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Vedanta Resources plc
Full Year Results For The Year Ended 31 March 2012

Financial Highlights

- Revenue of US$14 billion, up 23%
- EBITDA of US$4.0 billion, up 13%; EBITDA margin of 29%
- Underlying EPS[1] of US$1.42, down 46%, due to lower attributable profit from subsidiaries
- Final dividend of 35 US cents per share, up 8%
- Free cash flow of US$2.5 billion before growth capex
- Invested US$2.4 billion in organic growth programme during the year
- Strong balance sheet with Cash and Liquid Investments of US$6.9 billion

Business Highlights

- Group consolidation and simplification announced - on track for completion in CY 2012
- Integrated Cairn India – Rajasthan production now at 175kbopd; basin potential of 300kbopd
- Acquired Liberia Iron Ore assets with c.1 bn tonnes R&R; first shipment expected in FY 2014
- Increased Reserves and Resources in Zinc, Iron Ore and Oil and Gas
- Significant production growth in Silver, Alumina, Aluminium, Power and Oil and Gas
- Commissioned new Silver Refinery, increasing Silver capacity to 16 moz p.a.
- Three units of 2,400MW Jharsuguda Power Plant operational, fourth unit under trial run

(in $ millions, except as stated)

Consolidated Group Results	**FY2011-12**	**FY2010-11**	**% Change**
Revenue	14,005.3	11,427.2	*22.6*
EBITDA	4,026.3	3,566.8	*12.9*
EBITDA Margin	*28.7%*	*31.2%*	-
EBITDA margin excluding custom Smelting (%)	40.6%	44.6%	-
Operating Profit	2,387.7	2,534.3	*(5.8)*
Attributable Profit	59.8	770.8	*(92.2)*
Underlying attributable Profit[1]	387.2	715.3	*(45.8)*
Basic Earnings per Share (US cents)	21.9	283.2	*(92.3)*
Earnings per Share on Underlying Profit (US cents)	142.0	262.8	*(46.0)*
ROCE (excluding project capital work in progress)	*7.7%*	*21.0%*	-
Total Dividend (US cents per share)	55.0	52.5	*4.8*

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 10 of Consolidated financial statements)

Mr Anil Agarwal, Chairman of Vedanta Resources plc said, "This has been a transformational year for the Group, in which we completed the Cairn India acquisition, announced the consolidation of the Group, and delivered strong production growth. We are one of the largest diversified natural resources companies globally, and with our growth projects largely completed, are well placed to continue this strong growth."

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About Vedanta Resources plc

Vedanta Resources plc ("Vedanta") is a London listed FTSE-100 diversified global resources major. The group produces Aluminium, Copper, Zinc, Lead, Silver, Iron ore, Power, and Oil and Gas. Vedanta has world-class assets in India, Zambia, South Africa, Namibia, Ireland, Liberia, Australia and Sri Lanka and a strong organic growth pipeline of projects. With an empowered talent pool 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

Overview

Vedanta has made considerable progress in the execution of its strategy this year, delivering production growth and increasing reserves and resources across the portfolio, completing two acquisitions, and announcing a consolidation and simplification of the Group. Over the years, Vedanta has become a world-class, diversified resources company, and this year we added Oil and Gas to our portfolio.

Robust Financial Results

Despite volatile economic conditions across the world, Vedanta increased volumes across most of its commodities and successfully integrated recent acquisitions, which contributed to our strong EBITDA growth, up 13% to US$4.0billion. This was partially offset by higher operating costs and increased export duty rates on iron ore.

Net debt rose to US$10.1 billion, (31st March 2011:US$1.97 billion) and gearing increased to 35% reflecting the investment of US$8.67 billion in Cairn India Limited (Cairn India), but we continued to maintain a strong and liquid balance sheet and robust credit metrics. Free cash flow remained robust at US$2.5 billion, ahead of last year's US$2.4 billion even though this only included approximately four months of cash flow from Cairn India.

Strong Operational Performance

Record production of Refined Zinc, Lead including Silver, Power, Aluminium, Alumina and increased contributions from our recent acquisitions of Zinc International and Cairn India assets were the key drivers of our strong operational performance as our growth projects started to yield results. The ramp up of the silver-rich Sindesar Khurd mine and the new Silver refinery delivered an impressive 35% increase in Silver production for the year, with production reaching a new high of 7.8 million ounces and a US$210 million contribution to EBITDA. The commissioning of the 2,400MW Jharsuguda power plant and Lead smelter at Dariba significantly boosted our power generation and lead production, respectively.

Our newly acquired assets performed well, with Cairn India driving production forward by 21% to an average of 172,887 boepd gross with current capacity now at 175,000 boepd following the ramp up of the Mangala and Bhagyam fields in Rajasthan and Zinc International's output was well ahead of the last year at 444 kt.

This performance is the result of the hard work and commitment of our 32,000 employees across the organisation and on behalf of the Board, I would like to thank them for their contribution to this excellent performance.

Global Markets

Despite volatile global market conditions, demand for commodities remained strong throughout the year, driven by economic growth and urbanisation in emerging economies, which account for approximately 80% of our revenues. Commodity prices were strong in the first half of FY 2012, but corrected in the second half of the year, with the end result that prices for silver moved up substantially, iron ore showed a healthy increase, zinc prices fell and copper, aluminium and lead were marginally ahead of the previous year. Oil price increased over the year.

Growth rates in India, our home market, moderated to 6.9% due to higher inflation. Demand for natural resources however continued its upward trend particularly for aluminium with India projected to become the second largest consumer of aluminium in Asia during CY 2012. Over the long-term, we believe that the increasing size of the domestic market in India and favourable demographics will continue to drive robust economic growth.

Vedanta is a significant contributor to the Indian economy and government exchequer. We meet 80% of India's Zinc consumption and approximately 40% of its Aluminium, Copper and Lead requirements. The Group contributes 20% of India's crude oil production, reducing the requirement for imports and foreign currency expenditure. In this financial year, we contributed US$4.4 billion, including US$2.4 billion of Cairn for the full year, to the Indian exchequer towards direct and indirect taxes, royalty, cess on oil etc.

Key Strategic Developments

Growth

We continued to focus on extending our existing resources and growing our assets organically, investing in projects that expand our high quality asset base and increase our production volumes. During the year, we invested US$2.4 billion in our organic growth programme, increasing production of Zinc-Lead, Silver, Copper, Aluminium, Power and Oil and Gas.

We have successfully completed the integration of the assets acquired from Anglo American last year, now our Zinc International segment. The assets we acquired also included the Gamsberg deposit in South Africa, which is one of the largest undeveloped zinc deposits in the world. With a resource base of 186 mt deposit, Gamsberg has the potential to deliver over 400 ktpa over a mine life of more than 20 years and a feasibility study is underway to scope the project.

We extended our resources portfolio into Oil and Gas with the acquisition of the controlling stake in Cairn India for US$8.67 billion, financed equally from our own resources and acquisition debt. Cairn India is the largest private crude producer in India. Its world class assets in Rajasthan currently contribute more than 20% of India's production. These assets carry gross recoverable oil reserves and resources of approximately one billion barrels and have a potential to produce roughly 40% of India's oil production. The acquisition of a controlling stake in Cairn India has added an additional high quality asset in an attractive natural resources segment and will contribute to the earnings profile of the Group.

During the year, we acquired Iron Ore deposits in Liberia in Western Africa, with reserves and resources estimated at over 1bn tonnes. We intend to bring these assets, which comprise brownfield as well as greenfield sites, into production over the next 2-3 years. With this acquisition, Vedanta will become a significant player in the upcoming West African Iron Ore hub catering to the seaborne iron ore trade. This acquisition is a logical and strategic fit with Sesa Goa's existing iron ore business and is expected to create significant long term value for shareholders.

Long Term Value

We have maintained our position as a low cost producer through our culture of continuous improvement. As well as major investment projects, a myriad of small projects have been implemented across all our businesses to reduce energy consumption, improve productivity, debottleneck processes and increase efficiency.

To ensure the long-term future of the Group, we aim to grow our Reserves and Resources (R&R) at a faster rate than we deplete them, through exploration and acquisitions. Exploration focus yielded excellent results during the year particularly for Zinc, Oil and Gas and Iron Ore.

In line with our strategy to simplify our corporate structure, towards the end of the year, we announced a merger of Sesa Goa Ltd and Sterlite Industries (India) Ltd to create Sesa Sterlite Ltd, and a consolidation of the Vedanta Group. As part of the group consolidation, Vedanta's stake in Cairn India and Vedanta Aluminium will move under Sesa Sterlite. Sesa Sterlite Ltd is expected to be the one of the world's largest global diversified natural resources major, ranked by EBITDA.

The simplification of the Group structure is expected to yield significant benefits through a more efficient capital structure, increased flexibility to allocate capital, broader access to capital markets and enhanced visibility of earnings and cash flow. The merger will also generate significant synergies for the shareholders of Sesa Goa, Sterlite and Vedanta.

Sustainability

We have continued to focus on aligning our policies and management systems to the sustainability standards recognized internationally by the IFC, ICMM and UNGC. This year we have completed the development of a comprehensive Sustainability Framework that is now being rolled out across our operations and I am pleased to say that we have signed the UN Global Compact.

We want to go even further and embed sustainable development into every aspect of what we do which is one of the five priorities that I have set. The others are to:

- Improve our health and safety performance for a safer, more secure and healthier environment for every employee and contractor.
  - We work in an inherently risky industry and it is with great regret that I have to report 22 fatalities this year. Our efforts to eliminate unsafe conditions and unsafe behaviour are starting to yield results. Our quarterly figures show good progress and our lost time injury rate continues to fall, reducing by 10% year on year.
- Contribute further and in a more targeted way to local communities
  - We are passionately committed to making a difference to our local communities, contributing US$38 million this year to community development projects, benefiting over three million people.
- Continue to manage and minimise our impact on air, water and land
  - Our environmental focus on reducing specific consumption of energy and water is making sound progress with most of our operations yielding significant positive results.
- Maintain a dialogue with Stakeholders to help us understand and respond to their material issues
  - So far over 1,000 people have received training in the new Sustainability Framework and implementation is continuing.

Achieving our goals will take a great deal of hard work, but we are committed to our journey of continuous improvement.

Dividends

In line with our policy to progressively increase our dividend payments to shareholders, the Board has recommended a final dividend of 35 US cents per share, an increase of 8% that will be paid on 5 September 2012 to shareholders on the register on 17 August 2012. This takes the total dividend for the year to 55 US cents per share, 5% above last year.

Looking forward

We start the new financial year with a world-class asset portfolio, a low cost structure and a strong near term growth profile. The outlook for natural resources remains robust: industrialisation and urbanisation in China and India and other emerging economies continues to drive demand and Vedanta is well-positioned to serve these markets. Our significant capital investment programme, which has largely been invested, will deliver near-term production growth across our portfolio, in turn driving strong cash flow growth. Looking further forward, Cairn India, Liberia and Gamsberg offer outstanding opportunities to grow our production well into the future.

Anil Agarwal

Chairman

16 May 2012

BUSINESS REVIEW – STRATEGY

With a focus on delivering growth and long term value for our stakeholders, Vedanta has built a diversified portfolio of large-scale, natural resource assets with long life, underpinned by a structural low-cost advantage and proximity to emerging markets.

Greenfield growth and brownfield expansion projects are integral to our value creation and we have demonstrated a successful track record of extending resource life and completing projects at competitive capital costs and timelines. We remain focused on driving operational and cost efficiencies, as we have consistently demonstrated over the years.

Sustainability is integral to our business – we are a significant contributor to the economies and communities where we operate, and we partner with governments to secure our licence to operate in various countries.

Growth

Organic Growth

With strong commodity demand in countries where we operate and leading market shares across most of our businesses in India, we have once again successfully delivered significant organic growth and expanded our assets and resource base across our businesses. We continue to build and operate assets with a low cost base, which ensures we remain competitive through business cycles.

We have already invested US$14 billion of our US$18 billion capital expenditure ("capex") programme, and are reaching an inflection point as free cash flow post expansion capital expenditure turns positive. We expect strong free cash flow going forward as our existing organic growth programme nears completion, and projects continue to ramp-up.

During FY 2011-12, we invested US$2.4 billion in organic growth capex across our businesses, mostly in Aluminium and Power. During the year we delivered record production of refined zinc-lead, silver, copper, aluminium and power.

Significant increases in capacity

- Record silver production of 7.8moz during the year, up 35% driven by the ramp up of the silver-rich Sindesar Khurd Zinc-Lead mine in Rajasthan, India and commissioning of the new 350tpa silver refinery. During the year, we achieved our targeted capacity of 16moz for silver.
- The new 100kt Dariba lead smelter in Rajasthan, India was commissioned, resulting in a record production of lead in Q4 of 37kt at Zinc India. Development of the 1mtpa underground Kayar zinc-lead mine has commenced, and commissioning is expected in FY 2013-14.
- At our Copper Zambia operations, integrated copper production ramped-up with higher output from the Nchanga open pits, completion of TLP-IV debottlenecking to 75ktpa and commissioning of the new 7.5mtpa Nchanga East Concentrator.
- A second Cobalt Recovery Furnace was also commissioned at Copper Zambia. Integrated production volumes and costs are expected to improve, with successful trial mining at the Nchanga Upper Ore Body project confirming higher copper and cobalt grades, and commissioning of the new 3mtpa Nchanga West Concentrator by mid FY2012-13.
- The 1mtpa Alumina refinery in Lanjigarh, India is now operating at its rated capacity driving a 31% increase in Alumina production to 928 kt. Work on the 1.25mtpa Aluminium smelter expansion at Jharsuguda, India is progressing well.
- First metal tapping at the 325ktpa BALCO-III Aluminium smelter in Korba is expected in the third quarter of FY 2012-13.
- The first 300MW unit of the 1,200MW captive power plant at Bharat Aluminium Company (BALCO) will be synchronized shortly. Environmental clearance for the 211mt BALCO coal

block has been received, and we expect to obtain the second stage forest clearance and start coal production in FY 2012-13.

- The second and third units of the 2400MW power plant project at Jharsuguda were commissioned during the year. Three units are now operational, with the fourth unit generating under trial run.
- The 150MW wind power expansion project was completed at Zinc India, taking our green energy power generation capacity at Zinc India to 274MW.

Acquisitions

Over the years, Vedanta has supplemented organic growth with selective acquisitions. Our strategy has been to acquire assets that provide significant potential for further growth and value creation. Consistent with this approach, we successfully completed two significant acquisitions, in the Oil and Gas, and Iron Ore sectors.

Extending our portfolio into oil and gas

During the year, we successfully completed the acquisition of a majority interest in Cairn India Limited, acquiring a 59% stake for a consideration of US$8.67 billion. Primarily based in Rajasthan, where we already have a strong presence, Cairn India is a unique exploration and production platform,that enhances Vedanta's growth profile, as well as adding further diversification to our portfolio. Cairn India has the second largest reserves in India among private sector oil companies, a lowest decile cost position and a proven management team.

Cairn India's world-class resource base includes interests in nine blocks in India and one in Sri Lanka, of which three are operating blocks. The ten blocks are located in three strategically focused areas - one block in Rajasthan, three on the west coast of India and six on the east coast of India, including one block in Sri Lanka. The Rajasthan block is India's largest oil discovery in the last 20 years, with over 7.3bn barrels of oil reserves and resources (R&R) in place.

Building a significant iron ore platform for growth

In addition, during the year we also acquired a 51% stake in Brownfield and Greenfield iron ore assets in Liberia in Western Africa, with over 1bn tonnes of R&R, for a cost of US$90 million. West Africa is an emerging hub for iron ore, the region has around 34 billion tonnes of reserves and resources, with the potential to become a 100 million tonnes per annum iron ore exporting region.

The acquired assets are 70-140km from the coast, comprising of three deposits at Bomi Hills, Bea Mountain and Mano River. The project broadly involves exploration drilling, development of mining and port infrastructure, and development and refurbishing of the logistics infrastructure. We recently completed an aeromagnetic survey and are carrying out scoping and feasibility studies, with the aim of making the first shipment by FY 2013-14.

Successful integration of Zinc International

The Zinc International assets acquired from Anglo American plc in FY 2010-2011 have been successfully integrated. We delivered strong operational performance with a total full year production of 444kt of refined zinc and zinc-lead metal in concentrate (MIC) from the Lisheen mine in Ireland, the Skorpion mine in Namibia and the Black Mountain Mine (BMM) in South Africa. The acquisition also included the Gamsberg deposit in South Africa which is one of the largest undeveloped zinc deposits in the world. With an estimated zinc resource deposits of 186mt, this deposit has the potential to deliver over 400ktpa with a mine life of more than 20 years, and a feasibility study is underway to scope the project.

Long-Term Value

Group Structure

This has been an important year for Vedanta in creating long-term value for shareholders. In line with our stated strategy to unlock value for shareholders by simplifying our group structure, in February 2012 we announced a merger of Sesa Goa and Sterlite, and a consolidation and simplification of the Group. As part of this consolidation, Sesa Goa and Sterlite will merge to form a new company to be called Sesa Sterlite Ltd. Additionally, Vedanta Resources' stake in Vedanta Aluminium and Cairn India will move to Sesa Sterlite. The new entity, Sesa Sterlite, will be one of the world's largest diversified natural resources companies, with exposure to base metals, bulk commodities and oil and gas. This consolidation will remove all cross-holdings within the Group, create a more efficient capital structure by better aligning assets and liabilities, enhance visibility of earnings and cash flows, and generate capital, tax and operational synergies. We believe the simplified and more efficient structure will unlock and create significant value for shareholders. The transaction is expected to be completed in CY 2012, and is subject to regulatory and shareholder approvals.

