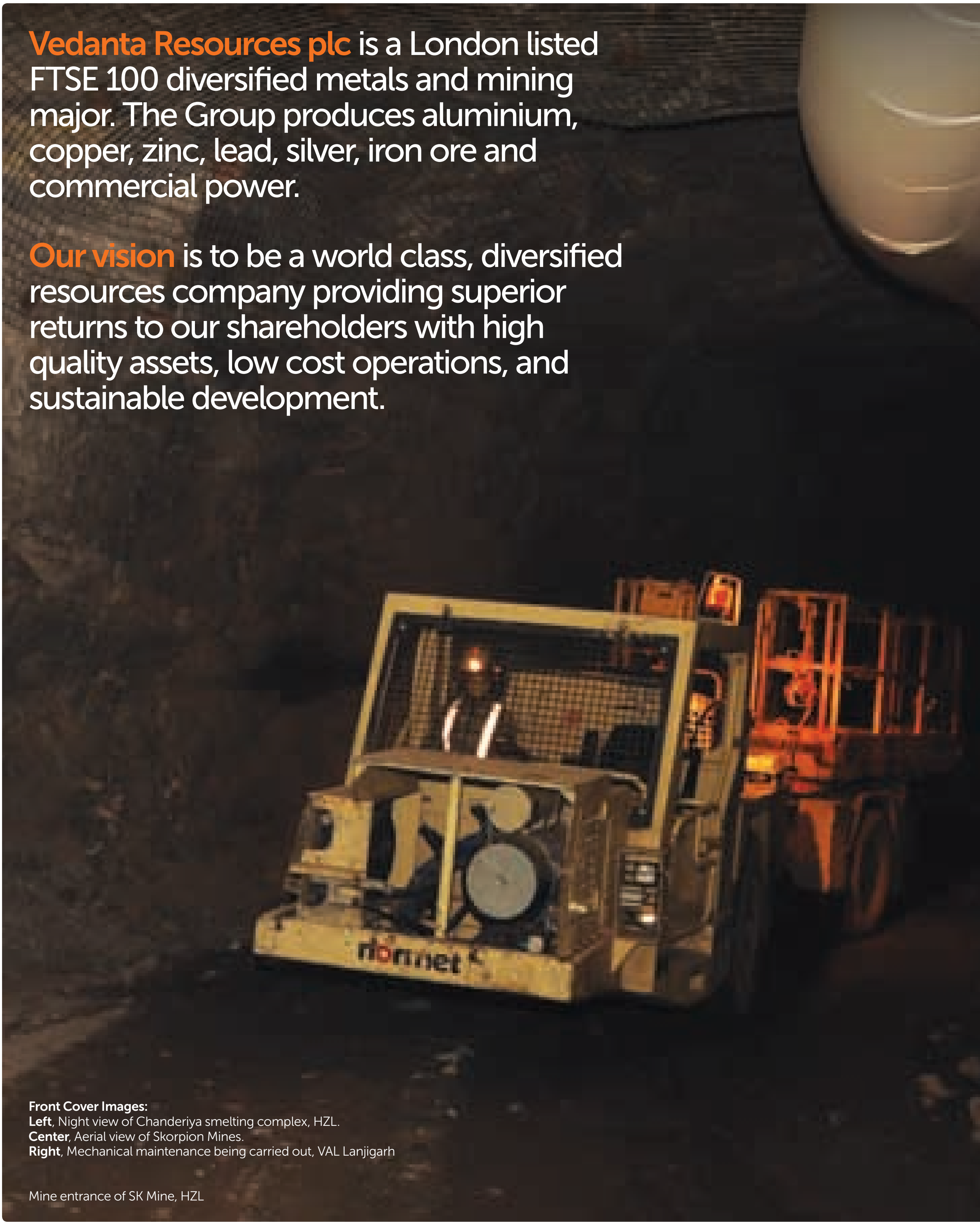
Delivering
Growth
Long-term value
Sustainability

Vedanta Resources plc
Annual Report 2011

Who we are



Vedanta Resources plc is a London listed FTSE 100 diversified metals and mining major. The Group produces aluminium, copper, zinc, lead, silver, iron ore and commercial power.

Our vision is to be a world class, diversified resources company providing superior returns to our shareholders with high quality assets, low cost operations, and sustainable development.

Front Cover Images:
Left, Night view of Chanderiya smelting complex, HZL.
Center, Aerial view of Skorpion Mines.
Right, Mechanical maintenance being carried out, VAL Lanjigarh

Mine entrance of SK Mine, HZL

Highlights

Financial Highlights

- Group Revenue of US$11.4 billion, up 44%
- EBITDA of US$3.6 billion, up 55%
- Basic EPS of US$2.83, up 29%
- Final dividend proposed at 32.5 US cents per share, up 18%
- Strong balance sheet, with US$7.8 billion of cash, cash equivalents and liquid investments, and net debt of US$1.97 billion
- Invested US$2.5 billion in organic growth programme during the year

Business Highlights

- Record volumes at Zinc-India, Copper-Zambia and Aluminium operations
- Strong iron ore sales and power sales
- 1.5mtpa mill at silver-rich Sindesar Khurd mine commissioned, mine ramping up well
- Two 600MW units of the 2,400MW Jharsuguda Independent Power Plant operational
- Completed acquisition of Anglo American's zinc assets
- Announced acquisition of majority stake in Cairn India, transaction awaiting government approval
- Reserves & Resources growth at Zinc-India, Copper-Zambia and Iron Ore Operations

Consolidated Group Results (in US$ million, except as stated)

	FY 2011	FY 2010	% change
Revenue	11,427.2	7,930.5	44.1
EBITDA	3,566.8	2,295.9	55.4
EBITDA margin (%)	31.2%	29.0%	–
Operating profit	2,534.3	1,665.6	52.2
Attributable Profit	770.8	602.3	28.0
Basic Earnings per Share (US cents)	283.2	219.6	29.0
Earnings per Share on Underlying Profit (US cents)	262.8	199.2	31.9
ROCE (excluding project capital work in progress)	21.0%	19.9%	
Total Dividend (US cents per share)	52.5	45.0	16.7

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Business Summary

See page 30 of the Business Review

Zinc-Lead/Silver

We are the world's largest integrated zinc-lead producer.

In India, we have multiple mines and smelters, and with silver-rich ore from the Sindesar Khurd mine, we are also on track to become one of the world's top silver producers.

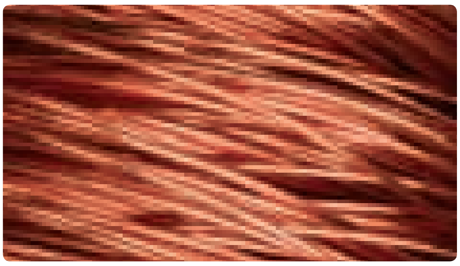
Following the acquisition of Anglo American's zinc assets, we now have mines in Namibia, South Africa and Ireland. These include the 186mt Gamsberg deposit in South Africa, which is one of the world's largest undeveloped zinc deposits.

See page 34 of the Business Review

Iron Ore

We have iron ore mining operations in India, in the states of Goa and Karnataka. We are the largest private sector producer-exporter in India.

Our planned capacity expansion will position us as one of the major iron ore producers in the world.



See page 38 of the Business Review

Copper

Our copper business has operations across Zambia, India, and Australia.

In Zambia, we have integrated copper mining and smelting operations.

In India, we have facilities for custom copper smelting and production of copper rods. In Australia, we have copper mines, which supply a part of the concentrate processed by our smelting operations in India.

See page 42 of the Business Review

Aluminium

We are an integrated producer of Aluminium in India with mines, smelters and associated captive power plants. At Orissa and Chhattisgarh, we have two operational smelters with a combined capacity of 745ktpa and two projects that will add 1.6mtpa smelting capacity. We have a 1mtpa alumina refinery at Lanjigarh, Orissa that sources bauxite partly from our captive bauxite mines in Chhattisgarh and partly from external sources.

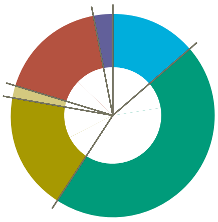
See page 44 of the Business Review

Commercial Energy

We have commercial energy generation facilities in India, including thermal and wind power facilities. Our power sales are supplemented by sales of surplus power from our various captive power plants.

We have two independent power plant projects at Jharsuguda, Orissa and Talwandi Sabo, Punjab, which will add significant additional capacity when completed.

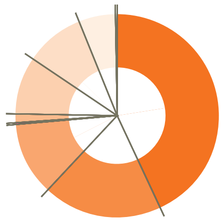
Revenue by division



US$11,427.2m
(10: US$7,930.5m)

- 14% Aluminium
- 45% Copper
- 19% Zinc-India
- 2% Zinc-International
- 17% Iron Ore
- 3% Energy

Revenue by geography

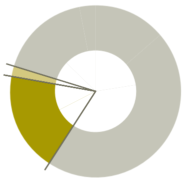


US$11,427.2m
(10: US$7,930.5m)

- 43% India
- 19% China
- 12% Far East Others
- 2% Africa
- 9% Europe
- 9% Middle East
- 6% Asia Others

Key statistics | Group revenue contribution | Group EBITDA contribution | Number of employees

Current capacity (India):
Zinc-lead: 964ktpa/Silver: 8moz
Planned capacity (India):
Zinc-lead: 1,064ktpa/Silver: 16moz
Reserves and Resources (India):
Zinc-lead: 312mt
Current capacity (Int'l): 398ktpa
Planned capacity (Int'l): 800ktpa
Reserves and Resources (Int'l):
274.9mt

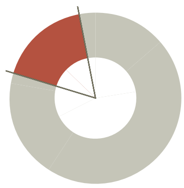


Group revenue contribution: US$2,371.7m (10: US$1651.7m) 21%

Group EBITDA contribution: US$1,321.5m (10: US$982.8m) 37%

Number of employees: 7,341

Current capacity:
21m DMT
Planned capacity:
36m DMT
Reserves and Resources:
306mt

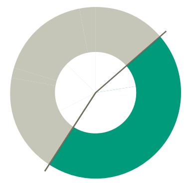


Group revenue contribution: US$1,979.5m (10: US$1,222.5m) 17%

Group EBITDA contribution: US$1,174.1m (10: US$673m) 33%

Number of employees: 4,346

Current capacity:
Zambia: 300ktpa
India: 400ktpa
Planned capacity: 1,200ktpa
Zambia: 400ktpa
India: 800ktpa
Reserves and Resources:
Zambia:
706mt

