Sterlite Energy Limited (SEL)

Sterlite Energy Limited, a company incorporated in India

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

tpa

Metric tonnes per annum

TPM

Tonne per month

Twin Star

Twin Star Holdings Limited, a company incorporated in Mauritius

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 Non-controlling interest effects

US cents

United States cents

VAL

Vedanta Aluminium Limited, a company incorporated in India

Volcan

Volcan Investments Limited, a company incorporated in the Bahamas

WCL

Western Clusters Limited

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