Optimise Returns

We aim to optimise our costs through a culture of continuous improvement and maintain our position as a low cost producer in all our businesses. During the year, we maintained our low cost base across our portfolio.

During FY 2011-12, our exploration activities resulted in the successful addition of reserves and resources at our Zinc, Iron Ore and Oil and Gas businesses.

Key achievements include:

- 1.4mt contained metal added, to R&R in Zinc India, prior to depletion of 0.8mt, which was around 1.75 times more than we mined during the year.
- Cairn India's exploration program in Sri Lanka yielded successful results, with two out of three exploration wells resulting in gas discoveries. Cairn India has now entered the second stage of exploration in Sri Lanka. The other exploration success at Cairn India came from the second successive discovery Nagayalanka-SE-1 in the KG-ONN-2003/1 block. This is the largest onshore discovery in the KG basin to date and has helped establish a resource of around 550 mmboe.
- Significant exploration success in the Iron Ore business, with the net addition of 68mt to R&R, extending the mine life to 18 years.

Sustainability

During the year we rolled out our new Sustainability Framework including sustainability policies, technical and management standards, across the Group companies, with a particular focus on ensuring all new projects are to be carried out as per the Vedanta standards.

Responsible Stewardship

Within our sustainability framework, responsible stewardship is the foundation pillar that defines how we operate. All the businesses in the Group are required to have management systems in place to achieve our goals. 39 of our 44 major plants have systems certified to ISO 9001, 14001 and OHSAS 18001. Our plant at Lanjigarh is the first in our industry in India to receive ISO 50001 and one of our companies, Sesa Goa, has achieved SA8000.

Performance Highlights

Health and Safety

Health and Safety remains a key priority and whilst we work in an inherently risky business, it is with regret that we have to report the loss of 6 employees and 16 contractors during the year. We have renewed our management commitment to a structured programme to reduce fatalities by eliminating unsafe conditions through our business. Quarterly results show that we are making progress but more needs to be done. Our Lost Time Injury Frequency Rate (LTIFR) continues to fall – it is down 48% over the last five years but we continue to seek ways to drive this further.

Environment

During the year, HZL added another 103 MW to its existing 171 MW wind power generation capacity, making Vedanta one of the largest wind power producers in India.

Our integrated carbon strategy is beginning to yield results. To date, we have registered five Clean Development Mechanism (CDM) projects, which have enabled us to accrue 335,023 Certified Emission Reductions (CERs) or carbon credits. We also sold 236,878 CERs.

Waste Management

We are committed to minimising the impact of waste from our operations, using water and energy more efficiently and recycling wherever possible. During the year, 0.87 million mt of fly ash and 0.026 million mt of slag were used in cement and brick manufacturing and road construction. Energy efficiency initiatives by subsidiary companies saw significant reductions in energy consumption and good progress was made in reducing water consumption.

Building Strong relationships

We engage with a large number of different stakeholders on a regular basis through our investor relations, human resources, community relations and government relations departments.

Our engagement process uses a three-pronged approach - keeping the stakeholders informed, engaging with them and forging partnerships to address their needs and concerns.

Throughout the year 3,206 stakeholder engagement meetings took place, with community leaders, Non Governmental Organisations (NGOs), governments and government bodies, academic institutions and private hospitals and 147 partnerships are now in place. We have always placed great importance on supporting local communities and the number of villages we cover in India increased from 552 in FY 2010-2011 to 1,006 in FY 2011-2012.

Adding and sharing value

How we contribute to the lives of the people we affect, is important to maintaining our social licence to operate over the long term and thus making our business sustainable.

As a significant employer we are committed to the development and well-being of our workforce. Our current employee attrition rate is low and stable at around 5% and employees benefited from over 52,000 man days of training, over 14 hours on average per employee.

Our community investment hit US$38 million this year, reaching 3.07 million people and providing support for schools, hospitals, health centers and farmers.

BUSINESS REVIEW – TRENDS IN PRICE MOVEMENTS OF MAJOR COMMODITIES

The Group's principal commodities, aluminium, copper, zinc and lead are priced with reference to London Metal Exchange (LME) prices. Iron ore prices are not linked to any exchange but are aligned to the iron ore price index. Crude oil prices are based on movement in the Brent Index. The following section describes the pricing trends of significant commodities in our portfolio for FY 2011-12.

Copper

LME prices decreased from US$9,336 per tonne at the beginning of FY 2011-12 to US$8,480 per tonne at the year end. However, the average LME copper price for FY 2011-12 was US$8,475 per tonne, 4% above the average for FY 2010-11. LME prices reached a low point of US$6,785 per tonne in October 2011, and a high point of US$9,827 per tonne in August 2011. The increase in the average price was driven by the demand recovery in developed countries, Chinese imports and supply concerns.

Aluminium

LME prices decreased from US$2,590 per tonne at the beginning of FY 2011-12 to US$2,099 per tonne at the year end. However, the average LME aluminium price for FY 2011-12 was US$2,313 per tonne, 2.5% above the average for FY 2010-11. LME prices reached a low point of US$1,945 per tonne in December 2011, and a high point of US$2,772 per tonne in April 2011. The price strength was maintained mainly due to rising energy prices and tighter aluminium fundamentals.

Zinc

LME prices decreased from US$2,341 per tonne at the beginning of FY 2011-12 to US$2,003 per tonne at the year end. However, the average LME Zinc prices for FY 2011-12 was US$2,098 per tonne, 4.0% lower than the average for FY 2010-11. LME prices reached a low point of US$1,750 per tonne in October 2011, and a high point of US$2,244 per tonne in May 2011. Supply growth continued to run ahead of demand, leading to weaker prices.

Iron Ore

Iron ore spot prices decreased from US$161 per tonne at the beginning of FY 2011-12 to US$136 per tonne at the year end. The average spot iron ore price for FY 2011-2012 was US$149 per tonne, 3.5% above the average price for FY 2010-2011. Prices followed an upward trajectory driven by increased global steel production and a corresponding increase in iron ore prices.

Silver

Average silver prices during FY 2011-12 went up from US$23.9 per ounce to US$35.3 per ounce, an increase of 47.7%, largely due to consistent demand for industrial use and robust growth in personal use.

Oil

Average crude prices during FY 2011-12 went up from US$87 per barrel to US$114 per barrel, an increase of 31%.

The movement of commodity prices in FY 2011-12 is shown in the table below:

(in US$ /MT)

	11-12	**10-11**	***% Change***
Copper	8,475	8,138	*4.1*
Aluminium	2,313	2,257	*2.5*
Zinc	2,098	2,185	*(4.0)*
Lead	2,269	2,244	*1.1*
Silver	35.3	23.9	*47.7*
Iron Ore (63 Fe Grade)	149	144	*3.5*
Crude per bbl	114	87	*31.0*

Exchange Rates

We are exposed to exchange rate transaction risk on foreign currency as most of our businesses in India have income and expenditure in Indian rupees. The rupee: USD exchange rate at the beginning of the year was 44.7 Indian rupees per USD which closed at 51.2 Indian rupees per USD at the year end. The average exchange rate for the year FY 2011-12 was 47.9 Indian rupees per USD, a 5% increase against 45.6 Indian rupees per USD for FY 2010-11.

BUSINESS REVIEW - FINANCIAL REVIEW

HIGHLIGHTS

- Revenues up 22.6% to US$14.0 billion
- EBITDA up 12.9% to US$4.0 billion
- Underlying EPS at US 142 cents per share
- Acquisition of Cairn India has provided entry into oil and gas sector: the acquisition is immediately EPS accretive
- Free cash flow of US$2.5 billion, translating into 63% EBITDA conversion
- Investment of US$2.4 billion in growth projects, strong project execution capabilities
- Net gearing of 35% and cash and liquid investments of US$6.9 billion

(in US$ million, except as stated)

	FY 2011-12 (Proforma)	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08
EBITDA	5,353.3	4,026.3	3,566.8	2,295.9	1,612.2	3,010.4
Underlying EPS (US cents per share)	209.4	142.0	262.8	199.2	108.0	303.9
Free cash flow	3,127.6	2,533.8	2,347.3	1,814.3	1,733.8	2,216.9
Capital Employed (Excluding Capital WIP)	22,404.4	21,946.6	9,067.6	6,720.3	3,642.3	3,974.2
Return on Operating Capital (%)	10.7	7.7	21.2	19.9	24.4	45.6
Net (cash)/debt	10,064.4	10,064.4	1,970.3	947.2	200.8	(2,142.7)

Return on Operating Capital = Return on Capital Employed (excluding project capital WIP)

Underlying EPS – Earnings Per Share based on underlying profit which is profit for the year after adding back special items and other gains and losses and their related tax and non-controlling interest effects.

2011-12 has been a year of mixed fortunes due to the significant change and volatility in the global economy. The Euro-Zone crisis downgrade of sovereign credit ratings of various Euro-zone countries, sluggish growth in many industrialised countries including USA, political unrest on the African continent and the resulting escalation in crude oil prices had all dampened the growth euphoria. Despites these challenges commodity prices generally averaged higher than during FY 2010-2011. Demand for commodities in 2012 will be supported by improving global economic growth particularly in Chinese and emerging markets, which are expected to remain relatively robust. The global developments constrained the Indian growth story, with India's GDP expected to grow by 6.9% during FY 2011-12. India is expected to maintain its robust economic growth over the long term, due to its domestic market size and demographic advantage.

Group Revenue:

(in US$ million, except as stated)

	2011-12	2010-11	% Change
Zinc	3,206.8	2,378.4	*34.8%*
— India	2,316.1	2,159.5	*7.3%*
— International*	890.7	218.9	
Iron Ore	1,690.9	1,979.5	*(14.6)%*
Copper	5,915.0	5,253.2	*12.6%*
— India/Australia	4,205.2	3,428.2	*22.7%*
— Zambia	1,709.8	1,825.0	*(6.3)%*
Aluminium	1,873.5	1,779.6	*5.3%*
Power	458.3	124.0	-
Oil and Gas**	882.5	-	-
Eliminations	(21.7)	(87.5)	-
Revenue	**14,005.3**	**11,427.2**	**22.6%**

**Acquired in FY 10-11, ** Acquired in FY 11-12*

Group revenues in FY 2011-12 grew strongly to US$14,005.3 million, up 22.6% as compared with the previous year. Most of our businesses delivered higher volume growth as several of our growth projects were completed with production ramping up. Revenue increased due to the value accretive acquisition of Cairn India completed during the year and also the incremental revenue from a full year of operation at Zinc International. The volume growth in our power business, mainly at Sterlite Energy Ltd (SEL), and the doubling of silver revenues in Zinc India also contributed to the revenue increase.

Iron ore revenues were impacted by lower sales volumes caused by the mining ban in Karnataka and the transport and logistics bottleneck in Goa. Iron Ore sales were further reduced by US$201 million due to the rise in export duty to 20% in March 2011 and from 20% to 30% in the last quarter of FY 2011-12.

Group EBITDA

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11	% Change	EBITDA Margin% FY 2011-12	EBITDA Margin%FY2010-11
Zinc	1,610.8	1,320.9	*21.9%*	-	-
— India	1,244.8	1,219.6	*2.1%*	*53.7%*	*56.7%*
— International	366.0	101.3	-	*41.1%*	*46.3%*
Iron Ore	721.4	1,174.1	*(38.6)%*	*42.7%*	*59.3%*
Copper	685.9	681.4	*0.7%*	-	-
— India/Australia	298.0	241.5	*23.4%*	*7.1%*	*7.0%*
— Zambia	387.9	439.9	*(11.8)%*	*22.7%*	*24.1%*
Aluminium	182.5	352.7	*(48.3)%*	*9.7%*	*19.8%*
Power	122.0	43.9	*177.9%*	*26.6%*	*35.4%*
Oil and Gas*	713.0	0.0	-	*80.8%*	-
Others	(9.3)	(6.2)	*(50%)*	-	-
Total	**4,026.3**	**3,566.8**	***12.9%***	***28.7%***	***31.2%***

** Post acquisition from 8th December 2011.*

Turbulence in the global market and the cost-inflationary environment prevailing in the metal and mining industry impacted our profitability in FY 2011-12. During the year, total cash costs increased due to mining sector inflation stemming from increased energy and fuel costs together with higher maintenance, labour and contractor costs, in line with the mining industry in general.

The EBITDA margin in our aluminium business reduced by 10.1%, due to an 11.3% increase in cost of production mainly due higher alumina, carbon and coal costs. The EBITDA margin also reduced in our power business due to an 18.6% reduction in the sales price per unit.

Despite these tough conditions, we reported EBITDA of US$4.0 billion, 12.9% higher when compared with the previous year, underpinned by our diversified business portfolio which helps to insulate us from adverse performance in any one of our businesses.

Our diversification into the high margin oil and gas sector through our acquisition of Cairn India during the year and the full year benefit of operations from the Zinc International business acquired in FY 2010-11, combined with our continued focus on cost control measures and operational improvements also contributed to the improvement in EBITDA for FY 2011-12.

However, EBITDA growth did not keep pace with revenue growth as operating costs rose, mainly due to higher coal costs and commodity linked costs. Lower sales of iron ore coupled with the hike in export duty also impacted EBITDA during the financial year.

EBITDA margin was 28.7% in FY2011-12 compared with 31.2% in FY2010-11. Excluding our copper custom smelting operations, our EBITDA margin in FY2011-12 was 40.6% (FY 2010-11: 44.6%).

Conversion of EBITDA to free cash flow for the financial year was marginally lower at 62.9% compared with 65.8% in FY2010-11. This reduction is mainly attributable to higher interest on borrowing for the Cairn India acquisition and higher on-going capital expenditure.

We continued to maintain our strong balance sheet and funding position, with cash and liquid investments totalling US$6.9 billion. We generated free cash flow of US$2.5 billion which met the growth capital expenditure requirement of US$2.4 billion. Our investment in growth projects is nearing completion and we have now reached an inflection point where we have positive free cash flow after growth capex for the first time.

After investing US$8.7 billion in acquisitions, net debt as at 31 March 2012 was US$10.1 billion (31 March 2011: US$1.97 billion) and our gearing ratio was 35%.

Group Operating Results

(in US$ million, except as stated)

	FY 2011-12 (Proforma)	FY 2011-12	FY 2010-11	% Change
Revenue	15,615.9	14,005.3	11,427.2	*22.6*
EBITDA	5,353.3	4,026.3	3,566.8	*12.9*
EBITDA margin (%)	*34.3%*	*28.7%*	*31.2%*	-
EBITDA margin without custom smelting (%)	*46.7%*	*40.6%*	*44.7%*	-
Special items	(230.2)	(230.2)	(163.4)	*(40.9)*
Depreciation	(1,220.7)	(927.3)	(554.6)	*(67.2)*
Amortisation	(736.8)	(481.1)	(314.5)	*(53.0)*
Operating Profit	3,165.6	2,387.7	2,534.3	*(5.8)*
Net interest expense	(617.1)	(420.3)	(103.1)	*(307.7)*
Other Gains and (Losses)	(314.2)	(314.2)	252.1	*(224.6)*
Income from Associate	-	92.2	-	-
Profit before Taxation	2,234.3	1,745.4	2,683.3	*(35.0)*
Income Tax Expense	(547.4)	(516.7)	(649.5)	*(20.4)*
Effective Tax Rate (%)	*24.5%*	*29.6%*	*24.2%*	-
Profit for the year	1,686.9	1,228.7	2,033.8	*(39.6)*
Minority Interest	1,478.9	1,168.9	1,263.0	*(7.5)*
Minority Interest (%)	*87.7%*	*95.1%*	*62.1%*	-
Attributable profit	208.0	59.8	770.8	*(92.2)*
Basic earnings per share (us cents per share)	76.3	21.9	283.2	*(92.3)*
Underlying earnings per share (us cents per share)	209.4	142.0	262.8	*(46.0)*

During the year depreciation and amortisation increased by US$539.3 million to US$1.4 billion.

Depreciation charges during the year increased by US$372.7 million mainly due to additional depreciation of US$180.2 million for Cairn, US$90.7 million due to the full year of operation for Zinc International and the commissioning of the SEL power plant accounting for the balance.

Amortisation charges during the year increased by US$166.6 million mainly due to additional amortisation of reserves of US$166.5 million at Cairn, US$92.4 million at Zinc International, partially mitigated by a decrease at Sesa Goa due to lower output. Oil and Gas assets are amortised on a unit of production basis over the total remaining proven and probable reserves.

Special items comprises of US$21 million spent on voluntary redundancy charges at some of our operations. A provision of US$89 million was made by Sterlite towards possible incidental damages payable to ASARCO as per the verdict of the bankruptcy court of Southern District of Texas, US. We also spent US$73 million on costs relating to the acquisition of Cairn India and IPO expenses of US$13 million, for our subsidiary Konkola Copper Mines were also written off during the year. US$31 million was due to loss on revaluation of previously held interest in Cairn India as associate.

As explained above, the operating profit for the year was US$2.4 billion, marginally lower than in the previous year reflecting higher depreciation, amortisation charges and special items, despite the increase in EBITDA.

Gross finance costs increased to US$1,170.5 million in FY 2011-12, up from US$718.0 million in FY 2010-11. Costs increased as a result of higher average debt at US$13,750.4 million in FY 2011-12, up from US$8,895.7 million in the previous year. Gross debt during the year increased mainly to finance the Cairn India acquisition and to fund our growth projects. Interest costs also increased due to a higher interest rate for rupee borrowing in India. Of the total interest cost, US$224.8 million relating to our on-going capital expansion projects was capitalised as compared with US$183.3 million in FY 2010-11, reflecting the increased capitalisation in our ongoing projects at Vedanta Aluminium Ltd (VAL), BALCO and Talwandi Sabo.