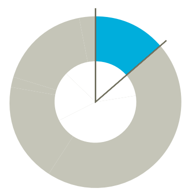


Group revenue contribution: US$5,253.2m (10: US$3,825.1m) 45%

Group EBITDA contribution: US$681.4m (10: US$317.7m) 19%

Number of employees: 10,976

Current capacity:
760ktpa
Planned capacity:
2,500ktpa

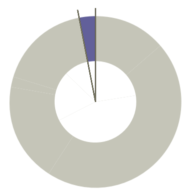


Group revenue contribution: US$1,571.6m (10: US$915.8m) 14%

Group EBITDA contribution: US$258.2m (10: US$154.9m) 7%

Number of employees: 8,168

Current capacity:
1,740MW
Planned capacity:
6,900MW



Group revenue contribution: US$338.7m (10: US$330.7m) 3%

Group EBITDA contribution: US$137.8m (10: US$170.7m) 4%

Number of employees: 220

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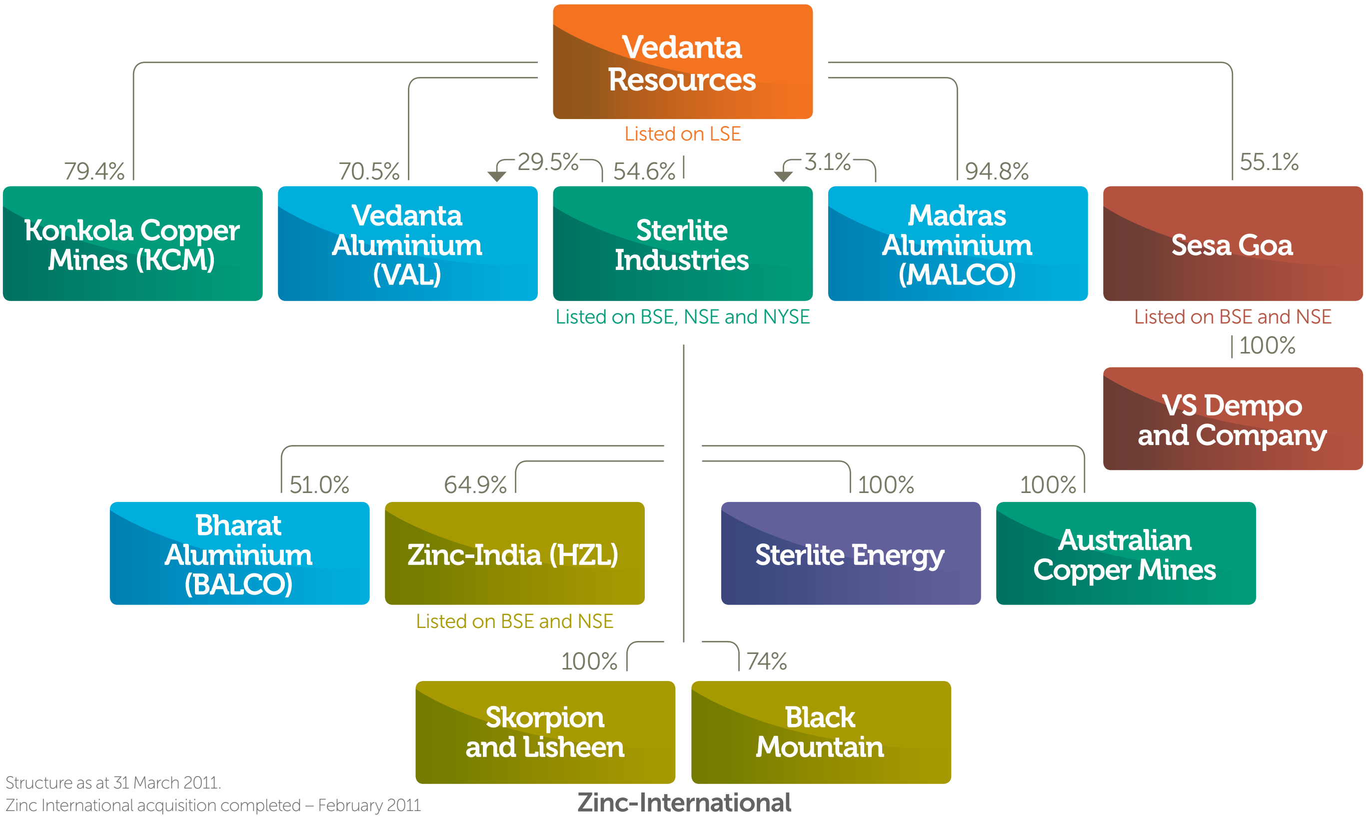
Group Structure



Structure as at 31 March 2011.
Zinc International acquisition completed – February 2011

Overview

Vedanta Resources plc ('Vedanta' or the 'Group') is a London-listed diversified FTSE 100 metals and mining group, with extensive interests in aluminium, copper, zinc, lead, silver, iron ore and commercial energy. Vedanta has listed and unlisted operating subsidiaries across India, Africa, Europe and Australia with a talent pool of over 31,000 employees globally.

Konkola Copper Mines (KCM)

KCM has fully integrated copper operations in Zambia with several mines at Konkola and Nchanga, a tailings leach plant and smelter at Nchanga, and a refinery at Nkana. Two new copper concentrators are being constructed at Nchanga, and the Konkola Deep Mine Project is expected to ramp-up ore production and integrated copper capacity to 400+ktpa of copper post completion of the Bottom Shaft Loading project. KCM has substantial high grade reserves and resources including the Konkola underground mine, which has a 3.55% grade. Vedanta has a 79.4% shareholding in KCM, and the remainder is owned by ZCCM, a Zambian Government investment vehicle.

1 KDMP – Headgear of Shaft 4, KCM.
2 Ball Mill, VAL Lanjigarh.

Vedanta Aluminium Limited (VAL)

Vedanta owns 70.5% of the share capital of VAL, with Sterlite owning the remaining 29.5%, resulting in an effective stake of 87.5%. VAL is based in Eastern India and operates a 1mtpa alumina refinery at Lanjigarh. At Jharsuguda, VAL operates a 500ktpa aluminium smelter and an associated 1,215MW captive power plant. VAL also has a 1.25mtpa aluminium smelter project at Jharsuguda.

Madras Aluminium Company (MALCO)

MALCO is a commercial power generation company with a 100MW power plant located in Southern India and is 94.8% owned by Vedanta.

Sesa Goa Ltd.

Sesa Goa is India's largest private sector producer-exporter of iron ore, with mining and processing facilities located in the states of Goa and Karnataka. As of 31 March 2011, Sesa Goa has proved and probable reserves of an estimated 306mt of iron ore. Sesa Goa also manufactures pig iron and metallurgical coke. Vedanta owns 55.1% of Sesa Goa, which is listed on the Bombay and National stock exchanges of India. Sesa Goa owns 100% of Sesa Resources Ltd. (formerly known


2

as VS Dempo), an iron ore mining and processing company based at Goa.

Sterlite Industries India Ltd.
Vedanta has 57.5% share in Sterlite Industries India Ltd. (Sterlite), India's largest diversified metals and mining company. Sterlite is listed on the Bombay and New York Stock Exchanges and the National Stock Exchange of India. Its primary businesses are: Copper, Zinc, Lead, Silver, Aluminium and Commercial Energy.

Sterlite has custom copper-smelting operations in Southern India with a capacity of 400ktpa of copper cathodes and a copper rod plant at Silvassa.

Bharat Aluminium Company (BALCO)
Sterlite owns 51.0% of BALCO, a leading Indian aluminium producer with operations in the state of Chhattisgarh. BALCO currently has 245ktpa smelting capacity, 810MW power generation facilities and capabilities to produce ingots and other value-added products. BALCO has a 325ktpa smelter project, a 1,200MW power plant project, and rights to a coal block of 211.0mt for captive usage.

Hindustan Zinc Ltd. (HZL)
HZL has fully integrated zinc-lead-silver operations in India, with four zinc-lead mines in the state of Rajasthan at Rampura Agucha, Sindesar Khurd, Raipura Dariba and Zawar supplying concentrate to its zinc and lead smelters at Chanderiya, Dariba, Debari and Vizag. HZL is India's leading zinc producer with over 80% domestic market share and also operates multiple captive coal-fired power plants and 171MW of wind power plants. HZL is listed on the Bombay and National Stock Exchanges, and Sterlite owns 64.9% of its share capital.

Zinc-International
Sterlite Industries owns the Skorpion mine in Namibia (100%), Lisheen mine in Ireland (100%) and 74% of Black Mountain Mining in South Africa, which includes the Black Mountain mine and Gamsberg project. These assets were acquired from Anglo American's Zinc business during FY 2010–11.

Sterlite Energy Ltd.
Sterlite Energy is 100% owned by Sterlite Industries and has two major power plant projects for commercial power generation – the 2,400MW power plant at Jharsuguda, Orissa of which two units were operational at the end of FY 2010–11, and the 2,640MW power plant at Talwandi Sabo, in Punjab.

Copper Mines Tasmania (CMT)
Sterlite owns 100% of the Mount Lyell copper mine in Tasmania, Australia, which supplies approximately 8% of Sterlite India's copper concentrate requirements.

Chairman's Statement

Delivering an exceptional performance

It's been a good year for Vedanta. We have achieved record levels of production, record sales of power, and an impressive 55% increase in EBITDA as we continue our focus on delivering growth and creating long-term value for our shareholders.

Our extensive investment in organic growth projects continues, driving strong EBITDA and cash flow growth. We announced two strategic acquisitions, expanding and diversifying both our geographic and commodity footprint.

Financial Performance

Against a background of recovering economic conditions in the developed world and continued strong demand from emerging economies, we have delivered a robust financial performance. Strengthening prices, increased volumes and a continued strong focus on operational efficiency contributed to a substantial growth in revenues to US$11.4 billion, up 44% on last year, and in a record EBITDA of US$3.6 billion. EPS was up 29% during the year. We continued to deliver volume growth, with significant increases achieved in Zinc-Lead, Aluminium, Commercial Power and Copper from our Zambian operations.

The balance sheet remained strong and liquid, with net debt remaining low at US$2.0 billion and cash and liquid investments position at the end of the year of US$7.8 billion. Gearing was at a conservative 12.6%, after capital expenditure of US$2.5 billion on growth projects and the acquisition of Anglo American's zinc assets; our proposed acquisition of Cairn India is fully funded. Our free cash flow demonstrated a healthy growth to US$2.4 billion.

On behalf of the Board, I would like to thank all our 31,000 employees for their contribution to these excellent results. Their commitment and hard work are critical to our performance and ensures we deliver the quality that underpins our reputation.

Operational Performance

The ramp up of our various expansion projects contributed to record production volumes in the year.

Zinc production at our operations in India rose significantly as the 210ktpa smelter at Dariba commissioned at the end of FY 2009–10 ramped up. We are also well on the way to becoming one of the world's largest integrated silver producers as we ramp up production at the Sindesar Khurd ('SK') mine. Once the SK mine reaches full capacity by the end of FY 2011–12, we will have a capacity of 16moz of refined silver per annum.

We started two 600MW units of the 2,400MW power plant at Jharsuguda and also announced the addition of a fourth 660MW unit at the Talwandi Sabo power project. The power generated by this new unit will be largely sold in the merchant market, significantly enhancing the overall return of this project. The first phase of our 150MW wind power expansion project has been commissioned: when complete, this project will make us one of the largest wind power producers in India.

"With our industry leading organic growth programme and the successful integration of our recent acquisitions, Vedanta is well placed to capitalise on the positive outlook for commodities."

We remain committed to an integrated aluminium strategy, and we continue to engage in discussions with the Government of Orissa regarding access to alternative sources of bauxite.

Mergers and Acquisitions

We completed the acquisition of the zinc assets of Anglo American in the second half of the financial year, increasing our zinc-lead capacity to 1.5mtpa. This acquisition makes us the largest producer in the world and extends our geographic footprint in Africa.

We also announced the acquisition of a majority stake in Cairn India Limited. Cairn India represents a unique opportunity for Vedanta to develop its presence in the attractive oil and gas sector. With our strong track record of integrating acquisitions over the years, we will seek to accelerate its growth and harness its substantial resource base. Acquisition funding has been secured, shareholder approvals granted and the open offer for shares of Cairn India has been completed. The transaction is currently awaiting approval from the Government of India.

Reserves and Resources

Exploration continues to be a major focus, and this year too, we have successfully added reserves and resources in our Zinc-India, Iron Ore and Copper-Zambia businesses, increasing the life of our mines. The additional zinc reserves from the promising Gamsberg project acquired from Anglo American further reinforce this firm foundation.

Markets

Commodity prices began rising again in the second half of the year, as euro – zone debt fears receded and developed economies stabilised. Demand from the Asian economies remained robust, although Chinese markets cooled, and the ongoing Indian growth story remains a key contributor to our success. The long-term trend of urbanisation and accelerated infrastructure development will continue to drive strong demand for our products.

Sustainability

We remain committed to sustainable development, focusing on the priorities of good governance, environmental footprint reduction and creating value for all our stakeholders. The international consulting firm, Scott Wilson, was engaged last year to review our sustainability practices. Some of its key recommendations were to deliver an improved Code of Conduct and Practices, to widen the remit of the Health, Safety and Environment Committee and reconstitute it as the 'Sustainability Committee' and to enhance the scope of Environmental Impact Assessments (EIAs) for large new projects in line with international best practice. We are progressing well on implementing their recommendations while retaining our focus on continuing to improve our safety performance; contributing further to local communities; continuing to manage and minimise our impact on air, water and land; and maintaining a dialogue with stakeholders on an ongoing basis.