Investment income in FY 2011-12 was US$525.4 million, compared with US$431.6 million in FY 2010-11, mainly due to the higher interest rate environment.

We recognised a loss of US$314.2 million as a result of mark-to-market losses on our foreign currency borrowings primarily at our Indian entities, and following changes in the fair value of embedded derivatives relating to foreign currency convertible bonds at Sterlite and Sesa Goa. During FY 2011-12, the mark-to-market loss on borrowings was US$411.4 million against a gain of US$63.7 million in the previous year. These mark-to-market losses were caused by volatility in the Indian rupee dollar exchange rate, which depreciated sharply by 14.7% in the year, moving from 1 US$ = Rs.44.65 to 1 US$ = Rs. 51.16. The rupee depreciation impacted the uncovered loans denominated in US$.

By contrast, we experienced a mark-to-market gains on our embedded derivatives of US$97.1 million primarily on the foreign currency convertible bonds at Sterlite and Sesa Goa. Since the issue of these bonds the cumulative gain has been US$211.0 million. The gain is primarily correlated with the movement in the respective subsidiary's share price and may reverse in the future.

Profit before taxation also decreased by 35.0% to US$1.7 billion compared against US$2.7 billion achieved during FY 2010-11. Profit after tax decreased by 39.6% to US$1.2 billion due to higher interest costs, mark-to-market losses on our foreign currency borrowings and higher tax rates. Our effective tax rate increased from 24.2% in FY 2010-11 to 29.6% during FY 2011-12 as a result of changes in profit mix at the operating companies during the year and also due to losses at VAL.

The tax charge decreased to US$516.7 million in FY 2011-12, 20% down from US$649.5 million in FY 2010-11 reflecting the lower profit before tax.

Attributable profit for the year at US$59.8 million is significantly lower than the US$770.8 million in the previous year which was impacted by increased amortisation and depreciation charges, interest expenses related to funding for the Cairn India acquisition, mark-to-market losses on foreign currency borrowings at our Indian entities and losses at VAL.

Basic Earnings per Share (EPS) for FY 2011-12 was 21.9 US cents per share compared to 283.2 US cents per share in FY 2010-11, reflecting the fall in attributable profit. Fully diluted EPS was 21.6 US cents per share (FY 2010-11: 270.2 US cents per share). Underlying EPS was 142.0 US cents per share as against 262.8 US cents per share in the previous year.

These factors, combined with the fact that Cairn India only contributed to profitability for less than four months, resulted in returns generated on operating capital reducing to 7.7%. Using twelve month proforma earnings from Cairn, our return on operating capital would be 10.7%.

Balance Sheet and Cash Flow

We continue to have a strong balance sheet with capital employed of US$18.4 billion and net debt of US$10.1 billion. Net debt comprised debt of US$17.0 billion offset by US$6.9 billion of cash and liquid investments. Anticipated future cash flows and undrawn committed facilities of US$2,897.3 million, together with cash and liquid investments of US$6,885.4 million as at 31 March 2012, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirements of the Group in the near future. The company continued to maintain its ratings from Standard & Poor's, Moody's & Fitch Ratings are BB, Ba1 and BB+ respectively. The Company generally maintains a healthy net debt-equity ratio and retains flexibility to raise funds as and when required. Even though FY 2011-12 witnessed a rise in debt of US$7.2 billion to fund the Cairn India acquisition and planned expansion programme, our balance sheet remained strong with net gearing of 35.3%.

As at 31 March 2012, we had a multiple of 1.9x net debt/EBITDA, 4.5x EBITDA/gross interest expenses and 2.5x net asset/debt, which reflects a robust and strong balance sheet.

Of our total gross debt of US$17.0 billion, debt at our subsidiaries is US$7.7 billion with the balance in the holding company.

Following the Group structure simplification, debt liability at the holding company reduced by 65% to US$3.2 billion and debt service costs reduced significantly. Dividend policies at subsidiaries will result in significantly higher dividends at the holding company which will cover debt servicing.

The movement in net (debt)/cash in FY 2011-12 is set out below.

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11
EBITDA	4,026.3	3,566.8
Operating exceptional items	(230.2)	(163.4)
Working capital movements	439.2	(652.0)
Increase/(decrease) in Operational Buyer's Credit	60.1	12.5
Increase/ (decrease) in Supplier's Credit	(124.2)	335.3
Changes in long term creditors and non-cash items	35.8	128.8
Sustaining capital expenditure	(386.2)	(239.5)
Sale of tangible fixed assets	23.6	28.3
Net interest paid and dividend received	(394.8)	87.1
Tax paid	(915.8)	(756.6)
Free cash flow	**2,533.8**	**2,347.3**
Expansion capital expenditure[1]	(2,398.2)	(2,517.2)
Sale /(Purchase) of fixed assets investments	(3.9)	(25.9)
Acquisition of minorities	(60.3)	(122.0)
Acquisitions, net of cash & liquid investments acquired	(7,115.7)	(1,036.7)
Purchase of mining assets	(131.8)	-
Buyback of shares of Vedanta Resources plc	-	(128.0)
Dividends paid to equity shareholders	(144.0)	(129.9)
Dividends paid to minority shareholders	(219.7)	(87.4)
Convertible Bond transfer and conversion	-	430.2
Other movement[2]	(554.3)	246.5
Movement in net (debt)/cash	**(8,094.1)**	**(1,023.1)**

1 *On an accrual basis*

2 *Includes foreign exchange movements*

Finance Strategy

The Company's capital management objectives are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company sets the amount of capital required on the basis of annual business and long term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals, convertible bonds and other long-term and short-term borrowings.

The Company monitors capital using a gearing ratio, (the ratio of net debt as a percentage of total capital) which at 31 March 2012 was 35.3%.

Our investments are consistent with our policy of investing in funds and banks with a low credit risk and high credit ratings. Investment portfolios of our Indian subsidiaries have been independently reviewed by the rating agency CRISIL as "Very Good".

We believe our strengthening presence across diverse businesses should further strengthen our credit profile and we are working towards improving our ratings to investment grade.

Post the acquisition of Cairn India, our priority is to reduce the debt at the holding company level. We are committed to maintain net debt to EBITDA at less than 2.75 times and net gearing below 40% through the cycle, as a prudent measure in our cyclical industry. We achieved net debt to EBITDA of 2.5 times and net gearing of 35% at the end of FY 2011-12. In an effort to further reduce these metrics, we continue to focus on higher EBITDA-free cash flow conversion by prioritising cost control and reviewing the capital expenditure programme.

We have also announced a new simplified corporate structure, which once approved by stake holders and regulatory authorities, should yield significant benefits through a more efficient capital structure, increased flexibility to allocate capital, broader access to markets and enhanced visibility of earnings and cash flow.

The conversion of EBITDA to free cash was at the rate of 62.9% in FY 2011-12 as compared to 65.8% in FY 2010-11. This decline, despite the release of working capital of approximately US$325.1 million, was due to higher routine capital expenditure and interest payments.

Investing in Organic Growth

We spent US$2,398.2 million on capital expenditure for growth projects in FY 2011-12 which was in line with our project capital expenditure spend in FY 2010-11. During the last five years we have invested US$12.6 billion in growth projects.

In its Power business, the Company has decided to pursue only the 1980 MW (3x660MW) thermal coal based power plant at Talwandi Sabo and the project work is progressing well.

We also spent US$386.2 million on routine capital expenditure in FY 2011-12, higher than the previous year's expenditure of US$239.5 million. This expenditure is for the up-keep of our plant and equipment, to continually optimise and improve operational standards and to increase the scale of our operations.

Return on Operating Capital (ROOC) during FY 2011-12 was 7.7%, lower than the 21.2% generated during FY 2010-11. This reflected the fact that the investment in Cairn generated returns for a period of less than four months (as a subsidiary from 8 December 2011). On an annualised basis, the returns from Cairn stood at 10.7% during the year. ROOC is an important Key Performance Indicator (KPI) for our businesses. Capital productivity is a high priority and we plan to enhance this ratio by optimising asset performance.

Project capex

Sector	Project	Production Volume	Country	Completion Date	Project Cost	Spent in FY12	Spent to 31 March 12	Unspent on 31 March 12
Alumina	Lanjigarh I Alumina Refinery	1.0 mtpa	India	Completed	1,015.3	-	982.0	33.3
	Debottlenecking Lanjigarh I	1.0 mtpa	India	On hold	150.0	1.4	73.7	76.3
	Lanjigarh II Alumina Refinery	3.0 mtpa	India	On hold	1,570.0	20.6	825.2	744.8
Aluminium	Korba III Smelter	325 KT	India	Ist Metal tapping by Q3 FY 2012-13	720.0	248.4	596.1	123.9
		1200 MW CPP		Q2 FY 2013	1,100.0	128.3	803.8	296.2
	Jharsuguda I Smelter	0.5 mtpa & 1215 MW CPP	India	Ist unit synchronisation in Q1 FY 2012-13	2,400.0	-	2,324.4	75.6
	Jharsuguda II Smelter	1.25 mtpa	India	Progressively by Q3 FY 2013-14	2,920.0	305.5	2,280.8	639.2
	Balco Coal Block	211 mt	India		150.0	7.2	12.0	138.0
Power	Talwandi Sabo Power Project	1,980 MW	India	FY 2013-14 (1st unit synchronisation in Q4 FY 2012-13)	2,150.0	612.0	973.5	1,176.5
	HZL WPP Project	150MW	India	Completed	190.0	113.9	190.0	-
	SEL IPP	2,400 MW	India	4th unit synchronised in Q4 FY 2011-12	1,900.0	136.1	1,651.7	248.3
Zinc	Smelting	210 ktpa Zinc	India	Completed	900.0	46.6	799.8	100.2
		100 ktpa Lead	India	Completed				
		160 MW CPP	India	Completed				
	Mining	RA 5 to 6 mtpa	India	Completed				
		SK - 1.5 mtpa	India	Progressive				
Copper	KCM KDMP Project	7.5 mtpa	Zambia	Q3 FY 2013	973.0	33.4	830.2	142.8
	KCM Nchanga Smelter	311 ktpa	Zambia	Completed	473.0	11.8	472.3	0.7
-	SIIL Expansion Project	400 ktpa	India	EC Awaited	367.2	2.7	109.8	257.4
		160 MW CPP	India	1st unit in Q1 FY 2012-13, 2nd unit in Q2 FY 2012-13	132.8	76.6	125.4	7.4
Iron Ore	Pig Iron Expansion	375 ktpa	India	Q1 FY 2013	150.0	54.3	138.7	11.3
	Sesa Iron Ore Mine Expansion	36 mt	India	FY 2012-13	500.0	51.9	128.9	371.1
Infrastructure	Vizag Coal Berth		India	FY 2012-13	150.0	39.0	58.7	91.3
	Paradeep Port		India		88.0	-	-	88.0
	Total				17,999.3	1,889.7	13,377.0	4,622.3
	Other Projects					508.5	558.9	
	Total				**17,999.3**	**2,398.2**	**13,935.9**	

Based on the expansion projects currently underway, approximately US$4.6 billion of funds are required to complete these projects over the next three years. This will be financed from existing cash resources, internal accruals and project financing.

Our debt maturity now averages 3.46 years as at 31 March 2012, as compared with three years as at 31 March 2011. Our current debt maturity profile in US$ million is outlined below:

Particulars	Debt at Plc Companies	Debt at Subsidiaries	Total
2012-13	996	3,156	4,152
2013-14	1,950	456	2,406
2014-15	1,383	1,079	2,462
2015-16	310	410	720
2016-17	2,515	269	2,784
2017-18 onwards	2,121	2,310	4,431
Total	**9,275**	**7,680**	**16,955**

In the coming year, US$4,152 million of debt falls due for repayment. Our cash and liquid investments, free cash generation and funds investment are sufficient to meet our capital and debt commitments. We have cash and liquid investments of US$6,885.4 million as at 31 March 2012 along with unused funding facilities of US$2,897.3 million, providing good liquidity.

Acquisitions

On 8 December 2011 we completed the acquisition of Cairn India Limited by acquiring 59% for an aggregate consideration of US$8.67 billion. A 39% stake is held by Vedanta Resources plc with the balancing 20% stake held through the Group’s subsidiary Sesa Goa. Roughly 50% of the acquisition consideration was funded through internally generated cash flows, and only U$4.43 billion was funded through external debt.

In accordance with the requirement of the reverse takeover rules prescribed under the UK Listing Authority (UKLA), an application was made to the UKLA and the London Stock Exchange for re -admission to listing of the Company's shares on the official list.

During the FY 2011-12, Sesa Goa acquired Iron Ore deposits in Liberia in Western Africa for a total consideration of US$90 million. In addition US$25 million of licence fees was paid to the Government of Liberia. This iron ore project comprises three deposits in Bomi Hills, Bea Mountain and Mano River with estimated deposits of 1 billion tonnes of iron ore.

On 1 March 2012, Vedanta Resources plc, through its subsidiary Sesa Goa, acquired 100% stake in Goa Energy Private Limited (GEPL) from Videocon Industries at a consideration of US$9.5 million. The operating and financial results of GEPL have been consolidated from 1 March 2012. GEPL is in the business of power generation.

We continue to focus on enhancing the returns to our shareholders through periodic buyback of shares. During FY 2011-12 we had spent US$60.3 million on buying back shares in Sterlite.

The Government of India (GoI) holds the minority stake in two of our Group companies - HZL (29.5%) and BALCO (49%). In line with our commitment to enhance the returns to our shareholders, we approached the GoI communicating our desire to purchase its stake in both companies. Whilst the GoI did not respond, we believe purchasing this stake would further improve the returns to our stakeholders.

BUSINESS REVIEW - RISKS AND UNCERTAINTIES

Risks and Risk Management Practices

The management of risk is critical to the success of the Vedanta Group. The Group is exposed to a variety of risks which are inherent in an international mining and resources business. Understanding our risk and developing an adequate risk management system is critical, to allow us to pursue growth opportunities, increase shareholder value and also manage a variety of risks which could have financial, operational or reputational impact. We are committed to a robust system of risk identification, backed by a robust risk management framework.

Our risk management framework acts as an effective tool in mitigating the various risks which our businesses are exposed to in the course of their operations as well as in their strategic actions. We have a continuous process to identify, analyse, evaluate and respond to possible future events or risks that might impact the achievement of objectives.

We are planning to set up an Executive Risk Management Committee (ERMC) to be chaired by the Group Chief Executive Officer (CEO). ERMC will meet quarterly to review risks as well as progress against the planned actions. Risk officers will be nominated both at Vedanta as well as operating company level. ERMC will be briefed every quarter on risk management. The role of Chief Risk Officer (CRO) is being created to heighten awareness of the risk management framework at senior management level. The CRO will help the organisation to enhance its risk management progress and ensure that the risk management framework matures and grow with the organisation.

A consistently applied methodology using the Turnbull matrix is used to identify risk at the individual company level covering operations and projects. All the risks related to our businesses are identified and the top 20 risk are reviewed at the ERMC level. Risk identification is also undertaken for support and corporate functions. Risk management is undertaken through a series of meetings at company level and at key stages of projects. An update is performed periodically through the internal audit process.

Once identified, the risk evaluation is done using a matrix to establish financial and non-financial impacts, the likelihoods of occurrence and the root causes analysis of the risk. The current controls to mitigate the risk are then reviewed to enable the development of a prioritised risk management plan.

The risk matrix is then reviewed by a committee comprising of the Group CEO, Group Chief Financial Officer (CFO) and the Director-Management Assurance. The committee reviews the risks, changes in the nature and extent of the major risks since the last assessment, controls and action plans.

Many of the mitigation measures stated in the risk matrix relate to Group policies, the audit process and the audit plan to cover the key risks identified through the risk management programme. The control measures stated in the risk matrix are closely reviewed by the operating management teams to verify their effectiveness.

Principal Risks

Commodity Prices may be volatile, which may have a material adverse effect on the Group's revenue and operating results

Commodity prices and demand are cyclical and strongly influenced by world economic conditions. Commodity price volatility can result in material and adverse movements in the Group's revenue and operating results and a sustained drop would have a material adverse effect on its businesses, operating results, financial conditions and/or prospects. The Group's normal policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements other than for businesses which are not fully integrated where back to back hedging is used to mitigate pricing risks. In rare circumstances we may enter into strategic commodity hedging but only with prior approval of ERMC. Persistent economic imbalances that have led to recent volatility in commodity prices and demand may continue.

The key commodity price sensitivities on EBITDA resulting from a change of US$10% per tonne in LME prices are set out below:

	Average market price in FY2011-12 (US$ /tonne)	Effect on EBITDA of 10% change in LME (US$ million)	Effect on Underlying Attributable PAT
Copper	8,475	139.9	74.3
Aluminium	2,313	161.5	107.8
Zinc	2,098	221.0	81.0
Lead	2,26	37.3	12.5
Silver	35.3	23.9	7.2
Oil and Gas	114	246.7	116.2

The above sensitivities are based on FY 2011-12 volumes, costs and exchange rates and provide the estimated impact on EBITDA of changes in prices assuming that all other variables remain constant.

Regulatory, economic, social and political uncertainty in any of the countries and jurisdictions in which the Group operates including changes to fiscal regimes or other regulatory regimes.

Our mining, smelting, oil and gas operations are located in India, Zambia, Namibia, South Africa, Ireland, Australia, Sri Lanka and our holding and investment companies are located in jurisdictions including the United Kingdom, Jersey, Mauritius, Netherlands, Cyprus, Australia and Scotland.

The operation and expansion of various assets within the Group remain subject to legal proceedings, most notably the expansion of the Lanjigarh refinery in VAL, the Tuticorin smelter in Sterlite and the mines in the Karnataka area within Sesa Goa. Progress has been made during the year to clarify the actions needed to settle these matters and we are hopeful that the necessary approvals will be obtained within the foreseeable future.

The political, legal, fiscal and other regulatory regimes in these countries may result in higher operating cost or restrictions such as the imposition or increase in royalties or taxation rates, impact on mining rights and change in legislation pertaining to repatriation of money. Changes to government policies such as changes in royalty rates, reduction in import tariffs in India, reduction in assistance given by the GoI for exports and the reduction or curtailment of income tax benefits available to some of our operations in India, Namibia and Zambia are some of the examples of risks under this category. We may also be affected by the political acts of governments in these countries over which we have no control.

For example, the GoI has increased the cess on crude production by 81 % which impacts the oil assets we recently acquired with Cairn India. The Government of India has also significantly revised the export duty on Iron Ore from 20% to 30% during FY 2011-12 impacting the profitability of our iron ore operations.

Any change in government policies and legislation, including resource nationalisation, may also affect our business and profitability, including any retrospective changes in government policy and legislation.

The majority of our Group revenues and profits are derived from commodities sold to customers in India. Any downturn in the overall health of the Indian economy or any political or regional instability may impact revenue margins, including any impact arising as a result import tariffs prevailing in India. For example in July 2011, the Supreme Court of India banned the mining of iron ore in the State of Karnataka in India, which affected our iron ore production and profitability during the year.

Currency fluctuations may negatively affect our financial results

Our assets, earnings and cash flows are influenced by a variety of currencies due to the diversity of the countries in which we operate. Fluctuations in the exchange rates of those currencies may have a significant impact on our financial results.

Although the majority of the Group's revenue is tied to commodity prices that are typically priced by reference to the US dollar, most of its expenses are incurred and paid in local currency such as the Indian Rupee and, to a lesser extent, the Australian Dollar, the South African Rand, the Zambian Kwacha and the EURO. The exchange rates between the various currencies in which we incur expenses have changed substantially in recent years and may fluctuate substantially in the future.

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

For the financial year 2011-12 there was volatility in the Indian currency vis a vis the US Dollars and the Indian Rupee depreciated significantly, which increased our mark-to-market losses on US dollar loans. Our attributable profit is also impacted significantly where our companies which have higher attributable shares.

The Group seeks to mitigate the impact of short-term movements in currency on its businesses by hedging its short-term exposures progressively based on their maturity. However, large or prolonged movements in exchange rates may have a material adverse effect on the Group's businesses, operating results, financial condition and/or prospects.

If the Group's planned expansions and new projects are delayed, this could have a material adverse effect on the Group's businesses, operating results, financial condition and/or prospects.

The Group has a number of significant expansion plans for its existing operations and planned greenfield projects, which involve significant capital expenditure. The timing, implementation and cost of these expansion projects are subject to a number of risks, including the failure to obtain necessary licenses, permits, consents and approvals, or funding for the projects. Any failure to obtain the requisite regulatory approvals may delay or prevent the Group from commencing commercial operations at certain of these projects.

For instance, the Group does not currently have all of the required environmental approvals for the proposed expansion at the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills in the State of Orissa These are subject to the outcome of certain legal proceedings pending before the Supreme Court of India. In order to satisfy our bauxite requirements, we are in communications with the Orissa Government and other sources regarding the allocation of new mining leases. Sourcing of bauxite from mines in neighbouring states is also being pursued.

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

The Company is also trying to develop relationships with private coal mines as well as actively working with the Government of India on how coal stock movement bottlenecks can be eliminated at State mines.

Failure to discover new reserves, maintain or enhance existing reserves or develop new operations could negatively affect our future results and financial condition

The increased demand for our products and increased production rates from our operations in recent years has resulted in existing reserves being depleted at an accelerated rate.

Actual reserves, resources or mineral potential may not conform to the geological, metallurgical or other expectations and the volume and grade of ore and/or hydrocarbons recovered may be below the estimated levels. As our revenues and profits are related to minerals and resource operations, our results and financial condition are directly related to our ability to replace existing reserves and the success of our exploration.

A failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our results, financial condition and prospects. There are numerous uncertainties inherent in estimating ore and oil and gas reserves, and geological, technical and economic assumptions that are valid at the time of estimation may change significantly when new information becomes available. The uncertain global financial outlook may affect economic assumptions related to reserve recovery and require reserve restatements which could negatively affect our results and prospects.

Health, safety, environmental risks and related regulations may adversely affect our operations and reputation or licence to operate

We are engaged in mining activity, power generation and now oil and gas and our operations are subject to extensive health, safety and environmental (HSE) regulations and legislations. As regulatory standards and expectations are constantly developing, we may be exposed to increased litigation, compliance costs and unforeseen environmental rehabilitation expenses.

Potential health, safety, environmental and community events that may have a material adverse impact on our operations include rock fall incidents in underground mining operations, well blow-outs, explosions or gas leaks, uncontrolled tailings breaches, escape of polluting substances, uncontrolled releases of hydrocarbons, human rights breaches and community protests or civil unrest.

Longer-term health impacts may arise due to unanticipated workplace exposures or historical exposures to employees or site contractors. These effects may create future financial compensation obligations. We may continue to be exposed to increased operational costs due to the costs and lost time associated with infectious diseases such as HIV/AIDS and malaria mainly within our African workforce and the increasing global burden of chronic disease.

We have a structured programme of proactive engagement with our stake-holders on sustainability related matters.

Operational Risks failure to meet production and costs targets

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

The newly acquired oil and gas operations are also subject to common operational risk such as interruptions to power supplies, technical facilities, flooding, or other accidents. Such risks and hazards may result in damage or harm to, or destruction of, properties, production, facilities, people and the environment. In addition, if a spill or other contamination results from production, storage, export, shipment or sale of oil or other hydrocarbon products occurs, this could result in significant environmental liabilities.

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

An increase in the cost of such input materials would adversely impact our competitiveness

Liquidity Risks in terms of being able to fund operations and growth

We require funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects.

If the Group is unable to obtain sufficient credit due to capital market conditions, it may not be able to raise sufficient funds to develop new projects, fund acquisitions or meet its ongoing financing needs. As a result, revenues, operating results, cash flows or financial position may be adversely affected

The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short term as well as in the long term. Anticipated future cash flows and undrawn committed facilities of US$2,897.3million, together with cash and liquid investments of US$6,885.4 million as at 31 March 2012, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the near future.

The Group has a strong balance sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's & Fitch Ratings are BB, Ba1 and BB+ respectively (2011: BB, Ba1 and BB+ respectively). These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms. The Group generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises

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

The Group's efforts to continue its growth will place significant demands on its management and other resources and the Group will be required to continue to improve operational, financial and other internal controls, both in and outside India across all locations. The Group's ability to maintain and grow its existing businesses and integrate new businesses will depend on its ability to maintain the necessary management resources and on its ability to attract, train and retain personnel with the skills that enable it to keep pace with growing demands and evolving industry standards.

The Group is, in particular, dependent to a large degree on the continued service and performance of the executive management team of Vedanta and other key team members in the Group's business units. These key personnel possess technical and business capabilities that are difficult to replace. The loss or diminution in the services of Vedanta's executive management or other key team members, or its failure otherwise to maintain the necessary management and other resources to maintain and grow its businesses, could have a material adverse effect on its businesses, operating results, financial condition and/or prospects.

Zinc-Lead-Silver – India

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11	% Change
Production– Zinc (kt)			
Mined metal content	739	752	(1.7)%
Refined metal	759	712	6.6%
Production– Lead (kt)			
Mined metal content	92	88	4.5%
Refined metal1	99	63	57.1%
Production– silver (m. oz)2	7.78	5.76	35.1%
Average LME zinc cash settlement prices (US$ per tonne)	2,098	2,185	(4.0)%
Average LME lead cash settlement prices (US$ per tonne)	2,269	2,244	1.1%
Average Exchange Rate(INR per US$)	47.9	45.6	5.0%
Unit costs			
Zinc (US$ per tonne)	1,010	990	2.0%
Zinc (Other than Royalty) (US$ per tonne)	834	808	3.2%
Revenue	2,316.1	2,159.9	7.2%
EBITDA	1,244.8	1,219.6	2.1%
EBITDA Margin	*53.7%*	*56.5%*	-
Operating Profit	1,126.6	1,117.2	0.8%

1. Including captive consumption 7 kt v/s 6kt in FY 2011-12 v/s FY 2010-11.

2. Including captive consumption 1,123 thousand ounces v/s 997 thousand ounces in FY 2011-12 vs FY 2010-11.

Key Achievements

- Highest ever refined zinc and lead production of 759kt and 99kt, respectively
- Record silver metal production of 7.8moz, up 35% over previous year
- Maintained lowest quartile cost position
- FY 2012 gross addition of 27mt to Reserves and Resources
- Commissioned 100ktpa lead smelter at Dariba increasing total refined lead capacity to 185ktpa
- 350 tonne per annum (tpa) silver refinery taking total silver refining capacity to 518 tpa

Strategic Priorities

- Continue to focus on adding resources
- Achieving 1mt capacity operations
- Realizing full potential of SK Mine and silver production capability
- Rampura Agucha underground mine development

Market Overview

Zinc:

Strong demand created by growth from emerging economies more than offset weaker demand from developed economies, leading to global zinc demand growth of 4% in 2011 reaching 12.5mt. Growth focussed on near term demand is at a similar level of 4-5% on the back of strong demand from emerging economies. It is predicted that shortly the net surplus position may turn into a net deficit position. Closure of several mines at the end of their mine life may significantly impact the supply/demand equation. It is predicted that this could happen in 2014-15.

India, the home market for our Zinc India operations, continues to demonstrate healthy growth in zinc consumption largely driven by consumption in galvanizing/construction sector/ infrastructure sector. The near term demand growth focus in India remains at a robust level of 6-7% per annum with the potential to reach much higher levels considering India's quite low per capita consumption of zinc.

Lead:

Driven by demand essentially arising from emerging economies, global lead consumption in 2011 increased by 4% to around 9.8mt whereas the total refined lead supply for the calendar year 2011 was 9.9 mt, a modest surplus.

We expect strong growth in lead consumption to continue as demand for automation, power back-up and the other applications are expected to be strong, particularly in the emerging economies. The market is expected to be in balance in 2012.

In 2011-12, the Indian lead consumption registered a growth of 11%, essentially driven by strong growth in automation sector.

Silver:

India is the 4th largest consumption centre for silver. In 2012, the demand for silver globally is expected to increase by 4%, driven by growth in consumption in fabrication, industrial applications, coins and as an investment asset.

It is estimated that demand for silver in India will grow by 3-4% in FY12.

Operations

Refined zinc production for the year was a record 759kt, an increase of 6.6% over the previous year's production of 712kt. The production increase was primarily due to higher utilisation of new-generation smelters in Rajasthan despite the ramp-down of the high cost Vizag smelter in Q4. Refined lead production volume improved by 56% during the year due to volume contribution from the newly commissioned 100kt Dariba lead smelter.

Silver production also registered record growth of 35% to 7.8 moz, compared with 5.8 moz during FY 2010-11. This increase was mainly attributable to higher production from the Sindesar Khurd (SK) mines and a 1.4 moz contribution from the new 350tpa silver refinery commissioned during the year.

The unit cost of zinc production during FY 2011-12 increased marginally by 2% to US$1,010 per tonne as against US$990 per tonne incurred in FY 2010-11. This change in cost was primarily due to interplay of several factors - on the positive side, improved efficiency in smelting operations, INR depreciation, improved by-product realization and on the negative side, higher coal prices, lower ore grade during the year and higher mine development expenses as per the mining plan.

EBITDA for FY 2011-12 increased to US$1,245 million, as compared to US$1,220 during FY 2010-11. Increased production volumes and improved operational efficiencies contributed to this increase.

Projects

During the year, we commissioned the Dariba lead smelter and a 350 mt silver refinery, both of which are performing well. Sindesar Khurd mine achieved a 1.8mtpa run-rate towards the end of Q4 FY2012. The progress of underground mine development work at the Rampura Agucha mine and the greenfield Kayar mine is as planned.

With the commissioning of the 150MW of our wind power generation capacity in FY 2011-12, we have now reached a total of 274MW, making us one of the largest wind power producers in India.

Exploration

We continue to meet success in our exploration activities and during the year we added 27.1 million tonnes to our Reserves and Resources (R&R), prior to depletion of 8.04 million tonnes. With a total R&R of 332.3 million tonnes containing 35 million tonnes of Zinc Lead and 912 million ounces of silver as on 31 March 2012, we continue to maintain our prominent position with over 25 years of remaining mine life.

In line with the Company's growth vision, we continue to invest our resources in identifying new world-class resources. A total of 94,250m of drilling was completed at various exploration sites in FY 2011-12. During the year, we performed systematic greenfield exploration over 4,500 sq km and applied for new Reconnaissance Permits for around 18,700 sq km.

Outlook

In line with the mine plan, mined metal production in FY 2012-13 is expected to be slightly higher than this financial year. Production in first half of FY 2012-13 is expected to be marginally lower than that last year, but will be more than made up in the second half of FY 2012-13. The SK mine is expected to deliver volumes near its capacity of 2.0 mtpa in FY 2012-13. Total integrated silver production is projected to be around 350 tonnes in FY 2012-13.

Average Cost of Production for FY 2012-13 is expected to be in line with this year however there could be quarterly variations in line with the mine plan.

Zinc-Lead-Silver – Zinc International

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11
Production– Zinc (kt)		
Mined metal content BMM and Lisheen	215	30
	145	50
Production– Lead (kt)	`	
Mined metal content	84	14
Average LME zinc cash settlement prices (US$ per tonne)	2,098	2,185
Average LME lead cash settlement prices (US$ per tonne)	2,269	2,244
Zinc (US$ per tonne) C1 cost (cents/lb):	52.9	50.7
Revenue	890.8	218.9
EBITDA	366.0	101.3
EBITDA Margin	*41.1%*	*46.3%*
Operating Profit	129.2	47.2

** Post acquisition period*

Key Achievements

- Integration successfully completed
- Stable operating performance, higher volume over previous period
- Mine life extended at all three locations

Strategic Priorities

- Feasibility of Gamsberg project in South Africa
- Work on other satellite opportunities at all locations
- Increase in mine life through extensive exploration program

Operations

The increase in production level is the highlight of the first complete year of operations post the acquisition of these assets during FY 2010-11. Total production of zinc and lead metal–in-concentrate and zinc metal was 444kt, comprising 299kt of zinc and lead metal-in-concentrate at Lisheen and BMM and 145kt of refined zinc at Skorpion. This compared well with last year's production of 434kt.

The unit cost of production in FY2011-12 rose by 4% to 52.9 cents/lb compared with 50.7 cents/lb in FY2010-11, primarily due to higher energy costs and lower by-product credit.

EBITDA for the FY 2011-12 was US$366.0 million and operating profit was US$129.2 million. The lower operating profit is due to higher amortisation of mine proprties charges of US$117.8 million based on the existing mine life in addition to depreciation charges of US$119.0 million.

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

Exploration

We have extended the life at all three of our mines during the year. Mine life increased to 2017 at Skorpion with some additional work to be done to convert resources to reserves. Gross addition of more than 2mt to R&R was made at Black Mountain mine, extending the mine life. Similarly, Lisheen mine life was extended by one year to approximately three years now.

A feasibility study is underway as the first step towards the development of the Gamsberg project. The Gamsberg project contains the largest undeveloped zinc deposit in the world. With an estimated 186mt deposit, this discovery has the potential to deliver over 400ktpa over a mine life of more than 20 years.

Outlook

In FY 2012-13, production at Zinc–International is expected to be impacted by a fall in grades, which will lead to lower production by about 5-7%. Success in enhancing resource position and ongoing exploration work has significantly enhanced the value of the assets as compared with the data available at the time of acquisition.

IRON ORE

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11	% Change
Production			
Saleable ore(mt)	13.8	18.8	(26.6)%
Pig iron(kt)	249	276	(9.8)%
Sales			
Iron ore(mt)	16.0	18.1	(11.6)%
Goa	13.3	14.4	
Karnataka	2.7	2.1	
Orissa	-	1.7	
Pig iron(kt)	251	266	(5.6)%
NSR	76	95	(20.0)%
Average Exchange Rate (INR per US$)	47.9	45.6	5.0%
Revenue	1,691.0	1,979.5	(14.6)%
EBITDA	721.4	1,174.1	(38.6)%
EBITDA Margin	*42.7%*	*59.3%*	-
Operating Profit	481.3	757.6	(36.5)%

Key Achievements

- Acquired WCL which has around 1 billion tonnes of iron ore deposits
- Net addition of 68mt R&R in Indian mines

Strategic Priorities

- Resume mining and export from Karnataka
- Commissioning of 375kt Pig iron expansion project
- Continue to expand R&R by active exploration and selective acquisitions
- Complete ongoing logistic improvement and debottlenecking programme
- Develop WCL as a large integrated mining operation and establish our presence in Liberia
- New phase of growth to 36mt p.a.

Market Overview

Demand for iron ore globally is linked primarily to the state of the global steel industry and, more specifically, to the steel manufacturing in China. China is the largest steel producer and consumer in the world, accounting for more than two-thirds of global seaborne iron ore imports. In 2011, global steel production increased 4% to 1.5 billion tonnes, of which 685mt were produced in China, an increase of 9%. China's seaborne iron ore needs were also met by domestic iron ore production, which rose by approximately 7% to 305 mt.