Dividends

In line with our policy to progressively increase our dividend payments to shareholders, the Board has recommended a final dividend of 32.5 US cents per share, an increase of 18% that will be paid on 3 August 2011 to shareholders on the register on 8 July 2011. This takes the total dividend for the year to 52.5 US cents per share, 17% above last year.

Outlook

Looking forward, we anticipate continued growth in metal consumption led by India and China, with tight supply in specific markets – particularly for copper and zinc.

FY 2011–12 is an important year for Vedanta, with significant growth in our production capacities as we ramp up many of our organic expansion projects. Higher commodity prices are driving up input costs in our industry; we believe that our structurally low-cost assets, combined with our continuous improvement culture, will enable us to mitigate the effects of this phenomenon.

With our industry leading organic growth programme and the successful integration of our recent strategic acquisitions, Vedanta is very well placed to capitalise on the positive outlook for commodities demand and to continue to deliver growth and long-term value for our shareholders.

Anil Agarwal
Chairman
4 May 2011

Our Year in Review

May 2010

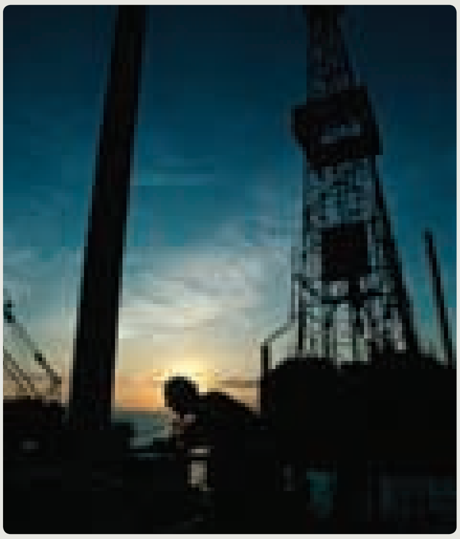
Announced acquisition of zinc assets of Anglo American plc

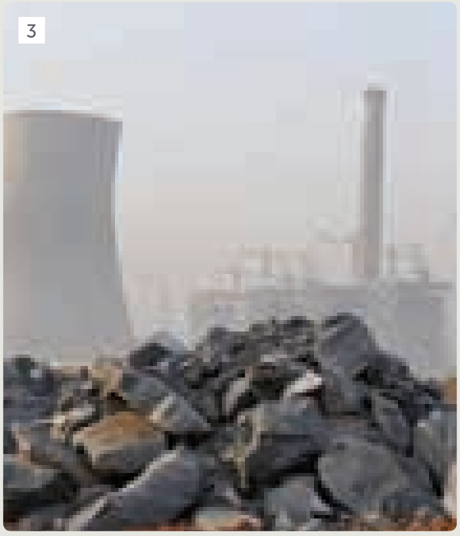
Announced the acquisition of Anglo American's zinc assets in Namibia, South Africa and Ireland, increasing our zinc capacity to 1.5mtpa, extending our geographic footprint and expanding our reserves. Subsequently, the acquisition was completed in February 2011.

August 2010

Commodity portfolio enhanced

Announced the acquisition of a majority stake in Cairn India, a leading player in the attractive oil and gas market in India. The acquisition is awaiting government approval.





June 2010

Boiler light up of first 600MW unit of 2,400MW Jharsuguda IPP

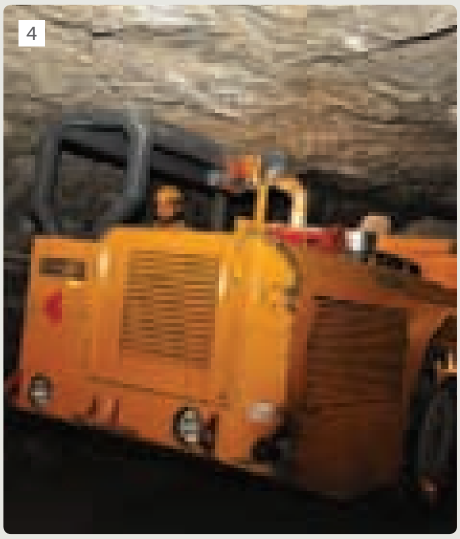
Boiler light up of first 600MW unit, which was the largest in the Indian private energy sector, at the Jharsuguda independent power plant in Orissa.

November 2010

Additional Commercial Energy capacity announced

Announced an additional 660MW unit at the Talwandi Sabo independent power plant in Punjab.

1 Underground miner operating a remote Load-Haul-Dump unit, Lisheen Mines.
2 Foundation work of water purification plant at Talwandi Sabo, SEL.
3 Exterior views of 2,400MW IPP Project, SEL Jharsuguda.



December 2010
Mill commissioned at silver-rich SK Mine

New 1.5mtpa mill commissioned to process silver-rich ore from the Sindesar Khurd mine.

January 2011
Significant expansion in wind power announced

Additional 150MW expansion of wind power generation capacity announced, which will make Vedanta one of the largest providers of wind power in India.

March 2011
Iron ore capabilities strengthened

Sesa Goa acquired the assets of Bellary Steel and Alloys' steel plant, giving Sesa a platform for value addition in the State of Karnataka.

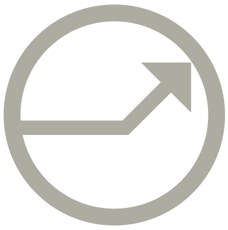
4 Excavation at SK Mine, HZL.
5 Wind farm at Karnataka, HZL.
6 Ore on conveyor at plants, Sesa.

Creating Shareholder Value

We are a world-class, diversified resources company, committed to providing superior returns and sustainable development.

Strategic aims

Growth

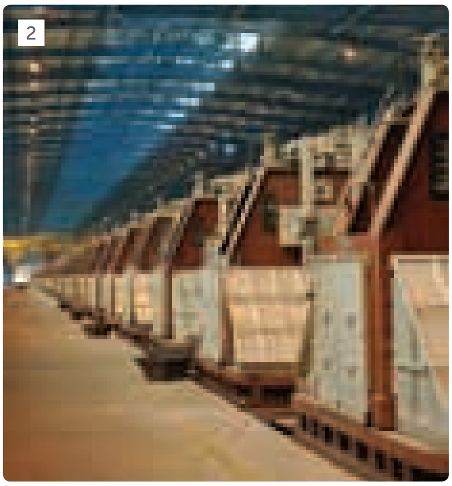


Organic growth

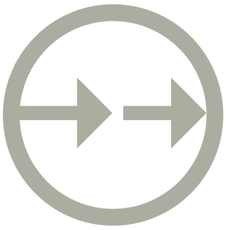
We continue to deliver on our industry leading growth programme spearheaded by multiple brownfield expansion projects and debottlenecking initiatives at well-established operations. We remain focused on exploiting the opportunities presented by the vast mineral resources and growing domestic demand in various markets.

Selective and value accretive M&A

Our track record of successful acquisitions has contributed substantially to our growth and we intend to pursue value-enhancing opportunities where we can leverage our skills and experience.



Long-term value



Optimise returns

We have a culture of continuous improvement and are focused on maintaining a low cost position at all our businesses.

Group structure

Our priority is to create value for all our shareholders and we seek to rationalise our group structure. We continue to buyback Vedanta shares and purchase shares of our subsidiaries.

Sustainability

Our stakeholders and communities

We aim to build long-term relationships with our stakeholder groups, maintaining a dialogue around our responsibilities towards society and the planet and contributing further to our local communities.

Health, safety and the environment

Our priority is to improve our health and safety performance providing safer conditions for every employee and contractor and to manage and minimise our environmental impact.

1 Aerial view of Tailings Leach Plant, KCM.
2 Pot room based on pre-baked technology, BALCO.
3 Women's self help group making *agarbatti* (incense sticks), BALCO.

KPIs	Achievements	Strategic priorities
> Revenue (US$ million) > EBITDA (US$ million) > Free cash flow (US$ million) > Capex spent (US$ million)	> Record volumes at Zinc-India, Copper-Zambia and Aluminium > Strong iron ore and power sales > 1.5mtpa mill commissioned at silver-rich SK mine > Two 600MW units at the 2,400MW Jharsuguda IPP operational > Acquisition of zinc assets of Anglo American completed	> Deliver significant total volume growth > Integrate Anglo American zinc assets > Seek further organic growth opportunities
> ROCE (%) > Underlying EPS (US cents) > Dividends (US cents/share)	> ROCE up at 21% > Continued growth of reserves and resources > Underlying EPS up 32% to US$2.63 > Final dividend up 18% to US cents 32.5 per share	> Grow reserves and resources by exploration > Re-invest strong free cash flow and maintain strong balance sheet > Focus on cost optimisation > Rationalise Group structure
> LTIFR > Women workforce > Community Engagement	> Sustainability Committee with increased remit and new Chief Sustainability Officer appointed > LTIFR reduced by 28% > Percentage of women workforce up at 8.5% > Significant reduction in water and energy consumption at operations > Community programmes covered 2.7 million people, living in 552 villages close to our operations	> Comply with Scott Wilson report and develop a comprehensive sustainability model > Continue to focus on health and safety improvement targeting zero fatalities > Manage our plants more efficiently to reduce our environmental footprint > Extend our outreach to help the communities where we operate

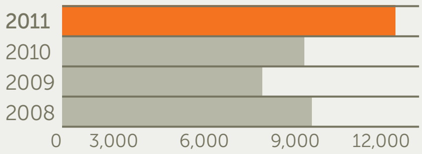
Key Performance Indicators

Vedanta has identified the key performance indicators that it believes are useful in assessing how well the Group is performing against its strategic aims.

They encompass both financial and non-financial measures and are set out opposite.

Growth

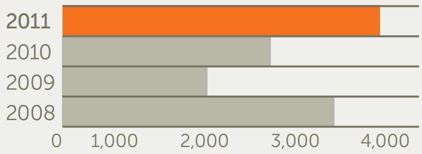
Revenue (US$ million)



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

Commentary
Whilst revenues were up 44.1% to US$11.4 billion, more importantly this was the result of increased volumes across our commodities, increasing diversification and reducing dependence to any specific sector.

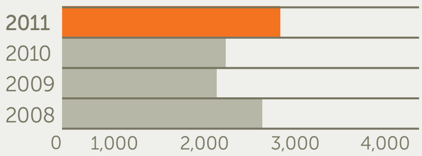
EBITDA (US$ million)



Description
Earnings Before Interest, Taxes, Depreciation and Amortisation is a factor of volumes, prices and cost of production. This measure is calculated by adjusting operating profit for special items, and adding depreciation and amortisation.

Commentary
The record EBITDA results – up 55.4% to US$3.6 billion – reflect increased volumes and strengthening global commodity prices. Inflationary pressures, particularly in the costs of raw material were mitigated to some extent by improved operational efficiencies

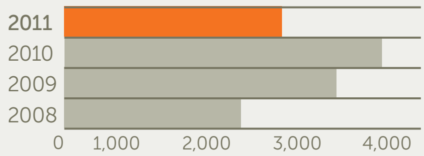
Free Cash Flow (%)



Description
This represents net cash flows before financing activities, investing activities in expansion projects and dividends paid out by Vedanta. This measure ensures that the profit generated by our assets is reflected by cash flow in order to fund future growth.

Commentary
We generated strong free cash flows at US$2.42 billion, reflecting the robust growth in production. The conversion of EBITDA to free cash was 67.9% in FY 2010–11 as compared to 79.0% in FY 2009–10. This was lower than in the previous year due to higher tax outgoings, additional working capital requirements at our newly commissioned plants and our copper custom smelting operations.

Capex Spent (US$ million)

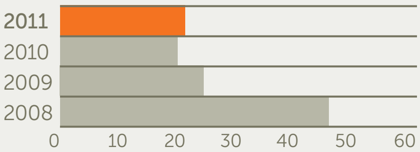


Description
This represents the amount invested in our organic growth programme during the year. A summary of the Group's projects are listed on page 49.

Commentary
We invested US$2.47 billion in expansion projects and US$239.5 million on sustaining capital expenditure to modernise our plant and equipment, to continually optimise and improve operational standards and to increase the scale of our operations.

Long-term value

ROCE (%)*

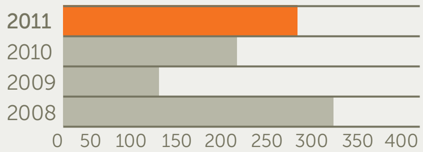


Description
This is calculated on the basis of operating profit before special items and net of tax as a ratio of capital invested in operations as at the balance sheet date, and excludes investment in project capital work in progress. The objective is to consistently earn a post-tax return above the weighted average cost of capital and this indicator measures the efficiency of our productive capital.

Commentary
ROCE without project capital work in progress in FY2010–11 was 21.0%, with the improvement over last year driven by optimising asset performance and on going capital investment.

*Excludes capital work in progress.

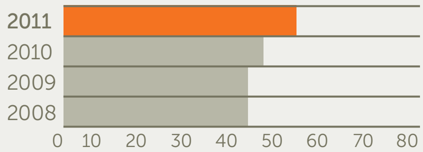
Underlying EPS (US cents)



Description
This represents net profit attributable to equity shareholders and is stated before special items and their attributable tax and minority interest impacts. By producing a stream of profits and EPS we will be able to pay a progressive dividend to our shareholders. EPS growth also demonstrates the management of our capital structure.

Commentary
Underlying EPS at US$2.63 per share continued to improve over last year, up by 32%.

Dividends (US cents per share)

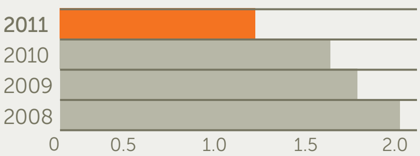


Description
Dividend per share (DPS) is the total of final dividend recommended by the Board in relation to the year and interim dividend paid out during the year.

Commentary
We have been able to maintain our commitment to a progressive dividend policy raising the dividend to 52.5 US cents per share this year, up 17%.

Sustainability

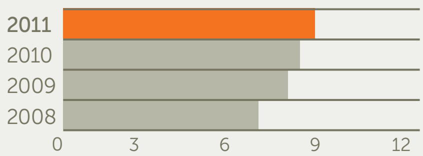
LTIFR



Description
The Lost Time Injury Frequency Rate (LTIFR) is the number of lost-time injuries per million man-hours worked. This includes our employees and contractors working in our operations but not incidents outside our plant boundary or in our projects.

Commentary
The Group saw a 28% fall in LTIFR during the year against the target of 20%. This was the continued result of a five-year focus on reducing accident rates within our boundaries that has seen a 71% reduction since 2005–06.

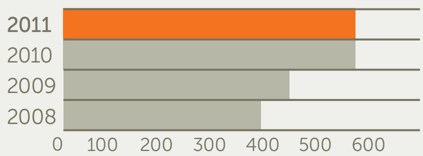
Women Workforce (%)



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

Commentary
During 2010–11, the number of women employed by the Group totalled 8.49% of the workforce. The Group is an equal opportunities employer, and engages women and men on equal pay scales and employment rights.

CSR footprint – No. of Villages



Description
This represents the geographical reach of the Group's community engagement.

Commentary
During the year, the Group worked in 552 villages, and the total population positively affected by our outreach rose to 2.7 million people.

Delivering growth

Our strategy in action

Expanding our capacity

Volume is ramping up at the silver-rich Sindesar Khurd mine, which will make us one of the largest silver producers in the world.

See page 31

Debottlenecking our infrastructure

Road improvement schemes in Goa will streamline the transportation of iron ore from our mines in Goa to the jetties on the coast.

See page 35

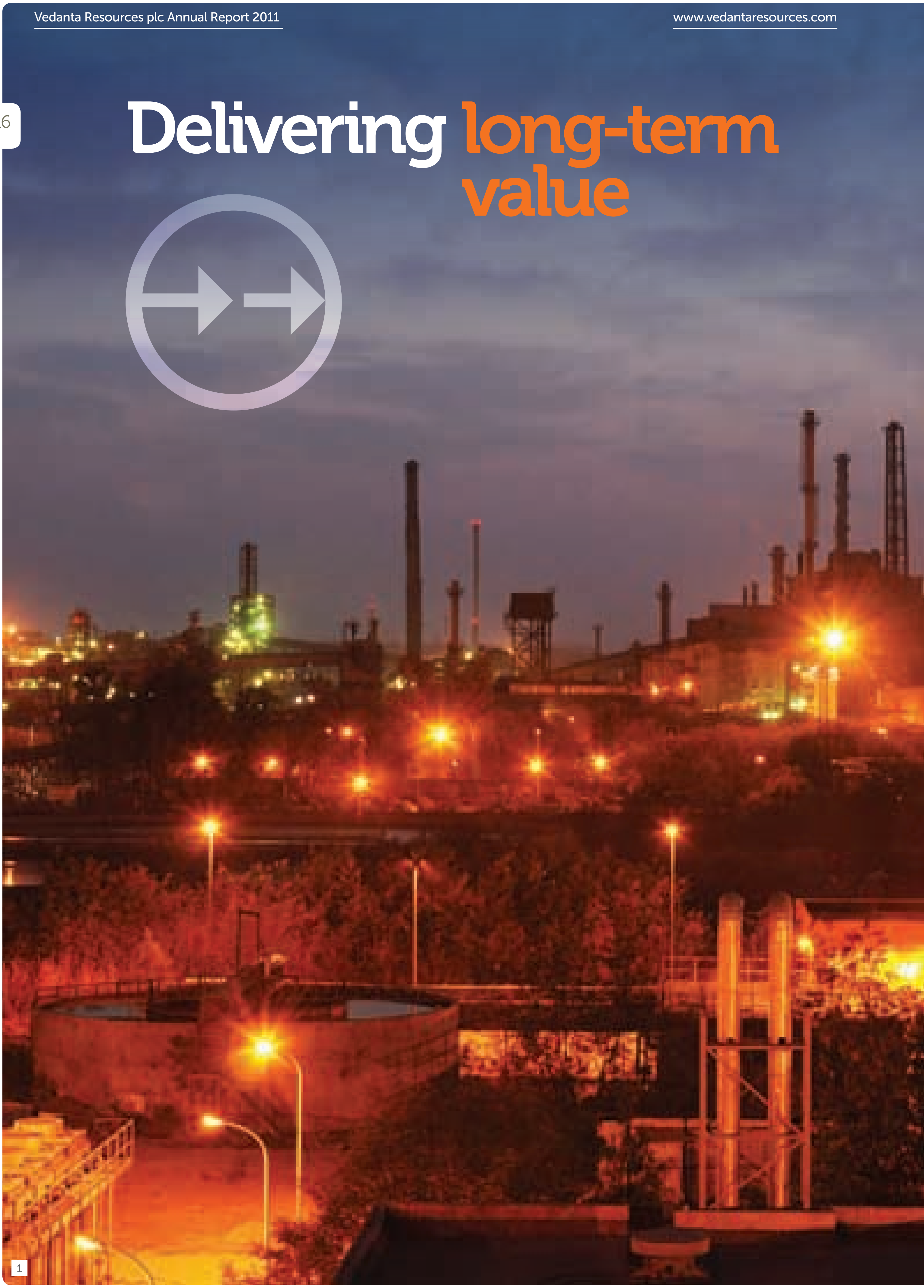
Extending our resources

Technological breakthroughs at the Nchanga Copper mine will extend access to a rich ore body that was earlier inaccessible, adding to our reserve base and extending the life of the mine.

See page 41

1 Coal handling plant at 1215MW CPP, VAL Jharsuguda.
2 Mine development at SK Mine, HZL.
3 Dry processing of iron ore, Sesa.
4 KDMP – Headgear of Shaft 4, KCM.

Delivering long-term value



Our strategy in action

2

Optimising production processes

A project to improve reliability of the stripping process at our Skorpion zinc plant has delivered impressive increases in productivity.

See page 33

3

Reducing energy costs

Switching energy sources to LNG at our Sterlite Rod Plant in Slivassa is yielding benefits and reducing copper conversion costs.

See page 39

4

Improving energy efficiency

An in-house design solution has reduced the voltage during downtime in the aluminium production process, lowering energy consumption and generating cost savings.

See page 43

1 Night view of Chanderiya smelting complex, HZL.
2 Aerial view of purification facility at smelter complex, Skorpion Zinc.
3 Copper wire rods at refinery, Sterlite Silvassa.
4 Hot metal tapping through Vacuum Ladle at Pot Room, BALCO.

Delivering sustainability

Our strategy in action

2

People and communities

The creation by a Vedanta subsidiary of a new haat (rural market) has brought new vitality to the village of Kamleshwarpur, where traders are now successfully attracting customers from across the area to substantially boost their income.

See page 25 of the SD Report

3

Environment

Breakthrough research by Vedanta and India's Central Road Research Institute has resulted in the innovative use of a zinc waste product, Jarofix, which can be used in road construction, reducing resource consumption and eradicating an environmental liability.

See page 13 of the SD Report

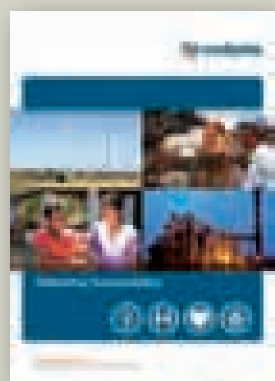
4

Nurturing people

Vedanta's continuous, organisation-wide talent management programme helps the Group to develop its future leaders from within. As a result, most of today's senior managers have spent their careers in different roles across the organisation.

See page 17 of the SD Report

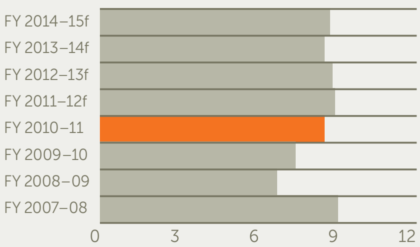
For more information see our Sustainable Development Report



1 Engineers with safety gear, Sterlite Tuticorin.
2 BALCO hospital.
3 Laboratory at Chanderiya smelting complex, HZL.
4 Engineers at Dariba smelting complex, HZL.

Market Overview

India GDP (%)



Source: Central Statistical Organization, Government of India and EIU Estimates

Vedanta produces a wide range of commodities having attractive market fundamentals: strong demand drivers including investment in infrastructure and industrial production, and rising prices reflecting global supply constraints.

World Markets

Commodity markets rebounded strongly in FY 2010–11 as inventories were restocked and industrial production rose in both developed and emerging economies. Commodity prices rallied from the second quarter with receding euro-zone debt fears and supply constraints.

Looking forward, global economic growth driven by emerging markets is likely to remain firm in the near term despite lower restocking demand and fiscal tightening measures in both developed and emerging economies. Overall, medium-term commodity demand remains robust as emerging economies, particularly India, China, South East Asia and Brazil, move through a resource-intensive phase of their economic development.

India

Over 40% of our revenue is generated in India where Gross Domestic Product (GDP) is estimated to have grown at 9.1% in real terms during FY 2010–11. Despite higher interest rates and inflation, this strong GDP growth is expected to be sustained, with urbanisation, industrialisation and rising incomes driving the demand for metals and energy.