Recovery of steel demand in the world is expected to be slow while in the emerging and developing economies it should continue to enjoy robust growth. In 2012, it is forecasted that world steel demand will grow further by 5.4%. In 2012, the emerging and developing economies will account for 73% of world steel demand in contrast to 61% in 2007.

In 2011, India's apparent steel use grew by 2.5% to reach 67.7mt in contrast to 2012, when the growth rate is forecast to accelerate to 6.9%. However, rises in export taxes and rail freight costs have significantly increased Indian export costs. With the continued ban on exports from Karnataka and high costs, iron ore exports from India dropped to 79mt in 2011, a drop of 18.5% as compared to the previous year which impacted the performance of our Iron Ore business.

Operations

Our iron ore operations were constrained during 2011-12, as the Supreme Court's revocation of the earlier state-wide ban on exports in Karnataka during April 2011 was subsequently followed by the imposition of a mining ban in various parts of the state from July 2011. We also faced logistics constraints in Goa, which further impacted our operations. We are expanding existing roads and establishing dedicated road corridors in Goa to ameliorate these constraints.

As a result, production of saleable iron ore was lower at 13.8mt in FY 2011-12 as compared with 18.8mt in the previous year.

The Karnataka mining ban matter is being heard by the Supreme Court and we expect a resolution soon. The Court has directed that a Reclamation and Rehabilitation plan for each mine, including fixing capacities, has to be completed by the Indian Council of Forestry Research and Education (ICFRE), and then approved by the State government and the Central Empowered Committee (CEC). The ICFRE has visited our mine and will issue their report. The CEC has informed the Court that Reclamation and Rehabilitation of all A and B category mines +50 ha will be completed by mid June 2012.

The Court is now closed for the holiday period and will be hearing the case again in July 2012.

Iron ore sales were 16.0mt, down by 11.6% as compared to the previous year due to the reasons mentioned above.

Export sales were 13.0mt in FY 2011-12 as compared to 16.3mt in FY 2010-11. Domestic sales were 3.0mt in FY 2011-12 compared with 1.9mt in the previous year.

The production of pig iron was 249kt during FY 2011-12, lower than FY 2010-11 by 9.8%. This shortfall was due to fluctuating demand throughout the year, as well as a lack of high grade iron ore from Karnataka.

EBITDA in FY 2011-12 was lower at US$721.4 million compared with US$1,174.1 million in the previous year. Lower EBITDA was mainly due to the increase in export duty, sales volume impact due to the mining ban, logistics constraints and lower mine grade of iron ore. The export duty on iron ore fines and lumps was increased by the Government of India from 5% and 15%, respectively, to 20% on both fines and lumps effective as from March 2011; and subsequently this was increased from 20% to 30% with effect from December 2011 which impacted EBITDA by US$201 million.

Operating profit was lower at US$481.3 million in FY 2011-12 as compared with US$757.6 million in FY 2010-11, reflecting the fall in EBITDA.

Projects

Expansion of iron ore mining capacity

We remain committed to expand iron ore mine capacity and have taken multiple steps to upgrade the infrastructure and enhance mining capacity to attain 36mt capacity. However, due to the uncertain environment, there may be delays in getting the requisite approvals.

Expanding pig iron and met coke production capacity

Expansion of the pig iron capacity to 625ktpa and metallurgical coke capacity to 560ktpa is progressing well and will be commissioned in the first quarter of FY 2012-13.

Exploration

The Company's strong focus on exploration activities at its operations at Goa and Karnataka has yielded significant R&R accretion, with a net addition of 68mt to the R&R base during the year.

Total R&R as at 31 March 2012 stands at 374mt (at the mines that the Company holds on lease and/or right to mine) as compared with 306mt as at 31 March 2011.

Acquisition of Western Cluster Limited (WCL)

We acquired 51% of the equity of WCL, which is a company registered in Liberia for a total consideration of US$90 million. In addition US$25 million licence fees were paid to the Government of Liberia. WCL is an iron ore project comprising three deposits - Bomi Hills, Bea Mountain and Mano River with Bea Mountain (923mt), Mano River (80mt) and Bomi Hills

(50mt) located 70-140 km from Monrovia. The Company has access to a rail corridor to Monrovia port and two piers in Monrovia port. WCL will develop the Western Cluster Iron ore project in Liberia, and the Group is committed for the development and operation of this asset. It is envisaged that the project will be executed in phases starting with the brownfield mines at Bomi Hills. The mines at Bomi Hills and Mano River are brownfield in nature and were major producers of iron ore in 1980s. The presence of significant resources in close proximity to these logistics facilities positions Sesa strongly in West Africa. We have completed an aeromagnetic survey of the deposits which has indicated a significant potential upside to the existing resource base of 1 billion tonnes. We are in the process of completing the project scoping study and commencing exploration activity. We expect the first shipment from these Liberian assets by FY 2013-14.

Outlook

We expect the Karnataka mining ban to be resolved soon, in line with the observations made by the CEC and Supreme Court. A multi-faceted approach covering mining, infrastructure upgrade initiatives and securing regulatory approvals is progressing well and should result in a healthy growth rate.

COPPER - INDIA/AUSTRALIA

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11	% Change
Production (kt)			
Australia - Mined metal content	23	23	-
India – Cathode*	326	304	7.2%
Average LME cash settlement prices (US$ per tonne)	8,475	8,138	4.1%
Unit conversion costs – (US cents per lb)	0.0	4.0	(100.1)%
Exchange Rate(INR per US$)	47.9	45.6	5.0%
Realised TC-RCs (US cents per lb)	14.5	11.9	21.8%
Revenue	4,205.2	3,428.2	22.7%
EBITDA	298.0	241.5	23.4%
EBITDA Margin	7.1%	7.1%	-
Operating Profit	164.1	196.6	(16.5)%

**Bi-annual shut down in FY 2010-11*

Key Achievements

- Achieved highest ever Copper recovery of 98.28%
- Achieved zero costs of production
- Mechanical completion of first 80MW unit of the captive power plant at Tuticorin
- Improved EBITDA margin
- Higher TC-RC

Strategic Priorities

- Commissioning of captive power plant
- Continue to retain and further sharpen cost efficiency
- Secure approval to implement 400kt smelter project
- Improve by-product and precious metal realization
- Commission captive power plant and continue to drive operational excellence initiatives

Market Overview

Global refined copper production in 2011 was reported as 19.6mt, an increase of about 3% over the 2010 figure of 19.0mt despite uncertain macroeconomic conditions in 2011. Global refined consumption exceeded supply by about 93,000 tonnes. Global mine production growth slowed to 0.6% in 2011, hampered by falling copper grades and labour disputes. Global copper consumption is estimated to increase by about 4% during 2012.

China, with the biggest consumption of copper in the world (with 40% consumption of total copper produced), remains the preferred destination for the exports. In the first half of the year, the spot concentrates market was dominated by the impact of the Japanese tsunami on smelter production, which drove spot treatment and refining charges to high levels and resulted in a mid-year benchmark settlement of U$85 per tonne and 8.5 cents/lb. However, growing rates of mine supply disruption during the second half tightened the market and generated a sharp decline in spot treatment and refining charges. 2012 annual copper concentrate TC-RC settlement were in the range of 15.4 to 16.3 cents/lb against 14.4 cents/lb in 2011.

Similar to the previous year, overall Indian copper consumption grew by 6% in FY 2011-12, constrained by increased imports of finished electrical machinery. We sold 61% of production in the Indian local market and the remaining 39% was exported to China and South East Asia. Growth in the power sector in India, and increased spending on infrastructure including housing, continued to drive the growth of copper consumption. Over the medium- to long-term it is expected to grow at about 7–8% per annum.

Operations

Production of cathodes at our Copper India business was 326kt in FY2011-12, up 7.2% year on year due to improved operational performance and also reflecting the impact in the previous year of a 22 day bi-annual maintenance shutdown undertaken and of a temporary shutdown due to a High Court order in September 2010.

Mined metal production at our Australian mines was flat at 23kt in FY2011-12.

Benefiting from improved by-product sales of sulphuric acid and improved operational performance, Copper India performed well delivering a reduction in unit conversion cost from 4.0 US cents per lb to a zero cost per lb during FY 2011-12. Sulphuric acid sales were up 14.2% over the previous year. Treatment and refining charges (TC/RCs) received in FY 2011-12 were marginally higher at 14.5 US cents per lb compared with 11.9 US cents per lb in FY 2010-11.

The unit cost of production at our Australian operations, including TC/RCs and freight, in FY 2011-12 was 233 US cents per lb up from 191 US cents per lb in FY 2010-11, mainly due to higher mining costs.

EBITDA for FY 2011-12 was US$298.0 million, up 22.7 % over the previous year (FY2010-11: US$241.5 million). This was primarily due to higher TC/RC realisations, higher volumes and better margins on acid sales.

Operating profit was US$164.1 million in FY 2011-12 as compared with US$196.6 million in FY2010-11; despite an increase in EBITDA due to an exceptional charge of US$88.6 million relating to the ASARCO legal dispute.

In reference to the Special Leave Petition filed by the Company in the Honourable Supreme Court, the Company has complied with all the TNPCB directions due to date and is in the process of progressively complying with all the remaining directions. The smelter continues to operate at its rated capacity. The matter is being heard by the Supreme Court.

ASARCO filed a suit in the US Courts against Sterlite for the alleged breach of the Purchase and Sale Agreement signed in May 2008. The Court ruled in February 2012 that ASARO is entitled to net incidental damages of US$88.6 million after adjustment of US$50 million paid to ASARCO in December 2009.

Projects

160 MW captive power plant

The first 80MW unit of the captive power plant at Tuticorin has been mechanically completed and commissioning is expected by Q1 FY 2012-13. The second unit is expected to be commissioned during the second quarter of Q2 FY 2012-13

400 ktpa copper smelter

We have received Ministry of Environment and Forests (MoEF) clearance for the 400ktpa copper smelter expansion project at Tuticorin. A Public Interest Litigation (PIL) challenging the clearance issued by MoEF is being heard at Chennai High Court. Activities have been put on hold. Expansion activities will resume after the matter is cleared by Court.

Outlook

Once the power plant at Tuticorin is commissioned, it is expected that the cost of power incurred in smelting and refining will come down substantially and will reduce gross cost of production by 3cents/lb approximately.

COPPER – ZAMBIA

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11	% Change
Production (kt)			
Mined Metal	99	90	*10.0%*
Cathode:	200	217	*(7.8)%*
Integrated	139	133	*4.5%*
Custom	61	84	*(27.4)%*
Average LME cash settlement prices (US$ per tonne)	8,475	8,138	*4.1%*
Unit costs (US cents per lb)	236.8	197.5	*19.9%*
Revenue	1,709.8	1,825.0	*(6.3)%*
EBITDA	387.9	439.9	*(11.8)%*
EBITDA Margin	*22.68%*	*24.1%*	-
Operating (Loss) / Profit	220.9	309.1	*(28.5)%*

Key Achievements

- Integrated production up by 4.5% at 139kt
- Nchanga East concentrator and cobalt recovery furnace commissioned
- Key infrastructure for KDMP completed including commissioning of the mid-shaft loading station
- Continued exploration success with Reserves and Resources as at 31 March 2012 stands at 689mt

Strategic Priorities

- Deliver multi-source production growth
- Drive cost reduction through productivity enhancement and by-product strategy
- Completion of the Shaft 4 infrastructure by Q3 FY12
- Ramp up mine development at Konkola to increase production
- Completion of the new West Mill concentrator at Nchanga
- Start production at the Nchanga UOB mine
- Enhancing options through brownfield and greenfield exploration

Market Overview

The Zambian copper belt has in the recent past attracted substantial, high profile investment interest with its large, higher grade deposits with growth opportunities in a stable political environment. This is against the global backdrop of declining production and continued strong demand. Since our acquisition of KCM we have invested US$2.5 billion principally on developing the Konkola Deep Mine Project (KDMP) and the new 311ktpa capacity Nchanga smelter along with sustaining and other Capex. With this renewed investment focus by major players including Konkola, Zambia copper production is on a trajectory to reach a record production of one million tonnes per year by 2013. This growth will contribute to Africa achieving the fastest growth rate in mined metal production over the next few years.

Copper demand in Africa is growing due to better economic conditions and improving consumptions patterns amongst the African demographics. The commitment by the government to reforms seen over the past few years has helped to improve the political stability in Zambia which has encouraged investors into the country.

Operations

Integrated copper production was 4% higher at 139kt for the full year. Total copper cathode production was 7% lower at 200kt for the full year, due to lower volumes from custom smelting on account of lower availability of concentrate.

The unit cost of production was 237 US cents per lb in FY 2011-12, up 19.9% compared with FY 2010-11. The cost increased due to higher pre-stripping cost, wages and higher power costs.

EBITDA in FY 2011-12 was US$387.9 million (FY 2010-11: US$439.9 million), impacted by higher production costs.

Projects

The new 7.5mtpa Nchanga East Concentrator and the second Cobalt Recovery Furnace were commissioned during the quarter and are ramping up well. The new 3mtpa Nchanga West Concentrator is now expected to be commissioned in Q1 FY 2012-13. At KDMP, work is progressing on schedule, and the bottom shaft loading is expected to be completed by Q3 FY 2012-13.

Exploration

The Company continued its extensive exploration programme resulting in no depletion of its R&R (excluding tailings and refractory stockpiles). The ore bodies at Kakosa and Mimbula have been well defined, adding potential in open pit mining. The Company is also seeking new large prospecting licenses for additional exploration.

Outlook

Given the strong outlook of the copper market fundamentals and the investments in Konkola, the company is well poised to deliver results in line with expectations.

ALUMINIUM

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11	% Change
Production (kt)			
Alumina – Lanjigarh	928	707	*31.3%*
Aluminium – Jharsuguda	430	386	*11.4%*
Aluminium – Korba	246	255	*(3.5)%*
Total Aluminium	676	641	*5.5%*
Sale of Surplus power(Million units)	2,045	2,794	*(26.8)%*
Power sales realisation (US cents/kwh)	6.6	7.4	*(10.8)%*
Cost of production of power (US cents/kwh)	4.6	4.2	*9.5%*
Average LME cash settlement prices (US$ per tonne)	2,314	2,257	*2.5%*
Exchange Rate(INR per US$)	47.9	45.6	*5.0%*
Unit costs			
Aluminium Business	2,091	1,878	*11.3%*
Jharsuguda COP (US$ per tonne)	2,188	1,940	*12.8%*
BALCO Plant 2 COP (US$ per tonne)	1,922	1,784	*7.7%*
Revenue	1,873.5	1,779.6	*5.3%*
EBITDA	182.5	352.7	*(48.3)%*
EBITDA Margin	*9.7%*	*19.8%*	
Operating (Loss) / Profit	(40.3)	123.5	*(132.6)%*

Key Achievements

- Highest ever Alumina production – up by 31.3% to 928kt
- Record Aluminium production of 675kt
- Value added product volume increase of 24% from 325kt to 404kt

Strategic Priorities

- Further improve operating efficiencies to optimise costs, including logistics costs
- Expedite development of captive coal block
- Secure captive bauxite mine
- Enhance prices achieved for value added products, enhancing operating margins
- Complete ongoing expansion projects
- Secure additional coal blocks under the new policy expected to be announced soon

Market Overview

Due to a rise in CT Pitch and CP Coke prices globally and additional cost pressures due to the increase in the cost of coal used for CPPs. Almost 50% of global capacity is said to be operating with cash costs higher than current aluminium prices, resulting in the announcement of significant closures by the marginal cost smelters.

The global aluminium industry recorded a 7.8% growth in production and a 9.3% growth in consumption during CY 2011.

In the longer term, the fundamentals of the aluminium industry remain strong, with aluminium demand forecast to grow by almost 6% in the current decade. The robust growth is expected to be driven by emerging economies and a growing perception among end users in developed markets of aluminium’s advantages. The underlying factors that are driving strong demand growth for structural commodities remain unchanged, as continued urbanisation and industrialisation in large, populous nations such as China and India drive demand for aluminium.

India is relatively insulated from the economic fluctuations in mature economies and is projected to become the second largest consumer of aluminium in Asia during CY 2012, with the electrical sector the main driver of demand.

As the largest producer of aluminium in India, we are well positioned to cater to its growing demand for aluminium. In addition to the electrical sector, the automotive and construction sectors are also projected to undergo a healthy growth in demand.

As per forecast, the primary aluminium demand in India is expected to reach 6 million tonnes by 2025, which equates to 4.1kg of per capita aluminium consumption in 2025. When compared to the current per capita aluminium consumption of around 1.5 kg and aluminium demand of 1.8 million tonnes, this underscores the immense potential for demand growth in India.

Operations

Production of aluminium in FY 2011-12 was 675kt tonnes, an increase of 5% compared with the corresponding prior period. This increase is primarily attributable to the production of 430kt from the Jharsuguda 500ktpa aluminium smelter. Following a serious setback of power outages experienced in June, the Jharsuguda smelter has fully stabilized, with most of its key parameters including power consumption almost reaching normal operating levels. The remaining pots and ongoing operational improvements are expected to further enhance the operating efficiencies.

Operations at the Korba smelter were stable and it continued to operate at its rated capacity.

The Lanjigarh alumina refinery produced 928kt of alumina in FY 2011-12, an increase of 31% compared with 707kt in FY 2010-11.

Total sales of aluminium were 5.7% higher at 669kt in FY 2011-12. Sales of aluminium in the domestic market increased 6.8% to 534kt in FY 2011-12. Sales of value added products increased by 24.9 % compared with last year. The share of value added products was 59% of total sales in FY 2011-12, significantly higher compared with 50 % in FY 2010-11. We continue to focus on increasing our domestic sales, as our sales in the domestic market are higher than our exports.

A full year unit cost of production of US$2,188 per tonne as compared with US$1,940 in FY2011 is a resultant of a very high operating cost, in H1 due to power outage and subsequent normalization of operating performance resulting in Q4 COP of US$1,930 at VAL.

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

Overall, the cost of aluminium in FY2011-12 was US$2,091 against US$1,878 during FY2010-11 and the same price for Q4 was US$1,898 in FY2011-12 and US$1,889 for FY2010-11.

EBITDA for FY 2011-12 was US$182.5 million, 48.3% lower than achieved in FY 2010-11. EBITDA fell due to the pot outage incident in the Jharsuguda unit during June 2011, low LME prices during the second half of the year and higher costs.

Projects

The first unit of the 1,200MW (4x300MW) captive thermal power plant at Korba, Chhattisgarh is expected to be synchronised in Q1 FY 2012-13.

The 211mt coal block at the Bharat Aluminium Company (BALCO) received approval from the Environment Appraisal Committee (EAC) in November. We are in the process of obtaining 2nd stage forest clearance. We expect to commence production of coal in FY 2012-13.

The first metal tapping from the 325ktpa aluminium smelter at Korba is scheduled by Q3 FY 2012-13. Further construction at the Lanjigarh Alumina refinery project is on hold while we continue to work on completing the 1.25mt smelter expansions at Jharsuguda.

Outlook

We expect our existing facilities to operate at close to their rated capacity in the coming year. The resultant increased volumes, combined with the expected higher proportion of value added products and further improvement in operating costs should provide improved returns.

POWER

(in US$ million, except as stated)

	FY 2011-12	FY 2010-11	% Change
Power Sales (MU)	6,554	1,879	248.8%
MALCO and Wind Energy	916	1,023	(10.5)%
SEL*	5,638	856	558.6%
Revenue	458.4	124.0	269.7%
EBITDA	122.0	43.9	177.9%
EBITDA Margin	26.6%	35.4%	
Operating (Loss) / Profit	40.3	20.3	98.5%

** Including generation under trail run 926 MU in FY 2011-12 vs 646 MU in FY 2010-11*

Key Achievements

- Record sales of 6,554 million units, up 248.3% from previous year
- Commissioned two 600 MW units in the independent power plant (IPP) at Jharsuguda and the fourth unit has been synchronized.
- 150MW wind power project commissioned, taking green power generation capacity to 273MW

Strategic Priorities

- Commission the fourth unit of the 2,400MW project at Jharsuguda by Q1 FY 2012-13
- Power sales and transmission strategy
- Coal Sourcing
- Develop Sterlite Energy Limited (SEL) captive coal block
- Complete 1,980MW project at Talwandi Sabo power project with minimal time/ cost overrun

Market Overview

The Indian power sector has achieved a compound annual growth of 7.6% in its installed capacity since the end of the GoI's tenth five year plan, to achieve an installed capacity of 190.6GW at the end of February 2012. Of this, 65.4% represented thermal capacity, while 11.7% was from renewable energy sources. Despite the market growth, power supply has lagged behind demand, with supply falling short of India's peak energy demand for FY 2011-12 by 12.1%, as anticipated by the Central Electricity Authority (CEA). Per capita consumption of electricity in the country of about 814kwh in 2011 was only about 24% of the world's average, highlighting the growth prospects for the future.

Coal deficits and higher costs due to imports has adversely impacted the industry in recent years. However, the Government of India's efforts to ensure a minimum of 80% of fuel supply to power producers is expected to improve the performance of the power sector.

Operations

Power sales were 6,554 million units during FY 2011-12, compared with 1,879 million units during the corresponding prior period, as the three 600 MW units at the Jharsuguda 2,400MW power plant came into operation. During Q4, the third 600MW unit started commercial production and the fourth 600MW unit was synchronised.

Average power sales prices in FY 2011-12 were US cents 7.5 per unit compared with US cents 9.7 per unit in FY 2010-11.

Average power generation costs in FY 2011-12 were US cents 5.5 per unit compared with US cents 6.2 per unit in FY 2010-11.

Financial Performance

EBITDA in FY 2011-12 was US$122.0 million, higher than the EBITDA of US$43.9 million in FY 2010-11. EBITDA rose primarily due to higher volumes partially offset by a fall in power tariffs and higher operating costs, primarily coal.

Projects

Talwandi Sabo IPP

Work at the 1,9800MW power project at Talwandi Sabo is progressing as scheduled. The first unit of the 660MW is expected to be commissioned during Q4 FY 2012-13. In view of the current environment of coal and power tariff, we have decided to drop the expansion plan of the fourth unit.

Jharsuguda IPP

Transmission lines are being set up to enhance existing transmission capacity to meet the requirements for the new units being commissioned and are expected to be completed by Q3 FY 2012-13.

Outlook

We plan to complete the ongoing projects on schedule and to continue our focus on improving coal logistics and expediting coal block development at SEL.

OIL AND GAS

	Unit	FY 2011-12	FY 2010-11	% Change
Gross Production	Boepd	172,887	149,103	*16.0%*
Oil	Bopd	160,635	135,811	*18.3%*
Gas	Mmscfd	74	80	*(7.5)%*
Net Production (Working Interest)	Boepd	101,268	83,474	*21.3%*
Oil	Bopd	97,980	79,731	*22.9%*
Gas	Mmscfd	19.7	22	*(10.5)%*
Revenue*		882.5		
EBITDA*		713.0		
EBITDA Margin*		80.8		
Operating (Loss) / Profit*		366.4		

** Data from 8 December 2011 till 31 March 2012*

Strategic Priorities

- Further develop the hydrocarbon-rich Barmer basin in Rajasthan, India
- Exploration in Sri Lanka

Key Achievements

- Commenced production of Bhagyam field in January 2012
- Mangala field consistently producing 125,000 barrels of oil per day (bopd)
- FY 2011-12 exited with 175,000 bopd gross

Market Overview

2011 was an eventful year for oil markets with the spot price of North Sea Brent crude averaging over US$111 per barrel for the first time during the year. Political tensions in the Middle East and North Africa, which produce 42% of the world's oil requirements, impacted supply, combined with an increase in demand for liquid natural gas and oil following the shutdown of major nuclear power plants in Japan after the Fukushima nuclear disaster.

Looking forward, this volatility looks set to continue with the unresolved dispute between Iran and the United Nations raising the prospects of sanctions from Western nations, combined with technological advances in production and shifts in trading balances.

Operations

The year saw three new fields start up in the Rajasthan block - Bhagyam, Raageshwari and Saraswati - in addition to a ramp up in production in the Mangala field.

The Mangala field, the largest discovery in Rajasthan, commenced production in August 2009 following a period of five years from discovery to production. The field has consistently produced at its previously approved rate of 125,000 barrels of oil per day (bopd) for eighteen months.

On 19th April 2012, approval to increase production was received and output has been ramped up to 150,000 bopd. At the gross production of 175,000 bopd, the Rajasthan fields are cumulatively contributing more than one fifth of current domestic crude production.

Cairn India and its JV partner ONGC continue to develop the hydrocarbon resources in the state of Rajasthan with a continued focus on cost and the application of innovative technologies. The use of high density 3D seismic surveys has enhanced the understanding of the subsurface and helped to identify well locations more precisely.

Since production start-up, the Mangala Processing Terminal has delivered efficient and safe operations. The plant uptime stood at over 99% during the year, among the top decile globally.

The other producing blocks i.e. Ravva and CB/OS-2 continue to perform in line with the expectations. While both these fields are mature, through continuous investment in technology we have been able to slowdown the pace of decline. For example, over the course of 17 years we have recovered 245 million barrels of oil and 330 billion cubic feet of gas in the Ravva field, more than double the original estimates. CB/OS 2, which started as a group of gas fields, is producing over 60% oil now. We plan to use the spare gas processing capacity of the CB/OS-2 facilities to process ONGC's gas from its North Tapti field (adjacent to the Lakshmi field).

Mangala Development Pipeline

The Mangala Processing Terminal (MPT) to Salaya section has continued to safely deliver crude oil to IOCL and private refiners for a year now, and has recorded more than 3.7 million Lost Time Injury-free man hours to date. This section provides us with access to over 1.6 million barrels per day of refining capacity.

The current pipeline capacity is at 175,000 bopd. However, this will be debottlenecked in the coming months to add some ~10% of additional capacity. In parallel, further capacity is being augmented with additional investment in order to handle higher volumes in line with the basin potential.

Sales

Crude oil sales from Rajasthan block were ramped up in line with the production ramp up.

Crude oil sales agreements for Rajasthan crude have been renewed with buyers for volumes in excess of 175,000 bopd for FY 2012-13. The Rajasthan crude is well established in the market, generating higher demand for this grade. In accordance with the RJ-ON-90/1 PSC, this crude is benchmarked to Bonny Light, a comparable low sulphur crude that is frequently traded in the region, with appropriate adjustments for crude quality. The implied crude price for this year (an average of 12 months to March 2012) represents a lower discount than the stated guidance of 10-15% discount to Brent, due to the prevailing global macro-economic conditions.

Rajasthan Block Resource Base

A comprehensive review of the resource potential in the block has been carried out by Cairn India through detailed studies involving the use of innovative technologies and advanced geo-science. In addition, DeGolyer and MacNaughton (D&M) have conducted an independent estimate of reserves and contingent resources, and have also reviewed the majority of the leads and prospects in prospective resources. A separate reserves certification process is being undertaken by D&M on behalf of the RJ-ON-90/1 Joint Venture collectively, which is independent of the resources estimate made by Cairn India.

Based on Cairn India's assessment, the potential resource for the Rajasthan block is now estimated to be 7.3 billion boe in place. This is primarily due to an increase in the exploration upside with the prospective resource base now estimated at 3.1 billion boe in place from an earlier estimate of 2.5 billion boe in place. Rajasthan recoverable risked prospective resource has increased from 250 mmboe to 530 mmboe on a risked basis, primarily due to generation of additional leads and prospects. Cairn India and ONGC are working with GoI to obtain the necessary approvals required for carrying out exploration and appraisal activity in the block.

The discovered resource base increased from 4 to 4.2 billion boe in place due to an increase in Stock Tank Oil Initially In place (STOIIP) from the Mangala and other Rajasthan fields. Rajasthan Expected Ultimate Recovery (EUR) has increased from 1.4 billion boe to 1.7 billion boe as a result of increased recoverable risked prospective resource estimates.

The Mangala, Bhagyam and Aishwariya (MBA) fields have gross recoverable oil reserves and resources of over 1 billion barrels, which includes proven plus probable (2P) gross reserves and resources of 636 mmboe with a further 308 mmboe or more of EOR resource potential.

We achieved a gross reserve and resource replacement ratio of 175% during the year with the net addition of ~ 50 mmboe.

The total resource base now provides a basin potential to produce 300,000 bopd, (equivalent to a contribution of ~40% of India's current crude production), subject to further investments and regulatory approvals.

Financial Performance

The transaction completed on 8 December 2011 so the financials are from the date of the transaction completion until 31March 2012. EBITDA during the period was US$713.0 million mainly due to increased production from the Rajasthan block and the higher crude price realisation. Operating profit for the period was US$366.4 million. The operations during the year helped in reducing oil imports by U$6.0 billion and contributed U$2.4 billion to the National Exchequer on a gross basis.

The Cairn India Board approved its first Dividend Policy that aims to maintain a dividend payout ratio of around 20% of annual consolidated net profits to its shareholders. Whilst formulating the policy, the intent was to maintain a balance between stable dividend payouts and retaining the flexibility to invest in growing the resource base to protect equity value

Exploration

The exploration strategy is based on building a portfolio of high reward prospects across the risk spectrum in a diversity of basins, plays and operating environments. Cairn India has a total of 10 blocks in its portfolio in three strategically focused areas comprising of one block in Rajasthan, three on the West coast of India and six on the East coast of India, including one in Sri Lanka. Of these, eight, including the three producing blocks, are operated by Cairn India. The net unrisked exploration potential for the entire portfolio stands at 2.1 billion boe.

The year was marked by exploration successes in two blocks and our first in international waters – Sri Lanka. The discoveries in Sri Lanka were the first in 30 years and helped open up the frontier Mannar Basin for future opportunities. We have entered into Phase 2 and have acquired 600 square km of 3D Seismic data and plan for further exploration drilling in CY 2013.

The other exploration success came from the second successive discovery Nagayalanka-SE-1 in the KG-ONN-2003/1 block. This is the largest onshore discovery in the KG basin to date and has helped establish an in place resource of around 550 mmboe.

Outlook

The year 2011 was eventful for oil markets, as reflected both in price trends and developments that may presage broader structural shifts over the coming years. The spot price of North Sea Brent crude averaged over US$111 per barrel in 2011, marking it for the first time, the global benchmark averaged more than $100 per barrel for a year. The year bygone witnessed many dramatic events. However the short-term, oil market impact of the various events, their full transformative effect on the oil industry can be assessed only in the context of broader structural changes. The multiple factors driving these shifts may not individually be seen as game-changing, but collectively they may prove sufficient to make 2011 something of a turning point, be it the Middle East unrest, the Fukushima nuclear disaster following the earthquake and the tsunami or Europe's renewed economic woes.

India is a crude oil deficit country and currently imports more than 2.4 million bopd of crude oil which is ~80% of the demand.

OVERALL BUSINESS OUTLOOK

The medium to long term outlook in the metal and oil and gas sector remains positive. With the robust demand from emerging economies, we believe that the drivers for growth will continue in spite of uncertainties in the European economies. With our strategic acquisitions, sustained volume growth across our operations and expansionary growth pipeline nearing completion, we are confident of delivering excellent performance and value.

CONSOLIDATED INCOME STATEMENT

(US$ million except as stated)

	Note	Year ended 31 March 2012	Year ended 31 March 2011
Continuing operations			
Revenue	3	14,005.3	11,427.2
Cost of sales		(10,442.0)	(8,107.0)
Gross profit		**3,563.3**	**3,320.2**
Other operating income		85.1	73.9
Distribution costs		(569.0)	(319.6)
Administrative expenses		(461.5)	(376.7)
Special items	5	(230.2)	(163.5)
Operating profit		**2,387.7**	**2,534.3**
Share in consolidated profit of associate		92.2	-
Investment revenue	6	525.4	431.6
Finance costs	7	(945.7)	(534.7)
Other gains and losses (net)	8	(314.2)	252.1
Profit before taxation		**1,745.4**	**2,683.3**
Tax expense	9	(516.7)	(649.5)
Profit for the year		**1,228.7**	**2,033.8**
Attributable to:			
Equity holders of the parent		59.8	770.8
Non-controlling interests		1,168.9	1,263.0
		1,228.7	**2,033.8**
Basic earnings per ordinary share (US Cents)	10	21.9	283.2
Diluted earnings per ordinary share (US Cents)	10	21.6	270.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US$ million except as stated)

	Year ended 31 March 2012	Year ended 31 March 2011
Profit for the year	**1,228.7**	**2,033.8**
Income and expenses recognised directly in equity:		
Exchange differences arising on translation of foreign operations	(1,861.4)	162.6
Change in fair value of available-for-sale financial assets	(86.0)	59.1
Change in fair value of cash flow hedges deferred in reserves	(119.0)	5.4
Tax effects arising on cash flow hedges deferred in reserves	38.5	(1.7)
Total (expense)/ income recognised in equity	**(2,027.9)**	**225.4**
Change in fair value of cash flow hedges transferred to income statement	(55.8)	(1.6)
Tax effects arising on cash flow hedges transferred to income statement	18.0	0.5
Total transferred from the income statement	**(37.8)**	**(1.1)**
Total comprehensive (loss)/ income for the year	**(837.0)**	**2,258.1**
Attributable to:		
Equity holders of the parent	(843.1)	886.9
Non-controlling interests	6.1	1,371.2

CONSOLIDATED BALANCE SHEET

(US$ million except as stated)

	Note	Year ended 31 March 2012	Year ended 31 March 2011
ASSETS			
Non-current assets			
Goodwill		16.6	12.2
Property, plant and equipment*		34,598.2	17,427.1
Financial asset investments		209.6	304.2
Other non-current assets		122.3	24.6
Other financial assets (derivatives)		22.8	99.4
Deferred tax assets		402.8	18.2
		35,372.3	**17,885.7**
Current assets			
Inventories		1,704.1	1,924.6
Trade and other receivables*		1,795.9	1,337.9
Other current financial assets (derivatives)		106.8	40.9
Liquid investments		4,940.3	6,865.4
Cash and cash equivalents		1,945.0	911.6
Current tax assets		70.1	18.6
		10,562.2	**11,099.0**
TOTAL ASSETS		**45,934.5**	**28,984.7**
LIABILITIES			
Current liabilities			
Short term borrowings	12	(4,151.6)	(3,045.1)
Trade and other payables		(3,842.9)	(3,407.5)
Other current financial liabilities (derivatives)		(101.1)	(9.3)
Retirement benefits		(6.7)	-
Provisions		(18.1)	(22.8)
Current tax liabilities		(26.8)	(68.2)
		(8,147.2)	**(6,552.9)**
Net current assets		**2,415.0**	**4,546.1**
Non-current liabilities			
Medium and long-term borrowings	12	(10,513.5)	(4,435.9)
Convertible bonds		(2,290.3)	(2,271.5)
Trade and other payables		(164.0)	(148.1)
Other financial liabilities (derivatives)		(32.1)	(94.2)
Deferred tax liabilities*		(5,916.7)	(1,358.1)
Retirement benefits		(52.3)	(56.8)
Provisions		(387.0)	(301.5)
Non equity non-controlling interests		(11.9)	(11.9)
		(19,367.8)	**(8,678.0)**
TOTAL LIABILITIES		**(27,515.0)**	**(15,230.9)**
NET ASSETS		**18,419.5**	**13,753.8**
EQUITY			
Share capital		29.7	29.7
Share premium account		196.8	196.8
Share-based payment reserves		39.8	20.5
Convertible bond reserve		382.0	453.3
Hedging reserves		(55.6)	38.2
Other reserves		1,008.5	1,452.4
Treasury shares		(556.9)	(556.9)
Retained earnings		3,606.3	4,014.9
Equity attributable to equity holders of the parent		4,650.6	5,648.9
Non-controlling interests*		13,768.9	8,104.9
TOTAL EQUITY		**18,419.5**	**13,753.8**

* *The previous year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Zinc International entities for the year ending 31 March 2011. Intangible asset of*

US$162.1 million for the year ending 31 March 2011 has been reclassified as exploratory and evaluation assets within property, plant and equipment during the current year.