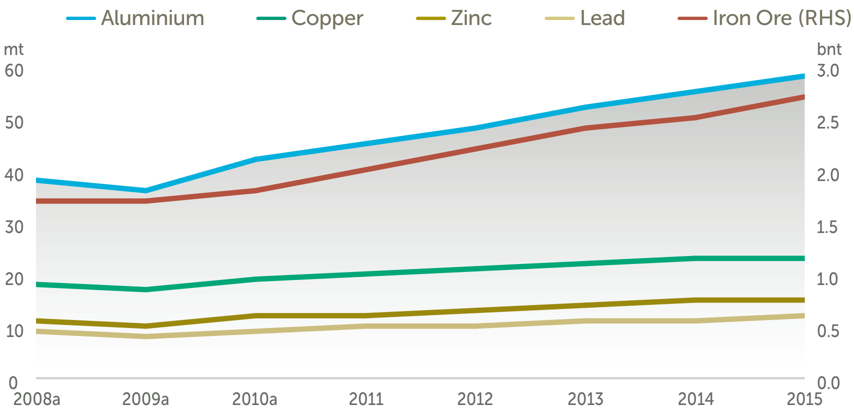
Large scale investments in public infrastructure of US$475 billion and US$1 trillion expected during the five-year plan periods of 2007–12 and 2012–17, respectively, are expected to underpin overall economic growth. This includes a US$100 billion investment towards adding 90GW of power generation capacity. Also, household income is projected to grow at a compound annual growth rate (CAGR) of more than 5%, leading to higher demand for residential properties and a spurt of housing infrastructure construction projects. Overall, the above mentioned factors are key drivers influencing the strong growth expected in demand for metals in India in the foreseeable future.

Aluminium

The aluminium industry in India is largely self-sufficient with production mostly meeting demand. Only a small percentage of India's 1.7mt aluminium output in 2010 was exported. Aluminium consumption in India is one of the

1 Ingot Storage area Chanderiya Hydro smelter, HZL.

Commodity consumption



Source: Brookhunt, RBS forecast

lowest in the world at around 1.5kg/ per person. With increasing demand for metals in India, current forecasts suggest that primary aluminium consumption in India will reach 2.4mt by 2014, overtaking Japan. As the largest supplier to the domestic market, Vedanta is well positioned to respond to this rising demand.

Copper

During the financial year 2010–11, overall copper consumption in India grew by 4%, despite rising LME prices. Forecasts suggest that copper consumption will continue to grow with the fast-expanding power sector fuelling demand for value-added products such as copper rods.

Vedanta's subsidiary, Sterlite, has about a 50% share of the domestic market and also exports 32% of its output to China, South East Asia and the Middle East putting it in a strong position to benefit from the increasing momentum in manufacturing, and continued deficit in global copper supply.

Zinc

Consumption of refined zinc in India was 500kt in 2010, which represented about 4% of global demand and is expected to increase substantially. Zinc production is closely aligned to steel production, as zinc is used in the galvanization process to produce steel. Steel production in India is about 68mt currently, and is projected to almost triple to 200mt in 2020, which will translate into over 1,500kt of zinc consumption.

With increasing demand for metals in India, zinc consumption is forecasted to grow 8% in the next two years. 37 major projects across infrastructure and construction have been approved by the Indian government including the electrification of various railway lines, expansion of ports, construction of new airports and installation of additional power plants. The growing domestic automotive and white goods markets will also support the robust growth in demand.

Asia (excluding China and Japan), which is one of our key export markets, is poised to grow at 9% in the year 2011. Emerging economies, led by China, are in a high growth phase, and zinc consumption here will continue to grow at 8–10% during next five years. As one of the largest zinc producers in the world, Vedanta's subsidiary, Hindustan Zinc Limited (HZL) is set to benefit from both the buoyant domestic market and the strong growth in its main export markets.

Iron ore

As about 90% of Vedanta's iron ore is exported, production at our Sesa Goa subsidiary is closely aligned to global demand, specifically steel production. Following demand contraction during the global economic crisis, steel production rebounded strongly in 2010, up by 15%. China accounts for almost half of the world's steel production and its new five year plan proposes a major expansion of low cost housing, which will further increase the construction industry's demand for steel and iron ore.

Crude steel output growth is already driving Chinese iron ore imports to record levels and these are forecasted to increase by about 8%–15% year-on-year. The seaborne iron ore market has remained tight with some supply constraints, including higher duties on Indian exports and the temporary restriction on exports from Karnataka. Overall, Vedanta remains well positioned to capitalise on the robust long-term demand growth in the global iron-ore market.

Sources: Union Budgets, Planning commission's report on Infrastructure for the Eleventh Five Year Plan, Ministry of Steel – Government of India, Word Steel Association, EIU, Brookhunt, Metalytics, Company sources.

Sustainability Summary
Our approach and strategy

1

2

3


Our commitment to sustainable development
It is very important to Vedanta Group and all our stakeholders that sustainable development is embedded in our overall business strategy.

A key element of this commitment is to report our sustainable development activities in line with the Global Reporting Initiative's G3.1 Sustainability Reporting Guidelines. This is in line with the recommendations of the independent Scott Wilson Report, published in November 2010, which recommended changes to our reporting practices. This report now gives us the cornerstone required to deliver a fully integrated, consistent and global approach to sustainable development reporting that fully reflects industry best practice.

A detailed report on the Group's SD performance in 2010–11 can be found in our sustainable development report, and more information is available on our website (www.vedantaresources.com).

Assuring strong Group-wide SD governance
Vedanta Group has a well-defined sustainability framework comprising governance structures and policies for health and safety, for the environment and for corporate social responsibility.

As an important element of these wider governance practices, during the year under review the Board of Directors launched the Group's new Sustainability Committee with a significantly wider remit than the former Health, Safety and Environment Committee that it replaced.

The new Committee will support and advise the Board on all aspects of sustainability, in line with the findings of the independent Scott Wilson Report on our sustainability practices. This involves quarterly meetings to guide the Group's overall sustainable development strategy, to set annual targets and to monitor progress against them. Its recommendations are to be taken forward by senior management at each site, who in turn are supported by site-level sustainability professionals.

The Committee also ensures that there are in place the effective management systems that ensure sustainability risks are assessed and managed correctly. Further, additional elements have been included in the Group's Code of Conduct and Value Statement after receiving Board approval on 17 March 2011. Full lists of the previous HSE Committee whose membership met during the year are on page 67 of this annual report.

Aiming for zero harm
The health and safety of all employers and contractors is a top priority for us, and the year saw a 28% fall in the Lost Time Incidents Frequency Rate (LTIFR) against the business plan target of 20%.

This was the continued result of a five-year focus on reducing accident rates that has seen a 71% reduction since 2005–06. To ensure such ongoing improvement, safety experts carry out internal and external audits at all locations to suggest how technology, processes and behavioural safety can all be achieved. As a critical element of this ongoing focus, over 233,000 man-days of safety training were delivered across the Group during 2010–11.

Sadly, the year also saw a highly regrettable loss of life, with a total of two employee and 24 contractor fatalities occurring across Group operations and projects. Learnings have now been shared across the Group and preventative actions taken.

Reducing our environmental footprint
29 of the Group's 33 major plants are now accredited to the ISO14001 environmental management standard. During the year, we invested US$130.6 million in environmental management activities including waste water and solid waste management, pollution control and monitoring.

1 Farmer covered under Vedanta's sustainable farm-based livelihood programme.
2 Engineers at Konkola copper mine shaft, KCM.
3 Engineers at Sterlite Tuticorin.
4 Children playing at Vedanta Anganwadi (child care) Center.

Key operating subsidiaries also achieved significant reductions in energy consumption, including KCM (–17%), VAL-J (–6%), BALCO (–5%) and VAL-L (–3%). It is projected that a saving of 3.95 million GJ of energy saving has been made through the conservation initiatives adopted in the year.

Specific water consumption meanwhile fell at BALCO by 49%, at Sesa by 18%, by 20% at VAL Jharsuguda and by 20% at KCM.

We are developing a Water Management Policy, and all Group companies aim to recycle all wastewater in water-stressed areas.

We added Water management to our risk matrix this year and will review risks and opportunities related to climate change. We have also successfully registered four Clean Development Mechanism (CDM) projects, which between them have the potential under the Kyoto Protocol to deliver some 405,000 Certified Emission Reductions (CERs) each year.

The Group is also committed wherever possible to enabling the use of its waste products as building materials. To this end, during 2010–11 around 1.85 million tonnes of fly ash and 0.994 million tonnes of slag were used in cement manufacturing and road construction.

We are reviewing our land-management practices to develop Land Management and Biodiversity Policies, and are conducting several initiatives to protect or restore habitats. We also planted 759,000 trees across our operations during the year, bringing the total to 11.72 million. We carried out a gap analysis on our Environmental Impact Assessments (EIAs) versus international standards for greenfield projects, and will create a supplementary study to close the gaps identified.

Caring for workforce and community health

All Vedanta sites have medical facilities, and 74,752 employees and contractors underwent health examinations including blood lead, audiometric tests and spirometry tests ECGs and chest x-rays during the year. No cases of occupational health disease required reporting to the Indian government during the year, although some tuberculosis cases were found and dealt with appropriately.

Key achievements during the year included help for 146,815 children through the 3,288 Vedanta Bal Chetna Anganwadi centres and support for 6,500 farmers on 4,714 acres across 244 villages.

4

We also implement healthcare programmes in partnership with local health authorities and NGOs in local communities to address the main health issues affecting each area, including the threat of HIV/AIDS affecting its African operations.

Leadership opportunities for Group employees

As a Group that values above all the contribution of its people to its success, we seek to build and provide a flexible, flat and learning organisation that has resulted in an engaged and high-performing workforce. Around 8,500 of the total workforce are in professional roles.

With a total of 31,171 full time and 58,198 contract employees across our operations in India, Africa and Australia, we delivered an average 52 man-hours of training per employee during 2010–11. Such support starts at the point of recruitment with an intensive induction programme. It is followed up by highly effective talent and performance management programmes that identify and reward high performers, helping us develop our future leaders from within.

As a result, the Group's employee attrition rates are low.

Enhancing community education and livelihood

During 2010–11, we worked with over 167 partners, including NGOs and government bodies, academic institutions and private hospitals to help improve the quality of life and socio-economic wellbeing of over 2.7 million people in 552 communities in and around our operations. With an overall CSR spend of US$36.56 million and the support of 68 fulltime personnel and 170 volunteers, we aimed to contribute to the development of empowered and sustainable societies.

With a twin focus on social and bio-investment, we participated in projects driving improvements in health, education and livelihood as well as areas such as water harvesting, agriculture and social forestry – many case studies may be found on the Group website at (www.vedantaresources.com).

Based on specific and achievable objectives, measurable deliverables and replicable benefits, each project ensures that by the time Vedanta and our partners withdraw the community has the resources and knowledge required to continue developing and reaping its benefits.

Board of Directors

Anil Agarwal, aged 58
Executive Chairman
Mr Agarwal, who founded the Group in 1976, is also Chairman of Sterlite and is a Director of BALCO, HZL, and Vedanta Aluminium Ltd. Since 1976 the Group has grown under his leadership, vision and strategy. Mr Agarwal has over 30 years experience as an industrialist.

Navin Agarwal, aged 50
Deputy Executive Chairman
Mr Agarwal is responsible for directing the Group's business strategy and managing its overall growth, and chairs the Group's Executive Committee. In this role, he oversees the planning and completion of the pipeline of strategic growth projects. Mr Agarwal also oversees inorganic growth, strategic treasury and capital-raising initiatives and global investor relations, as well as developing and managing the leadership talent of the Group.

MS Mehta, aged 55
Chief Executive Officer
Mr Mehta joined the Board as the Chief Executive Officer in October 2008 and is also a member of the Executive Committee and the Sustainability Committee. Prior to becoming the CEO of Vedanta Resources, he was the CEO of Hindustan Zinc Limited. Since joining the Group in 2000, he has held various positions including the Head of Copper Business and as Group Commercial Director (Base Metals).

Prior to joining the Group, he has worked for about 20 years in the steel sector. Mr Mehta is a BE (Mechanical) and an MBA from the Indian Institute of Management, Ahmedabad.

Naresh Chandra, aged 76

Non-Executive Director

Mr Chandra joined the Board in May 2004. Mr Chandra was Home Secretary in India in 1990, Cabinet Secretary from 1990 to 1992, Senior Adviser to the Prime Minister of India from 1992 to 1995 and the Indian Ambassador to United States of America from 1996 to 2001. He was Chairman of the Indian Government Committee on Corporate Governance from 2002 to 2003.

He is chairman of National Security Advisory Board. He was given the prestigious civilian award of Padma Vibhushan by the President of India. Mr Chandra has a Master's degree in Mathematics from Allahabad University.