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 16 May 2012

MS Mehta – Director

Consolidated Cash Flow Statement

(US$ million except as stated)

	Note	Year ended 31 March 2012	Year ended 31 March 2011
Operating activities			
Profit before taxation		1,745.4	2,683.3
Adjustments for:			
Depreciation & amortisation		1,408.4	869.0
Investment revenue		(525.4)	(431.6)
Finance costs, including other gains and losses		1,259.9	282.6
Profit on disposal of property, plant and equipment		(1.2)	-
Share-based payment charge		20.2	18.4
Share of profit in associate		(92.2)	-
Impairment of asset		-	118.3
Other non-cash items		15.5	(7.7)
Operating cash flows before movements in working capital		3,830.6	3,532.3
Decrease/ (increase) in inventories		48.6	(534.5)
Increase in receivables		(28.9)	(398.5)
(Decrease)/ increase in payables		(286.9)	585.7
Cash generated from operations		**3,563.4**	**3,185.0**
Dividends received		82.7	160.4
Interest income received		401.1	194.7
Interest paid		(1,008.0)	(625.7)
Income taxes paid		(915.8)	(756.5)
Dividends paid		(144.0)	(129.9)
Net cash from operating activities		**1,979.4**	**2,028.0**
Cash flows from investing activities			
Net cash on acquisition of subsidiaries*		(8,017.4)	(1,124.4)
Purchases of property, plant and equipment		(2,796.4)	(2,491.4)
Proceeds on disposal of property, plant and equipment		23.6	28.3
Sale of liquid investments	13	2,354.1	178.4
Purchase of financial asset investments		(3.9)	(25.9)
Net cash used in investing activities		**(8,440.0)**	**(3,435.0)**
Cash flows from financing activities			
Issue of ordinary shares		-	0.1
Dividends paid to Non-controlling interests of subsidiaries		(219.7)	(87.4)
Buyback of shares		-	(128.0)
Buy out of Non-controlling interest		(60.3)	(122.1)
Increase in short-term borrowings	13	981.8	1,863.2
Proceeds from long term borrowings	13	6,833.9	847.8
Repayment of long term borrowings	13	(570.4)	(686.2)
Net cash from financing activities		**6,965.3**	**1,687.4**
Net increase in cash and cash equivalents	13	504.7	280.4
Effect of foreign exchange rate changes	13	528.7	241.2
Cash and cash equivalents at beginning of year	13	911.6	390.0
Cash and cash equivalents at end of year	13	**1,945.0**	**911.6**

* *Year ended 31 March 2011 includes cash paid for acquisition of US$1,513.0 million, settlement of shareholder's loan of US$87.7 million and cash acquired on acquisition of US$476.3 million.*

Year ended 31 March 2012 includes cash paid for acquisition of US$8,683 million and cash acquired on acquisition of US$665.8 million

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2010	**29.6**	**196.8**	**(428.9)**	**25.5**	**305.9**	**27.8**	**2,463.8**	**2,090.0**	**4,710.5**	**6,729.1**	**11,439.6**
Total Comprehensive income for the period	-	-	-	-	-	10.4	105.7	770.8	886.9	1,371.2	2,258.1
Acquisition of subsidiary*	-	-	-	-	-	-	-	-	-	74.8	74.8
Issue of convertible bond	-	-	-	-	211.6	-	-	-	211.6	-	211.6
Conversion of convertible bond (note 26)	-	-	-	-	-	-	-	163.6	163.6	55.0	218.6
Merger of subsidiaries	-	-	-	-	-	-	-	(21.4)	(21.4)	21.4	-
Convertible bond transfers	-	-	-	-	(64.2)	-	-	64.2	-	-	-
Transfers (2)	-	-	-	-	-	-	(1,117.1)	1,117.1	-	-	-
Dividends paid	-	-	-	-	-	-	-	(129.9)	(129.9)	(87.4)	(217.3)
Exercise of LTIP /STIP awards	0.1	-	-	(23.4)	-	-	-	23.4	0.1	-	0.1
Purchase of Treasury Shares (3)	-	-	(128.0)	-	-	-	-	-	(128.0)	-	(128.0)
Additional investment in subsidiaries	-	-	-	-	-	-	-	(62.9)	(62.9)	(59.2)	(122.1)
Recognition of share-based payment (note 30)	-	-	-	18.4	-	-	-	-	18.4	-	18.4
At 31 March 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.2**	**1,452.4**	**4,014.9**	**5,648.9**	**8,104.9**	**13,753.8**

* *Provisional fair value of assets and liabilities acquired during the year ended 31 March 2011 have been finalised during the measurement period and its consequent effect is given to non-controlling interest (note 34).*

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.2**	**1,452.4**	**4,014.9**	**5,648.9**	**8,104.9**	**13,753.8**
Total comprehensive income for the period	-	-	-	-	-	(93.8)	(809.1)	59.8	(843.1)	6.1	(837.0)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	5,906.5	5,906.5
Inter group transfers (4)	-	-	-	-	-	-	(22.2)	6.4	(15.8)	15.8	-
Convertible bond transfers	-	-	-	-	(71.3)	-	-	71.3	-	-	-
Transfers (2)	-	-	-	-	-	-	387.4	(387.4)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(144.0)	(144.0)	(219.7)	(363.7)
Exercise of LTIP/STIP awards	-	-	-	(0.9)	-	-	-	0.9	-	-	-
Additional Investment in subsidiaries	-	-	-	-	-	-	-	(15.6)	(15.6)	(44.7)	(60.3)
Recognition of share-based payment (note 30)	-	-	-	20.2	-	-	-	-	20.2	-	20.2
At 31 March 2012	**29.7**	**196.8**	**(556.9)**	**39.8**	**382.0**	**(55.6)**	**1,008.5**	**3,606.3**	**4,650.6**	**13,768.9**	**18,419.5**

OTHER RESERVES(1) COMPRISE:

(US$ million)

	Currency translation reserve	Merger reserve	Investment revaluation reserve	General reserves	Total
At 1 April 2010	**(120.7)**	**4.4**	**98.4**	**2,481.7**	**2,463.8**
Exchange differences on translation of foreign operations	46.6	-	-	-	46.6
Revaluation of available-for-sale investments	-	-	59.1	-	59.1
Transfer from retained earnings (2)	-	-	-	(1,117.1)	(1,117.1)
At 31 March 2011	**(74.1)**	**4.4**	**157.5**	**1,364.6**	**1,452.4**
Exchange differences on translation of foreign operations	(717.3)	-	-	-	(717.3)
Inter group transfers (4)	-	-	(22.2)	-	(22.2)
Revaluation of available-for-sale investments	-	-	(91.8)	-	(91.8)
Transfer from retained earnings (2)	-	-	-	387.4	387.4
At 31 March 2012	**(791.4)**	**4.4**	**43.5**	**1,752.0**	**1,008.5**

(1) *Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve and the general reserves established in the statutory accounts of the Group's Indian subsidiaries. General reserves also includes US$20.9 million of debenture redemption reserve.*

(2) *Under Indian law, a general reserve is created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that the total dividend distribution is less than the total distributable results for that year.*

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

(4) *During the year the shareholding in Lakomosko BV, a Group company and 100% subsidiary of the Company was transferred to THL Zinc Holdings BV, a Group company and 58.02% subsidiary of the Company as on 31 March 2012.*

NOTES TO PRELIMINARY ANNOUNCEMENT

1. General information and accounting policies

This preliminary results announcement is for the year ended 31 March 2012. While the financial information contained in this preliminary results announcement has been computed in accordance with International Financial Reporting Standards ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. For these purposes, IFRS comprise the Standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") that have been endorsed by the European Union.

2. Compliance with applicable law and IFRS

The financial information contained in this preliminary results announcement has been prepared on the going concern basis. This preliminary results announcement does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act") but is derived from those accounts. The statutory accounts for the year ended 31 March 2012 have been approved by the Board and will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 28 August 2012. The auditors have reported on those accounts and their report was unqualified, with no matters by way of emphasis, and did not contain statements under section 498(2) of the Act (regarding adequacy of accounting records and returns) or under section 498(3) (regarding provision of necessary information and explanations).

The information contained in this announcement for the year ended 31 March 2011 also does not constitute statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, with no matters by way of emphasis, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

3. Segment information

The Group's primary format for segmental reporting is based on business segments. The business segments consist of zinc, iron ore, copper, aluminium, power and oil and gas with residual components being reported as "Others". Business segment data includes an allocation of certain corporate costs, allocated on an appropriate basis. The risks and returns of the Group's operations are primarily determined by the nature of the different activities in which the Group is engaged. Inter-segment sales are charged based on prevailing market prices. The Group's activities are organised on a global basis.

The Group's reportable segments under IFRS 8 are as follows:

- Zinc- India
- Zinc-International
- Iron Ore
- Copper-India/Australia
- Copper-Zambia
- Aluminium
- Power
- Oil and gas

The Power segment (previously being referred as 'Energy' segment) has been reclassified and now comprises power plants at Sterlite Energy, Talwandi Sabo, MALCO and wind power at HZL. The surplus power sold from captive power plants earlier classified under Energy segment is now included in the respective business segments.

In compliance with IFRS 8, this classification was applied from 1 April 2011 and accordingly comparative information for the year ended 31 March 2011 has been restated for this change.

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

During the year ended 31 March 2012, Cairn India was acquired whose business includes exploration, development and production of oil and gas. 'Oil and gas' has been categorised as a separate reportable segment.

(a) Reportable segments

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the years ended 31 March 2012 and 2011

Period ended 31 March 2012

(US$ million)

	Zinc-India	Zinc-International	Iron Ore	Copper-India/ Australia	Copper-Zambia	Aluminium	Power	Oil and gas	Elimination/ Others	Total operations
REVENUE										
Sales to external customers	2,316.1	859.5	1,688.9	4,205.1	1,709.2	1,872.9	420.9	882.5	50.2	14,005.3
Inter-segment sales	-	31.2	2.0	0.1	0.6	0.6	37.4	-	(71.9)	-
Segment revenue	2,316.1	890.7	1,690.9	4,205.2	1,709.8	1,873.5	458.3	882.5	(21.7)	14,005.3
RESULT										
EBITDA[1]	1,244.8	366.0	721.4	298.0	387.9	182.5	122.0	713.0	(9.3)	4,026.3
Depreciation and amortisation	(109.2)	(236.8)	(226.3)	(45.4)	(142.6)	(221.5)	(81.7)	(346.7)	1.8	(1,408.4)
Segment result before special items	1,135.6	129.2	495.1	252.6	245.3	(39.0)	40.3	366.3	(7.5)	2,617.9
Special items (note 5)	(9.0)	-	(13.8)	(88.6)	(24.4)	(1.3)	-	-	(93.1)	(230.2)
Segment result after special items	1,126.6	129.2	481.3	164.0	220.9	(40.3)	40.3	366.3	(100.6)	2,387.7
Net finance cost										(734.5)
Share in consolidated profit of associate	-	-	-	-	-	-	-	-	-	92.2
PROFIT BEFORE TAXATION	-	-	-	-	-	-	-	-		1,745.4
Tax expense										(516.7)
PROFIT AFTER TAXATION										1,228.7
Segments assets	5,522.3	1,494.1	2,507.8	2,130.2	2,524.9	8,310.7	2,862.2	20,208.2	56.5	45,616.9
Unallocated assets	-	-	-	-	-	-	-	-	-	317.6
TOTAL ASSETS										45,934.5
Segment liabilities	(338.1)	(374.6)	(1,455.5)	(1,829.2)	(1,482.7)	(5,479.9)	(1,540.8)	(5,516.2)	(27.2)	(18,044.2)
Unallocated liabilities	-	-	-	-	-	-	-	-	-	(9,470.8)
TOTAL LIABILITIES										(27,515.0)
Other segment information										
Additions to property, plant and equipment	220.3	32.0	363.4	122.6	421.8	798.2	861.8	17,698.7	49.0	20,567.8
Depreciation and amortisation	(109.2)	(236.8)	(226.3)	(45.4)	(142.6)	(219.6)	(81.7)	(346.7)	(0.1)	(1,408.4)

1. EBITDA is a non-IFRS measure and represents operating profit before special items, depreciation and amortisation

Period ended 31 March 2011 (Restated)

(US$ million)

	Zinc-India	Zinc-International	Iron Ore	Copper-India/ Australia	Copper-Zambia	Aluminium	Power	Elimination/ Others	Total operations
REVENUE									
Sales to external customers*	2,159.5	218.9	1,977.9	3,428.2	1,741.3	1,778.1	123.3	-	11,427.2
Inter-segment sales	-	-	1.6	-	83.7	1.5	0.7	(87.5)	-
Segment revenue	2,159.5	218.9	1,979.5	3,428.2	1,825.0	1,779.6	124.0	(87.5)	11,427.2
RESULT									
EBITDA[1]	1,219.6	101.3	1,174.1	241.5	439.9	352.7	43.9	(6.2)	3,566.8
Depreciation and amortisation	(97.8)	(54.1)	(298.2)	(45.0)	(130.8)	(221.4)	(23.6)	1.8	(869.0)
Segment result before special items	1,121.8	47.2	875.9	196.5	309.1	131.3	20.3	(4.4)	2,697.8
Special items (note 5)	(4.6)		(118.3)			(7.8)	(0.1)	(32.7)	(163.5)
Segment result after special items	1,117.2	47.2	757.6	196.5	309.1	123.5	20.2	(37.1)	2,534.3
Net finance income									149.0
PROFIT BEFORE TAXATION									2,683.3
Tax expense									(649.5)
PROFIT AFTER TAXATION									2,033.8
Segments Assets	5,641.0	1,990.8	4,709.5	2,859.3	2,243.5	8,776.5	2,259.4		28,480.0
Unallocated Assets									504.7
TOTAL ASSETS									28,984.7
Segment liabilities	(415.1)	(489.1)	(1,113.8)	(2,157.4)	(827.8)	(4,577.0)	(908.2)		(10,488.4)
Unallocated liabilities									(4,742.5)
TOTAL LIABILITIES									(15,230.9)
Other segment information									
Additions to property, plant and equipment	297.1	1,442.3	249.8	132.5	295.9	1,371.1	396.7	13.6	4,199.0
Depreciation and amortisation	(97.8)	(54.1)	(298.2)	(45.0)	(130.8)	(221.5)	(23.6)	1.8	(869.0)

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

3. Segmental information (continued)

(b) Segment result after special items

(US$ million)

	Year ended 31 March 2012	Year ended 31 March 2011
Zinc	1,610.8	1,320.9
-India	1,244.8	1,219.6
-International	366.0	101.3
Iron Ore	721.4	1,174.1
Copper	685.9	681.4
- India/Australia	298.0	241.5
- Zambia	387.9	439.9
Aluminium	182.5	352.7
Power	122.0	43.9
Oil and gas[1]	713.0	-
Others	(9.3)	(6.2)
EBITDA	**4,026.3**	**3,566.8**
Depreciation & amortisation	(1,408.4)	(869.0)
Special items	(230.2)	(163.5)
Segment result after special items	**2,387.7**	**2,534.3**

[1] *Acquired during the year ended 31 March 2012.*

(c) Geographical segmental analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, Liberia, Ireland, Australia, UAE and Sri Lanka. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

(US$ million)

	Year ended 31 March 2012	Year ended 31 March 2011
India	6,764.9	4,924.4
China	2,819.4	2,157.0
Far East Asia	983.3	1,354.6
UK	-	23.8
Africa	255.2	172.3
Europe	1,538.4	1,047.3
Middle East	1,030.3	1,068.9
Asia Others	467.8	648.7
Other	146.0	30.2
Total	**14,005.3**	**11,427.2**

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

(US$ million)

	Carrying amount of non-current assets*		**Additions to property, plant and equipment****	
	As at 31 March 2012	**As at 31 March 2011**	**Year ended 31 March 2012**	**Year ended 31 March 2011**
Australia	23.6	15.3	15.0	1.7
India	30,588.2	14,278.1	19,063.5	2,309.2
Zambia	2,082.2	1,786.1	421.8	295.9
Namibia	424.1	578.0	2.8	610.9
Ireland	218.8	275.2	15.8	279.0
South Africa	494.1	569.5	13.5	552.4
Sri Lanka	828.0	-	828.0	
Other	287.7	265.9	207.4	149.9
Total	**34,946.7**	**17,768.1**	**20,567.8**	**4,199.0**

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

*** Includes assets acquired on acquisition of Zinc International and Cairn India*

4. Total Revenue

(US$ million)

	Year ended 31 March 2012	**Year ended 31 March 2011**
Revenue from sales of goods	14,005.3	11,427.2
Other operating income	85.1	73.9
Investment revenue	525.4	431.6
Change in fair value of cash flow hedge transferred to the income statement	(55.8)	(1.6)
	14,560.0	**11,931.1**

5. Special items

(US$ million)