Aman Mehta, aged 64

Non-Executive Director

Mr Mehta, a senior banker, joined the Board in November 2004, following his retirement from HSBC where he had a career spanning 36 years. He held numerous positions, including that of Chairman and Chief Executive Officer of HSBC USA Inc. (the New York based arm of HSBC Holdings plc), and as Deputy Chairman of HSBC Bank Middle East, based in Dubai with responsibility for the HSBC Group's operations in the Middle East.

In 1999, Mr Mehta was appointed the Chief Executive Officer of the Hong Kong and Shanghai Banking Corporation, a position he held until his retirement. Mr Mehta has a Bachelor's degree in Economics from Delhi University. In addition, he is also a member of the Board of Governors of the Indian School of Business in Hyderabad, India. He now resides in Delhi and is a member of a number of Corporate and Institutional Boards in India as well as overseas.

Euan Macdonald, aged 71

Non-Executive Director

Mr Macdonald spent over 20 years with S.G. Warburg, specialising in emerging market finance. From 1995 to 1999, Mr Macdonald was the Chairman of SBC Warburg India, responsible for all the bank's activities in India, and then from 1999 to 2001, he was the Executive Vice Chairman of HSBC Securities and Capital Markets, India. Mr Macdonald has a Bachelor's degree in economics from the Cambridge University and a Masters degree in finance and international business from Columbia Business School.

Senior Management

The Executive Committee supports the Board and essentially supervises the operational performance of the Group. The Executive Committee is chaired by Mr Navin Agarwal and comprises of Mr Anil Agarwal, Mr M.S. Mehta and the following members:

Tarun Jain
Director of Finance, Sterlite

Mr Jain is also a director of Bharat Aluminium Co Ltd, Vedanta Aluminium Ltd, Sterlite Infra Ltd, Sterlite Shipping & Ventures Pvt Ltd, Sterlite (USA) Inc and Twinstar Holdings Ltd. He is responsible for strategic financial matters at Group level. Mr Jain has been with Sterlite since 1984 and is a graduate of the Institute of Cost and Works Accountants of India, a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

DD Jalan
Chief Financial Officer

Mr D.D. Jalan is the Chief Financial Officer of Vedanta Resources Plc. Mr Jalan joined Sterlite in January 2001 as President of Australian operation responsible for its mining operation and moved to the position of Chief Financial Officer of Sterlite Industries Ltd. and then to Chief Financial Officer of Vedanta Resources Plc. Mr Jalan is a Chartered Accountant and has over 32 years of experience in leadership position of companies in engineering, mining and non-ferrous sector.

Akhilesh Joshi
Chief Operating Officer and Whole Time Director, Hindustan Zinc Limited (HZL)

Mr Akhilesh Joshi is the Chief Operating Officer and Whole time Director of Hindustan Zinc Limited and was appointed on the Board with effect from October 2008. He joined the Company in 1976. Prior to becoming the Chief Operating Officer of Hindustan Zinc, he was Senior Vice President (Mines), responsible for the overall operations at all mining units. Mr Joshi has a Mining Engineering degree from MBM Engineering College, Jodhpur and a Post Graduate Diploma in Economic Evaluation of Mining Projects from School of Mines, Paris. He also has a first class Mine Manager's Certificate of Competency. He is the recipient of National Mineral Award in 2006 for his outstanding contribution in the field of Mining Technology. He is also the Director of Madanpur South Coal Company Limited.

M Siddiqi
Group Director, Projects

Mr Siddiqi is the Director of Projects at Vedanta. He joined Vedanta in 1991 and was responsible for Vedanta's Copper Rod plant. He then moved to the Copper smelter and refinery at Tuticorin and subsequently to the Aluminium business at Korba where he was responsible for the overall commissioning of the Korba plant as Project Director. Prior to joining the Group, Mr Siddiqi held senior positions in Hindustan Copper Limited. He has over 32 years of industry experience, including more than 15 years at senior level project management positions within Vedanta. Mr Siddiqi received his Bachelors degree in Mechanical Engineering from the Indian Institute of Technology, New Delhi.

Pramod Suri
Chief Executive Officer, Vedanta Aluminium Limited (VAL) and Whole Time Director, Sterlite Energy Limited (SEL)

Mr Suri is the Chief Executive Officer, VAL and Whole Time Director of SEL. He was the CEO of Aluminium Operations from February 2008 till April 2011. He has been responsible for Vedanta's Aluminium business at BALCO as President & Whole Time Director since December 2006. Prior to this role, he was the Senior Vice President – Operations and Head of the new Korba Smelter from September 2004 to December 2006.

He has held various positions in companies like Indian Aluminium Company, CEAT Ltd, Goodyear South Asia Tyres & JK Tyres Pvt Ltd.

He has done his M.S (Science) from the Indian Institute of Technology, Delhi.

P K Mukherjee
Managing Director, Iron Ore Business

Mr Mukherjee is the Managing Director of our iron ore business since April 2006. Mr Mukherjee holds a Bachelor of Commerce (Honors) from Calcutta University and has around 31 years of experience in finance, accounts, costing, taxation, legal and general management. Mr Mukherjee joined Sesa Goa in April 1987 and held various positions before taking up the position of Director Finance from July 2000. He was elevated to the position of Managing Director in April, 2006. Mr Mukherjee is a fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost and Works Accountants of India. Mr Mukherjee has been rated as one of India's Best Chief Financial Officers (CFOs) in the year 2005 by Business Today magazine and in Business World magazine declared Mr Mukherjee as India's most Valuable CEO in the year 2009.

Rajagopal Kishore Kumar
Chief Executive Officer, Zinc International Business

Mr Kumar joined the Group in April 2003 as Vice President – Marketing for Hindustan Zinc Limited. He was Senior Vice President – Marketing for our copper India division from June 2004 to December 2006 and thereafter anchored the role of the CEO of Sterlite Industries India Ltd and Konkola Copper Mines Plc in Zambia. He moved to Zinc International Business in early 2011 with the acquisition of Anglo American's Zinc assets. He has 26 years of experience and expertise in accountancy, commercial, marketing, supply chain management, mergers and acquisitions and human capital development. Prior to joining the Group, Mr Kumar was employed by Hindustan Lever Ltd for 12 years. Mr Kumar is a member of the Institute of Chartered Accountants of India.

Jeykumar Janakaraj
Chief Executive Officer and Whole Time Director, Konkola Copper Mines
Mr Janakaraj joined the Group in September 1995 at Sterlite Copper and moved to HZL in July 2002 to head the expansion projects. He has a Mechanical engineering degree from PSG college of Technology, Coimbatore. He has his expertise in operations, maintenance and projects. Mr Janakaraj was with ESSAR steel between from 1992 to 1995. He is the Gold medalist from Indian Institute of metals in 2006 and 2008 for his contribution and leadership in the Indian non-ferrous space. He is also distinguished and listed by the International Who's Professionals in 2009.

Dilip Golani
President, Management Assurance Function
Management Assurance function in the Group is currently headed by Dilip Golani. He headed Management Assurance function of the Group earlier as well during the period April 2000 to July 2004. Dilip headed Sales & Marketing for Hindustan Zinc Limited and Group Performance Management function during the period August 2004 to November 2005.

Prior to joining the Group in April 2000, Dilip was working with Unilever. He was member of the Unilever Corporate Audit Team responsible for auditing Unilever group companies in Central Asia, Middle East and Africa Region. In his earlier stint there, Dilip was responsible for managing Operations & Marketing functions for one of the exports businesses of Unilever India (Hindustan Unilever Limited). Dilip has over 20 years' experience and has earlier worked with organisations like Ranbaxy Laboratories Limited and Union Carbide India Limited.

Dilip is a Mechanical Engineering graduate and has done his post-graduation from NITIE, Mumbai in Industrial Engineering & Management.

Gunjan Gupta
Chief Executive Officer and Whole Time Director, Balco
Mr Gupta joined the Group in September 1999 and handled various Marketing positions at Sterlite Industries (India) Limited and BALCO. He took over as the Head of Smelter at Balco in February 2007 and later became the Chief Executive Officer and Whole Time Director of BALCO in 2008.

Prior to joining the Group, Mr Gupta has worked in the sales and marketing division at Tata Steel in various capacities. He has also worked with the Arcelor Mittal Group and was the Director of Global Sales of long steel products for the Central European Steel operations of the group.

He is a chemical engineer from IIT Roorkee and an MBA, with specialisation in Marketing and Finance, from FMS Delhi.

A Thirunavukkarasu
President, Group Human Resources
Mr Thirunavukkarasu joined the Group in April 2004 as General Manager – HR. He became Senior Vice President – HR for our Copper Division heading the human resources, total quality management, corporate social responsibility and public relation functions, prior to becoming the Head of Group Human Resources in July 2007. He held positions in English Electric, Hindustan Lever and TVS Electronics before joining our Group. He holds a Bachelor degree in Literature and Master's degree in Social Work with Personnel Management and Organisational behaviour as his specialisation.

Operational Review
Introduction to Business Review

Key factors influencing EBITDA increase in FY 2010–11

- Higher London Metal Exchange (LME) prices of copper, aluminium, zinc, lead and higher Net Sales Realisation (NSR) of iron ore increased EBITDA by ~US$1,450 million;
- Higher volumes resulted in EBITDA gain of ~US$250 million;
- Additional EBITDA resulting from the acquisition of zinc assets from Anglo American US$101 million;
- Higher operating costs mainly due to the increase in input prices, rail freight, coal and higher stripping costs negatively impacting EBITDA by ~US$350 million;
- EBITDA negatively impacted by adverse net foreign exchange movement of ~US$110 million; and
- Increase in royalty costs reduced EBITDA by ~US$110 million;
- Others items reduced EBITDA by ~US$40 million.

EBITDA by businesses

(in US$ million, except otherwise stated)	FY 2010–11	FY 2009–10	% Change
Aluminium	258.2	154.9	66.7
Copper	681.4	317.7	114.5
India/Australia	241.5	165.9	45.6
Zambia	439.9	151.8	189.8
Zinc	1,321.5	982.8	34.5
India	1,220.2	982.8	24.2
International	101.3	–	–
Iron Ore	1,174.1	673.0	74.5
Energy	137.8	170.7	(19.3)
Others	(6.2)	(3.2)	–
Total	3,566.8	2,295.9	55.4

Summary

Global economic growth exceeded our expectations in the Financial Year ('FY') 2010–11, although the global economy remained volatile. Commodity prices declined at the start of the year but recovered in the second half, as European Sovereign debt concerns receded and developed economies started to stabilise. Demand from the Asian economies remained robust and was the key driver of growth.

The strong growth story in India continued with consumption of basic commodities increasing throughout the year. From Vedanta's perspective this meant our sustained investment in the down turn of 2008–09, reaped rewards. Against the backdrop of this favourable increase in demand and strong prices, we delivered record production and a very strong set of results across our businesses as we focused on delivering operational excellence and sustained volume growth.

During FY 2010–11 we completed the acquisition of the zinc assets of Anglo American Plc. ('Zinc International'). These assets comprises of Skorpion mines in Namibia, Lisheen mines in Ireland and 74% ownership of the Black Mountain mines in South Africa, which includes the Gamsberg project. Vedanta is the world's largest integrated zinc-lead producer and has significant operating expertise with zinc and lead. The zinc assets acquired from Anglo American plc have an excellent operational and strategic fit and are expected to create significant long-term value.

As a result of improved operational performance, and higher prices, we achieved record EBITDA of US$3.6 billion in 2010–11, a 55.4% increase compared to the US$2.3 billion achieved in 2009–10. Most of our businesses delivered volume growth, with significant increases in Zinc, Aluminium, Commercial Power and Copper from our Zambian operation. The volume growth, combined with the higher prices, largely contributed to the increase in EBITDA during the year. Our focus on continued asset optimisation and reduction of controllable costs remains key to delivering excellent results and long-term value.

Group Results

Group revenues in FY 2010–11 grew strongly to US$11,427.2 million, up 44.1% as compared with the previous year. EBITDA was also significantly higher, up 55.4% at US$3,566.8 million (FY 2009–10: US$2,295.9 million). The increase in revenues and EBITDA reflected higher volumes, higher prices, and higher by-products credit. This was partially offset by higher operating costs resulting from rising energy costs, higher royalties and export duty rates and a new green tax on coal.

EBITDA margin was 31.2% in FY 2010–11 compared with 29.0% in FY 2009–10. Excluding copper custom smelting operations, our EBITDA margin in FY 2010–11 was 44.6%, (FY 2009–10, 42.8%)

Conversion of EBITDA to free cash flow for the financial year was lower at 67.9% compared with 79.0% in FY 2009–10. This was mainly impacted by higher tax outflow due to increased tax rates as well as increased levels of working capital largely due to higher commodity prices and to support higher levels of production.

We maintained our strong balance sheet and funding position, with cash and liquid investments totalling US$7.8 billion. We generated free cash flow of US$2.42 billion which broadly met the growth capex of $2.47 billion. After investing US$1.04 billion net of cash available with acquired entities, on Zinc International, the net debt as at 31 March 2011 was US$1.97 billion (31 March 2010: US$0.95 billion) and our gearing ratio was 12.6%.

We continue to deliver on our strategy of adding more resources in excess of mining depletion. Exploration focus yielded excellent results during the year as follows:

> 1.4mt contained metal added to Reserves and Resources (R&R) in the zinc–India business, extending the mine life to 31 years at planned production capacity.
> 17.7mt contained metal added to zinc R&R with the acquisition of Anglo Zinc assets.
> 53mt added to R&R in the Iron Ore business, extending the mine life to nine years at planned production capacity.
> Continued exploration success at KCM with addition of c.10mt (excluding tailings and refractory ore stockpiles) in R&R, extending mine life to 35 years at planned production capacity.

Strategy

Our strategy of focusing on growth, long-term value creation and sustainability remained consistent throughout and has helped us generate strong returns and create value for our shareholders. The business wise strategic priorities has been discussed in the respective business sections.

Organic Growth

Our organic growth programme continues to deliver results during the financial year generating increases in volume across our businesses. During the year, we spent US$2,471 million on our organic growth programme and good progress was made on other ongoing expansion projects. The highlights of the year include:

> 1.5mt mill was commissioned at silver-rich Sindesar Kurd (SK) zinc-lead mine, a year ahead of schedule and the mine production is ramping up well.
> One unit out of 4 x 600MW power plant units at Jharsuguda came on stream during the year and a second unit is under trial. Balance 2 unit's construction is progressing well and scheduled to be commissioned in Q3 FY 2011–12 & Q1 FY 2012–13, coinciding with commissioning of additional power evacuation facilities.
> To further enhance the returns from the power plant project being set up at Talwandi Sabo in the state of Punjab, we signed a MoU with the Punjab State Government to add a fourth 660MW super critical power unit. The power generated by this additional unit will largely be sold in the merchant market and will help significantly enhance returns from the Talwandi Sabo power project as a whole. Overall, the 2,640MW (4 x 660MW) power project is progressing as planned.
> Construction of a 1,200MW power plant at BALCO is progressing well and the first unit is expected to commence power generation in Q2 FY 2011–12, followed by commissioning of the units by Q3 FY 2011–12, Q4 FY 2011–12 and Q1 FY 2012–13.
> We also announced 150MW expansion of wind power generation capacity at Hindustan Zinc, at a capital cost of $190 million. The first phase of 48MW was commissioned in the last quarter of FY 2010–11 and the balance of 102MW is scheduled for commissioning in the Q2 FY 2011–12.
> The 100ktpa lead smelter at Dariba is expected to be commissioned by end of Q1 FY 2011–12.
> The construction of a 160MW power plant at Tuticorin is progressing well and the first unit is now scheduled for commissioning in Q4 FY 2011–12.
> The 400ktpa copper smelter expansion project at Tuticorin has been re-scheduled awaiting approval from the State Pollution Control Board.
> As already announced, we have put on hold any further construction at Lanjigarh Alumina Refinery Expansion Project, while we continue to work on completing the smelter expansions, 1.25mt at Jharsuguda and 0.325mt at Korba.

We believe all these initiatives will create significant long term value for all stake-holders.

Inorganic Growth

In line with our acquisitions strategy, we successfully completed the acquisition of zinc assets from Anglo American ('Zinc International') during the year. These assets are an excellent operational strategic fit and will create significant long-term value for shareholders. This acquisition will consolidate our position as the world's largest zinc-lead producer underpinned by a long mine life, in addition to creating opportunities for further growth with the development of the 186mt Gamsberg deposit.

We also announced the acquisition of a majority stake in Cairn India Ltd. in August 2010. The proposed acquisition of Cairn India Ltd. will provide us with an entry into the attractive oil and gas sector in India and a strong platform for growth. With de-risked assets and operations ramping-up at Cairn India Ltd., the acquisition will further strengthen our position as a growing diversified natural resources major. Facilities to finance the transaction have been put in place. Post receipt of approval from the Securities & Exchange Board of India (SEBI), the open offer at Rs.355 per share has been conducted by our subsidiary, Sesa Goa Ltd., for 20% of the outstanding shares of Cairn India. The open offer closed on 30 April 2011, and ~8.1% shares were tendered. Sesa Goa also acquired 10.4% of shares of Cairn India from Petronas in a block transaction at Rs. 331 per share for a total consideration of $1,478 million.

1 Conveyor belt at Bauxite handling area, VAL Lanjigarh.

Operational Review continued

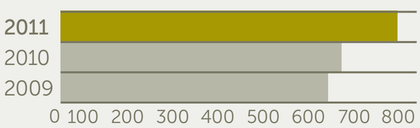
Zinc/Lead/Silver

Hindustan Zinc (HZL)

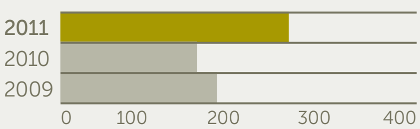
Strategic Priorities

- Retain and further sharpen our relative cost competitiveness.
- Continue to focus on adding reserves and resources in excess of mining depletion.
- Deliver ramp-up of silver production.

> Production (kt)



> EBITDA (US$ million)



Review of Performance

The performance of our Zinc business in FY 2010–11 is set out in the table below.

Zinc India

(in US$ millions, except as stated)	FY 2010–11	FY 2009–10	% change
Production – Zinc (kt)			
Mined metal content	752	683	10.1
Refined metal	712	578	23.2
Production – Lead (kt)			
Mined metal content	88	86	2.3
Saleable metal	57	64	(10.9)
Production – Saleable silver (moz)	4.76	4.46	6.7
Average LME zinc cash settlement prices (US$ per tonne)	2,185	1,936	12.9
Average LME lead cash settlement prices (US$ per tonne)	2,244	1,990	12.8
Unit costs			
Zinc (US$ per tonne)	990	850	16.5
Zinc (Other than Royalty) (US$ per tonne)	808	698	15.8
Revenue	2,152.8	1,651.7	30.3
EBITDA	1,220.2	982.8	24.2
EBITDA Margin	56.7%	59.5%	–
Operating Profit	1,117.8	918.4	21.7

712kt Zinc production

57kt Lead production

4.76moz Silver production

Market Overview

Global zinc demand rebounded strongly in 2010, growing by 14.8% following a fall of 9.4% in 2009, at 11.6mt. Urbanisation and increased spending on infrastructure in developing countries have continued to be the key driver of demand growth. While long-term global demand is expected to grow at 3–4% per annum, the near term demand growth in Asia (excluding China), our key export market, is poised to grow at 7%. India, where our main zinc facilities are located, continues to present a promising growth trajectory on the back of low per capita zinc consumption at 0.45kg as compared to the global average zinc consumption of 1.8kg per capita zinc.

Hindustan Zinc Limited ('HZL'), our Indian zinc-lead-silver business, has been successful in maintaining around 82% market share in the local zinc market, registering a 7% year-on-year growth.

Production Performance Zinc India

Improved operational performance and ramp up of enhanced capacity at our mines contributed to an increase in mined metal production of zinc and lead in FY 2010–11, up 9.0% to 840kt. The new mill at the mine achieved 84% capacity utilisation in March 2011.

Refined zinc production also rose substantially to 712kt, an increase of 23.2%, primarily due to additional volumes from the newly commissioned zinc smelter at Dariba. Lead production was 57kt, a decrease of 7kt over the previous year. Higher silver content in the ore was the key factor behind the record silver production of 4.76 million ounces in FY 2010–11, 6.7% higher than the 4.46 million ounces produced in FY 2009–10.

Unit Costs

The unit cost of production in FY 2010–11, excluding royalties, rose 16.5% to US$808 per tonne compared with US$698 per tonne in FY 2009–10, primarily due to higher coal costs, higher strip ratio at mines and one-off gratuity (retirement benefits) costs. Royalties were also higher at US$30 per tonne linked with LME prices.

Sales

Our domestic sales of zinc metal were up 6.7% at 412kt (FY 2009–10: 386kt) maintaining 82% market share. The rest of the metal produced was exported to neighbouring markets like Taiwan, Indonesia, Malaysia and the Middle East. Revenues were further augmented by the sale of 66,000 dry metric tonnes of surplus zinc and 39,000 dry metric tonnes of lead concentrate.

Financial Performance

Increased production volumes, higher prices and by-product credit contributed

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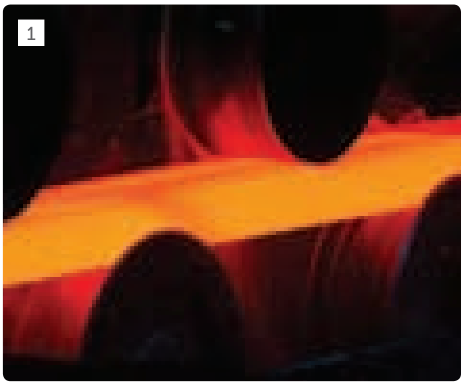

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Expanding capacity at the Sindesar Khurd Mine

to a strong increase in EBITDA for FY 2010–11, up 24.2% to US$1,220.2 million, compared with FY 2009–10. Higher volumes contributed approximately US$150 million and an increase in LME zinc, lead and silver prices contributed approximately US$200 million. This increase was partially off-set by higher operating costs as discussed earlier.

Projects

The 1.5mtpa SK mine expansion project was completed one year ahead of schedule and the new mill was commissioned in Q3 FY 2010–11.

At Dariba, both units of the 2x80MW power plant were commissioned in FY 2010–11. The 100ktpa lead smelter at Rajpura Dariba is expected to be completed by Q1 FY 2011–12.

Exploration

Ongoing exploration activities at HZL have yielded significant success with 1.4mt contained metal added to gross R&R, prior to 0.8mt mined out in FY 2010–11. Total R&R at 31 March 2011 was 34.7mt of contained zinc-lead metal and 885moz of silver.

1 Cast bar in Copper Rod Plant, Sterlite Tuticorin.
2 Engineers at VAL Lanjigarh.
3 Mine development at SK Mine, HZL.

Our strategy in action Zinc India

The silver-rich Sindesar Khurd (SK) mine is a highly mechanised, world-class underground mine. Advanced technology and processes were deployed in undertaking exploration efforts since FY 2006-07 including directional drilling with high capacity hydraulic drills, which were a first in India. This enabled surface drilling at depths of 3-4 times more than what was earlier possible, and resulted in substantially enhancing the R&R at the SK mine to achieve a long 25+ year mine life. Its zinc-lead ore is rich in silver and has an average silver content of 180ppm.

The progressive expansion of ore production capacity at the SK Mine from 0.3mtpa to 1.5mtpa is a key component of our silver capacity expansion plan and was completed one year ahead of schedule due to innovations in mine planning. This included two major initiatives - optimisation of "level intervals" and ventilation management.

Optimisation of level intervals in the underground mine resulted in the requirement of lesser levels to mine the ore body and faster completion of mine development. The underground ventilation management system was modified from a forced ventilation system to a total peripheral ventilation system, which reduced the mine development required for ventilation. Overall, total mine development required was reduced by around 30%, and this resulted in completion of the ore production capacity expansion one year ahead of planned schedule.