	Year ended 31 March 2012	**Year ended 31 March 2011**
Asarco transaction costs*	(88.6)	-
Voluntary retirement schemes	(21.2)	(12.5)
KCM IPO costs	(13.5)	-
Acquisition related costs**	(75.5)	(32.7)
Loss on revaluation of previously held interest in associates, net***	(31.4)	-
Impairment of mining properties and leases****	-	(118.3)
	(230.2)	**(163.5)**

* *The Bankruptcy court of Southern District of Texas, United States Judge had issued the final judgment on 27 February 2012 to pay incidental damages of US$132.7 million net of US$50 million paid to Asarco in December 2009, making Asarco entitled for a net amount of US$82.7 million.*

** *Acquisition related costs include costs of US$2.5 million (2011: US$8.5 million) related to the acquisition of Anglo Zinc assets and US$73.0 million (2011: US$24.2 million) related to Cairn India acquisition*

*** *Loss on revaluation of existing carrying value of investment in Cairn India on 8 December 2011.*

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

6. Investment revenue

(US$ million)

	Year ended 31 March 2012	Year ended 31 March 2011
Interest income on loans and receivables	31.8	19.7
Interest income on cash and bank balances	157.5	131.6
Change in fair value of financial assets held for trading	83.5	78.8
Profit on disposal of financial assets held for trading	170.3	35.4
Profit on sale of available-for-sale investment	1.0	5.9
Dividend income on financial assets held for trading	82.7	160.4
Expected return on defined benefit arrangements (note 31)	2.0	2.1
Foreign exchange loss on cash and liquid investments	(1.5)	(0.5)
Capitalisation of interest income	(1.9)	(1.8)
	525.4	**431.6**

7. Finance costs

(US$ million)

	Year ended 31 March 2012	Year ended 31 March 2011
Interest on bank loans, overdrafts and bonds	718.1	365.7
Coupon interest on convertible bonds (note 26)	138.6	138.6
Accretive interest on convertible bond	115.0	101.8
Interest on other loans	177.9	97.3
Total interest cost	**1,149.6**	**703.4**
Unwinding of discount on provisions (note 28)	11.5	7.9
Interest on defined benefit arrangements (note 31)	9.4	6.7
Capitalisation of borrowing costs (note 16)*	(224.8)	(183.3)
	945.7	**534.7**

**All borrowing costs are capitalised using rates based on specific borrowings*

8. Other gains and (losses) (net)

(US$ million)

	Year ended 31 March 2012	Year ended 31 March 2011
Exchange (losses)/gains on borrowings and capital creditors	(407.8)	75.9
Qualifying borrowing costs capitalised (note 16)	68.8	(11.0)
Change in fair value of financial liabilities measured at fair value	(1.2)	0.4
Change in fair value of embedded derivative on convertible bonds (note 26)	97.1	188.4
Loss arising on qualifying hedges and non-qualifying hedges	(71.1)	(1.6)
	(314.2)	**252.1**

9. Tax

(US$ million)

	Year ended 31 March 2012	Year ended 31 March 2011
Current tax:		
UK Corporation tax	-	-
Foreign tax		
- India	754.0	689.4
- Australia	16.0	21.3
- Africa and Europe	41.7	18.7
- Other	10.6	-

	822.3	**729.4**
Deferred tax: (note 29)		
Current year movement in deferred tax	(305.6)	(79.9)
	(305.6)	**(79.9)**
Total tax expense	**516.7**	**649.5**
Effective tax rate	*29.6%*	*24.2%*

The deferred tax benefit recycled from equity to the income statement is US$5.7 million (2011: US$10.6 million).

10. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and the Group's convertible bonds).

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

(US$ million)

	Year ended 31 March 2012	**Year ended 31 March 2011**
Net profit attributable to equity holders of the parent	**59.8**	**770.8**

(US$ million except as stated)

	Year ended 31 March 2012	**Year ended 31 March 2011**
Weighted average number of ordinary shares for basic earnings per share (million)	272.7	272.2
Effect of dilution:		
Convertible bonds*	-	34.3
Share options	4.4	2.2
Adjusted weighted average number of ordinary shares for diluted earnings per share	**277.1**	**308.7**

A) Earnings per share based on profit for the year

Basic earnings per share on the profit for the year

(US$ million except as stated)

	Year ended 31 March 2012	Year ended 31 March 2011
Profit for the year attributable to equity holders of the parent (US$ million)	59.8	770.8
Weighted average number of shares of the Company in issue (million)	272.7	272.2
Earnings per share on profit for the year (US cents per share)	**21.9**	**283.2**

Diluted earnings per share on the profit for the year

(US$ million except as stated)

	Year ended 31 March 2012	Year ended 31 March 2011
Profit for the year attributable to equity holders of the parent (US$ million)	59.8	770.8
Adjustment in respect of convertible bonds of Vedanta (US$ million)	-	63.4
Profit for the year after dilutive adjustment (US$ million)	**59.8**	**834.3**
Adjusted weighted average number of shares of the Company in issue (million)	277.1	308.7
Diluted earnings per share on profit for the year (US cents per share)	**21.6**	**270.2**

During the year ended 31 March 2012, 62,294 options issued under the long-term incentive plan were converted to equity shares pursuant to vesting and exercise of the options (2011: 738,248 options).

Profit for the year would be increased if holders of the convertible bonds in Vedanta exercised their right to convert their bond holdings into Vedanta equity. The impact on profit for the year of this conversion would be the reduction in interest payable on the convertible bond net of any amount capitalised. This has been taken into account in determining diluted EPS.

*During the year ended 31 March 2012, the adjustment in respect of convertible bonds has an anti-dilutive impact on the number of shares and earnings and is thus not considered for determining diluted EPS.

The outstanding awards under the LTIP are reflected in the diluted EPS figure through an increased number of weighted average shares.

Earnings per share based on Underlying Profit for the year

The Group's Underlying Profit is the profit for the year after adding back special items, other gains and losses (note 8) and their resultant tax and non-controlling interest effects, as shown in the table below:

(US$ million)

	Note	Year ended 31 March 2012	Year ended 31 March 2011
Profit for the year attributable to equity holders of the parent		59.8	770.8
Special items	5	230.2	163.5
Other losses/ (gains)		314.2	(252.1)
Tax and non-controlling interest effect of special items and other losses/ gains		(217.0)	33.1
Underlying Profit for the year		**387.2**	**715.3**

Basic earnings per share on Underlying Profit for the year

(US$ million except as stated)

	Year ended 31 March 2012	Year ended 31 March 2011
Underlying profit for the year (US$ million)	387.2	715.3
Weighted average number of shares of the Company in issue (million)	272.7	272.2
Earnings per share on Underlying Profit for the Year (US cents per share)	**142.0**	**262.8**

Diluted earnings per share on Underlying Profit for the year

(US$ million except as stated)

	Year ended 31 March 2012	Year ended 31 March 2011
Underlying profit for the year (US$ million)	387.2	715.3
Adjustment in respect of convertible bonds of Vedanta (US$ million)	-	63.4
Underlying profit for the year after dilutive adjustment (US$ million)	**387.2**	**778.7**
Adjusted weighted average number of shares of the Company (million)	277.1	308.7
Diluted earnings per share on Underlying Profit for the year (US cents per share)	**139.8**	**252.3**

11. Dividends

(US$ million)

	Year ended 31 March 2012	Year ended 31 March 2011
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2010-11: 32.5 US cents per share (2009-10: 27.5 US cents per share)	89.2	75.2
Interim dividend paid during the year: 20 US cents per share (2010-11: 20 US cents per share)	54.9	54.7
	144.1	**129.9**
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2011-12: 35 US cents per share (2010-11: 32.5 US cents per share)	96.0	89.2

12. Borrowings

(US$ million)

	As at 31 March 2012	As at 31 March 2011
Bank loans	11,464.9	5,654.9
Bonds	2,876.3	1,244.7
Other loans	323.9	581.4
Total	**14,665.1**	**7,481.0**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	4,151.6	3,045.1
In the second year	2,061.6	1,914.2
In two to five years	3,400.2	1,324.4
After five years	5,051.7	1,197.3
Total borrowings	**14,665.1**	**7,481.0**
Less: payable within one year	(4,151.6)	(3,045.1)
Medium and long term borrowings	**10,513.5**	**4,435.9**

13. Movement in net debt (1)

(US$ million)

			Debt due within one year		Debt due after one year		
	Cash and cash equivalents	Liquid investments	Debt carrying value	Debt-related derivatives(2)	Debt carrying value	Debt-related derivatives(2)	Total Net Debt
At 1 April 2010	**390.0**	**6,849.4**	**(1,012.6)**	**(0.9)**	**(7,161.0)**	**(12.1)**	**(947.2)**
Cash flow	(108.2)	(178.4)	(1,863.2)	-	(161.6)	-	(2,311.4)
Net cash flows arising on acquisition of subsidiaries	388.6	37.3	(29.4)	-	-	-	396.5
Other non-cash changes (3)		78.8	(96.1)	0.9	635.6	17.3	636.5
Foreign exchange differences	241.2	78.3	(43.8)	-	(20.4)	-	255.3
At 1 April 2011	**911.6**	**6,865.4**	**(3,045.1)**	**-**	**(6,707.4)**	**5.2**	**(1,970.3)**
Cash flow	(161.1)	(2,354.1)	(981.8)	-	(6,263.5)	-	(9,760.5)
Net cash flows arising on acquisition of subsidiaries	665.8	1,151.0	(240.5)	-	-	-	1,576.3
Other non-cash changes (3)	-	45.0	(211.1)	-	(210.1)	0.5	(375.7)
Foreign exchange differences	528.7	(767.0)	326.9	-	377.2	-	465.8
At 31 March 2012	**1,945.0**	**4,940.3**	**(4,151.6)**	**-**	**(12,803.8)**	**5.7**	**(10,064.4)**

(1) *Net (debt)/ cash being total debt after fair value adjustments under IAS 32 and 39 as reduced by cash and cash equivalents and liquid investments.*

(2) *Debt related derivatives exclude derivative financial assets and liabilities relating to commodity contracts and forward foreign currency contracts.*

(3) *Other non-cash changes comprises of US$420.7 million (2011: US$462.4 million) of project buyers credit obtained from banks, interest accrued, MTM of embedded derivatives, exchanges losses and gains on borrowings and capital creditors for which there is no cash movement It also includes US$45.0 million (2011: US$59.1 million) of fair value movement in investments. A movement of US$0.5 million (2011: US$18.2 million) which pertains to fair value of debt related derivatives is also included in other non-cash changes.*

GLOSSARY AND DEFINITIONS

5S

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

Adapted Comparator Group

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

AGM or Annual General Meeting

The annual general meeting of the Company which is scheduled to be held at 3 pm, UK time, on

28 August 2012

AE

Anode effects

AIDS

Acquired Immune Deficiency Syndrome

Aluminium Business

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

Articles of Association

The articles of association of Vedanta Resources plc

Attributable Profit

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

BALCO

Bharat Aluminium Company Limited, a company incorporated in India.

BMM

Black Mountain Mining Pty

Board or Vedanta Board

The board of directors of the Company

Board Committees

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

Businesses

The Aluminium Business, the Copper Business, the Zinc, lead, silver, Iron ore, Power and Oil and Gas Business together

Capital Employed

Net assets before Net (Debt)/Cash

Capex

Capital expenditure

Cash Tax Rate

Current taxation as a percentage of profit before taxation

CEO
Chief executive officer

CII
Confederation of Indian Industries

CLZS
Chanderiya lead and zinc smelter

CO2
Carbon dioxide

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

Combined Code or the Code
The Combined Code on Corporate Governance published by the Financial Reporting Council in June 2008 & updated them from time to time.

Company or Vedanta
Vedanta Resources plc

Company financial statements
The audited financial statements for the Company for the year ended 31 March 2012 as defined in the Independent Auditors' Report on the individual Company Financial Statements to the members of Vedanta Resources plc

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

$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.

$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.

$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.

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

Copper Business
The copper business of the Group, comprising:

- a copper smelter, two refineries and two copper rod plants in India, trading through Sterlite Industries (India) Limited, a company incorporated in India;
- one copper mine in Australia, trading through Copper Mines of Tasmania Pty Limited, a company incorporated in Australia; and

- an integrated operation in Zambia consisting of three mines, a leaching plant and a smelter, trading through Konkola Copper Mines PLC, a company incorporated in Zambia

CREP

Corporate responsibility for environmental protection

Cents/lb

US cents per pound

CRRI

Central Road Research Institute

CSR

Corporate social responsibility

CTC

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

CY

Calendar year

Deferred Shares

Deferred shares of £1.00 each in the Company

DGMS

Director General of Mine Safety in the Government of India

Directors

The Directors of the Company

Dollar or $

United States Dollars, the currency of the United States of America

DRs

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

EBITDA

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

EBITDA Margin

EBITDA as a percentage of turnover

Economic Holdings or Economic Interest

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

E&OHSAS

Environment and occupational health and safety assessment standards

E&OHSEnvironment and occupational health and safety management system

EPS

Earnings per ordinary share

ESOP

Employee share option plan

ESP

Electrostatic precipitator

Executive Committee

The Executive Committee to whom the Board has delegated operational management. It comprises of the Executive Directors and the senior management of the Group

Executive Directors

The Executive Directors of the Company

Expansion Capital Expenditure

Capital expenditure that increases the Group's operating capacity

Financial Statements or Group financial statements

The consolidated financial statements for the Company and the Group for the year ended 31 March 2012 as defined in the Independent Auditors' Report to the members of Vedanta Resources plc

Free Cash Flow

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

FY

Financial year i.e. April to March.

GAAP, including UK GAAP and Indian GAAP

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

GDP

Gross domestic product

Gearing

Net Debt as a percentage of Capital Employed

GJ

Giga joule

Indian Government

The Government of the Republic of India

Gratuity

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

Group

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

HSE

Health, safety and environment

HZL

Hindustan Zinc Limited, a company incorporated in India

IAS

International Accounting Standards

ICMM

International Council on Mining and Metals

IFRI C

International Financial Reporting Interpretations Committee

IFRS

International Financial Reporting Standards

INR

Indian Rupees

Interest Cover

EBITDA divided by finance costs

ISO 9001

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

ISO 14001

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

KCM or Konkola Copper Mines

Konkola Copper Mines PLC, a company incorporated in Zambia

KDMP

Konkola deep mining project

Key Result Areas or KRA s

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

KLD

Kilo litres per day

KPI s

Key performance indicators

Kwh

Kilo-watt hour

Kwh/d

Kilo-watt hour per day

LIBOR

London inter bank offered rate

LIC

Life Insurance Corporation

Listing or IPO (Initial Public Offering)

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

Listing Particulars

The listing particulars dated 5 December 2003 issued by the Company in connection with its Listing or revised listing filled in 2011.

Listing Rules

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

LME

London Metals Exchange

London Stock Exchange

London Stock Exchange plc

Lost time injury

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

LTIFR

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

LTIP

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

MAL CO

The Madras Aluminium Company Limited, a company incorporated in India

Management Assurance Services (MAS)

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

MAT

Minimum alternative tax

MIS

Management information system

MOEF

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

mt or tonnes

Metric tonnes

MU

Million Units

MW

Megawatts of electrical power

NCCBM

National Council of Cement and Building Materials

Net (Debt)/Cash

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

NGO

Non-governmental organisation

NIHL

Noise induced hearing loss

Non-executive Directors

The Non-Executive Directors of the Company

OHSAS 18001

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

Oil and gas business

The Group's subsidiary, Cairn India Limited is involved in the business of exploration, development and production of Oil and gas.

Ordinary Shares

Ordinary shares of 10 US cents each in the Company

PBT

Profit before tax

PF C

Per fluorocarbons

PH C

Primary health centre

PPE

Personal protective equipment

Provident Fund

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

PSC

Production sharing contract

Recycled water

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

Relationship Agreement

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

Return on Capital Employed or ROCE

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

The Reward Plan

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

RO

Reverse osmosis

SA 8000

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

Senior Management Group

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

Sesa Goa

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

SEWT

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

The Share Option Plan

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

SHGs

Self help groups

SID

Senior Independent Director

SO2

Sulphur dioxide

SBU

Strategic Business Unit

STL

Sterlite Technologies Limited, a company incorporated in India

Special items

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

SPM

Suspended particulate matter. Fine dust particles suspended in air

Sterling, GBP or £

The currency of the United Kingdom

Sterlite

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

Sterlite Energy Limited (SEL)

Sterlite Energy Limited, a company incorporated in India

Superannuation Fund

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

Sustaining Capital Expenditure

Capital expenditure to maintain the Group's operating capacity

TCM

Thalanga Copper Mines Pty Limited, a company incorporated in Australia

TC/RC

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

TGS

Tail gas scrubber

TGT

Tail gas treatment

TLP

Tail Leaching Plan

tpa

Metric tonnes per annum

TPM
Tonne per month

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

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

Twin Star
Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group
Twin Star and its subsidiaries and associated undertaking

Underlying EPS
Underlying earnings per ordinary share

Underlying Profit
Profit for the year after adding back special items and other gains and losses and their resultant tax and Non-controlling interest effects

US cents
United States cents

VAL
Vedanta Aluminium Limited, a company incorporated in India

VFD
Variable frequency drive

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

Volcan
Volcan Investments Limited, a company incorporated in the Bahamas

VRCL
Vedanta Resources Cyprus Limited, a company incorporated in Cyprus

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

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

VSS
Vertical Stud Söderberg

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

WBCSD
World Business Council for Sustainable Development

ZCI
Zambia Copper Investment Limited, a company incorporated in Bermuda

ZCCM

ZCCM Investments Holdings plc, a company incorporated in Zambia

ZRA

Zambia Revenue Authority

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