Advanced technologies have been deployed across mine & milling operations, enabling effective process and cost controls, higher recoveries of zinc, lead and silver, and better Health, Safety and Environment management capabilities. This includes two specific initiatives – optimization of the grinding circuit control and better flotation management. Finer grinding output was achieved by using a combination of ball and rod mills. Flotation management was improved by using larger cells for froth flotation, which resulted in higher metal recovery through increased liberation of metal. Volume ramp-ups accelerated with the successful commissioning of the 1.5mtpa mill, which had reached 85% capacity utilisation by March 2011.

Our silver production at Zinc-India is expected to almost triple as compared to FY 2010-11 production due to the volume growth at SK mine along with higher recovery at our mines and smelters. We expect to exit FY 2011-12 with a silver capacity of 500 tonnes (16moz), making us one of the largest silver producers in the world.

Operational Review continued
Zinc/Lead/ Silver

Zinc International (Lisheen Mine)

Zinc International (Black Mountain)

Zinc International (Skorpion Mine)

Strategic Priorities

- Develop Gamsberg project in South Africa

Production Performance Zinc International Post Acquisition

(in US$ millions, except as stated)	FY 2010–11	CY 2010[1]
Production – Zinc (kt)		
Mined metal content BMM and Lisheen	30	211
Refined metal Skorpion	50	152
Production – Lead (kt)		
Mined metal content	14	71
Average LME zinc cash settlement prices (US$ per tonne)	2,185	1,936
Average LME lead cash settlement prices (US$ per tonne)	2,244	1,990
Zinc (US$ per tonne) C1 cost (cents per lb):		
Skorpion	52.7	49.4
Black Mountain	59.4	64.6
Lisheen	41.6	57.0
Revenue	218.9	805.7
EBITDA	101.3	353.2
EBITDA Margin	46.3%	43.8%
Operating Profit	47.2	286.0

1 Unaudited, for Information only. Going forward there will be additional amortisation charge on mining reserves.

Post the acquisition at Zinc International we have produced 44kt of mined metal and 50kt of refined Zinc metal, a total of 94kt metal units.

44kt
Mined metal, Black mountain and Lisheen

50kt
Refined Zinc, Skorpion

Outlook

Zinc India continues to be on a volume growth path having recently reached its targeted mining capacity, equivalent to 1mt of refined metal, and the ramp-up of the SK mine is expected to increase silver content in concentrate. Commissioning of the lead smelter at Dariba will help conversion of lead concentrate to lead metal.

The outlook for demand remains positive in our target markets and globally and our new acquisition, Zinc International, is expected to deliver steady performance.

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Optimising the Zinc production process

Our strategy in action Zinc International

At our newly acquired Skorpion zinc operations in Namibia, refined zinc is produced through a series of processes. One of these processes is electro winning, which involves applying an electric current through a solution causing the zinc in the solution to be deposited on cathode sheets. These cathodes, which are made of aluminium, are periodically removed from the solution, and the zinc deposit on them is removed mechanically by a process called stripping.

The rate at which stripping is carried out is a critical metric for this process. If the rate of stripping falls below the standard rate, cathodes have to remain for a longer period of time in the solution before they can be removed and taken for stripping. This results in a thicker deposit on each cathode, which in turn implies that it would take even longer to strip these heavier cathodes. This slows the stripping rate further and eventually leads to unnecessary downtime to restore balance.

Previously, to prevent this downtime whenever the stripping rate fell below the standard, the current in the cellhouse was reduced to slow down the electroplating process. This resulted in zinc production losses, which were averaging at more than 200 tonnes per month.

Prior to the acquisition, a multi-disciplined team was established by Skorpion Zinc with an objective to improve the stripping rate. The team introduced standard maintenance time slots, optimised planned downtime, and worked towards reducing breakdowns and overall operations downtime. The biggest challenge for the team was to implement a solution which was sustainable without affecting Zinc production.

The improvement project delivered impressive results. The average zinc loss due to stripping reduced to less than 20 tonnes per month, a reduction of over 90%. Stripping performance and monthly utilisation of the stripping units increased by 7.5% on average. This created an opportunity for the engineering team to increase its planned maintenance on the units, thereby further reducing breakdowns. Post acquisition, the project has been continued and these benefits have been sustained.

This increased performance of the stripping plant has also allowed for more flexible production, leading to reduced power consumption and energy costs by operating less during periods of peak power prices.

1 Geologist examining diamond drill core from drilling at Black Mountain.
2 Geologist marking rock mass rating on the sidewall of an underground excavation at Black Mountain.
3 Aerial view of Lisheen Mine site.
4 Aerial view of purification facility at smelter complex, Skorpion Zinc.

Operational Review continued
Iron Ore

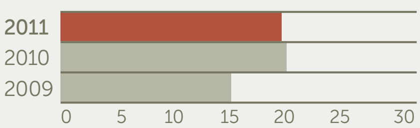
Sesa Goa

VS Dempo and Company

Strategic Priorities

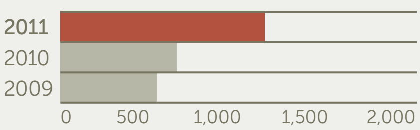
- Continue to expand R&R by active exploration and selective acquisitions.
- Complete ongoing logistics improvement and debottlenecking programme.

› Production (mt*)



*on dry metric tonne basis

› EBITDA (US$ million)



Review of Performance

The performance of our Iron Ore business in FY 2010–11 is set out in the table below.

(in US$ millions, except as stated)	FY 2010–11	FY 2009–10	% change
Production (kt)			
Saleable ore	18,801	19,219	(2.2)
Pig iron	276	280	(1.4)
Sales (kt)			
Iron ore	18,137	18,393	(1.4)
Pig iron	266	279	(4.7)
NSR	95	59	61.0
Revenue	1,979.5	1,222.5	61.9
EBITDA	1,174.1	673.0	74.5
EBITDA Margin	59.3%	55.1%	–
Operating Profit	757.6	453.0	67.2

18.8mt Saleable ore

276kt Pig iron production

18.1mt Sales

Market Overview

Steel consumption in both China (even after the significant demand increase seen in the past) and India still lags significantly behind the developed world. In the long-term, this continues to bode well for the fundamentals of steel and iron ore demand. The seaborne iron ore market continues to be impacted by supply constraints. The ban on export of iron ore in the State of Karnataka, India and some logistics bottleneck in Goa, India dampened the export of iron ore from India. The recent Supreme Court directive on the lifting of the export ban is expected to increase export from India, however the end of fair season for export from Goa in Q2 will soon slow down exports from Goan ports in monsoon season.

According to the China Iron & Steel Association, China's daily crude steel output rose to an estimated 1.91mt in the first 10 days of March 2011, up 14% year-on-year – an all-time record high. In recent months, iron ore prices have traded within a defined range, however, the outlook for the current calendar year and looking forward to 2012, points towards a strong demand, suggesting that prices corrections will be limited and there will be strong support for iron ore prices over the next couple of years.

Production Performance

Production of saleable iron ore was flat at 18.8mt in FY 2010–11, despite a number of factors that restricted activity. These included a state-wide ban on exports in Karnataka imposed by the Karnataka State Government since July 2010 and the termination of our third party mining agreement in Orissa in November 2010. In fact, like-for-like volume increased marginally.

The production of pig iron of 276kt during FY 2010–11, marginally lower than FY 2009–10 by 1%.

Unit Costs

While mining continued to deliver improved operational performance, certain external factors increased the costs such as increased royalty rates and increases in rail and road freight costs.

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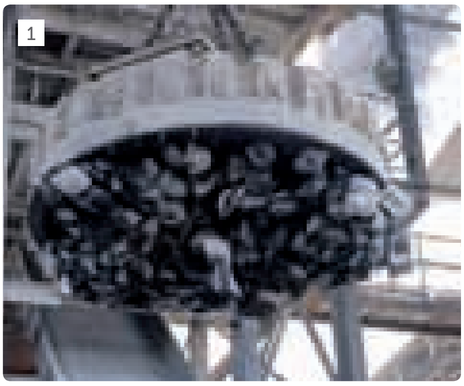

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Debottlenecking our infrastructure

Our strategy in action Iron Ore

Sales

Despite a state-wide export restriction imposed by the State Government of Karnataka at the end of July 2009–10 on iron ore sales, transport bottlenecks, the extended monsoon in Goa and the termination of our third party mining agreement at the Orissa mine, we were able to sell 18.1mt of iron ore in line with FY 2009–10.

81% of the total sales during FY 2010–11 were iron ore fines with the remainder 19% being iron ore lumps.

During the current financial year, the annual benchmark pricing system has been replaced by quarterly pricing system under long-term contract agreements.

On 30 November 2010, we announced the cessation of Sesa Goa's third party mining contract in Orissa. As the commercial terms were not viable on a sustained basis, the contract was not renewed resulting in an impairment of Thakurani mine in an amount of US$118.3 million.

1 Magnets handling pig moulds at Pig Iron Plant, Sesa.
2 Sample analysis at Laboratory, Sesa.
3 Dry processing of iron ore, Sesa.

Improving infrastructure for iron ore transportation

The boom in mining in the Goan hinterland has resulted in traffic congestion on the narrow roads connecting mines and jetties for onward transportation, causing bottlenecks in iron ore supply and inconvenience to the local population.

In collaboration with other local companies, Sesa Goa has taken up a proactive approach to alleviate these bottlenecks by contributing to improvement projects such as widening of roads on the busiest routes and construction of bypasses for village traffic. Some of our major projects are detailed below.

In South Goa, we widened a 3km stretch of the State highway, a key route for our mining traffic, to four lanes, which doubled passenger car capacity and provided relief to the general public. We are currently working with the Goa State Government towards constructing a four-lane mining corridor which will by-pass multiple towns and villages and divert 60% to 70% of the existing mining traffic. The Government has already started the land acquisition process and is targeting completion within two years.

In North Goa, we doubled the width of an 8km road from our Sonshi mines to our Amona Jetty. Similarly we are almost doubling the width of a 10km stretch of one of the busiest roads in North Goa, linking Usgaon, close to our mines, to many of the barge jetties of North Goa. A mining corridor is also being planned for North Goa wherein a by-pass route for public transport will be constructed, and the existing route will be reserved specifically for mining traffic.

Operational Review continued

Iron Ore

Sesa Goa

VS Dempo and Company

1 Iron ore beneficiation plant, Sesa.
2 Iron ore mine, Sesa.

Key Achievements

- Record EBITDA of US$1.2 billion, up 75% as compared to previous year.
- Sustained volumes despite challenging external environment.
- Gross addition of 53mt R&R above mining depletion.

Financial Performance

EBITDA in FY 2010–11 grew significantly to US$1,174.1 million, 74.5% higher compared to the prior year. Higher sales contributed approximately US$740.7 to the strong EBITDA performance. This was partially off-set by higher rail logistic costs and increased export duties, as the Government of India increased the export duties on fines and lumps to 20% on 28 February 2011.

Operating profit was US$757.6 million in FY 2010–11 as compared with US$453.0 million in FY 2009–10, in line with the increase in EBITDA.

Projects

Expansion of Iron Ore Mining Capacity

Plans to expand iron ore mine capacity to 36mtpa (40mtpa on wet tonnes basis) are progressing well. Work on adding capacity for mining, processing and logistics operations, including barges and transhippers is progressing well. Railway siding at Karnataka has been commissioned, and dedicated road corridors are being developed at Karnataka and Goa.

Expanding Pig Iron Production Capacity

Work on expanding our pig iron plant capacity to 625ktpa and associated expansion of capacity at the metallurgical coke plant to 560ktpa is progressing well for commissioning by Q3 FY 2011–12.

Exploration

We had significant exploration success in Sesa Goa and Dempo, adding 53mt R&R, prior to production of 21.1mt in FY 2010–11. Total R&R as at 31 March 2011 were 306.2mt.

Acquisition of Bellary Steel Assets

We have acquired the assets of the upcoming Steel Plant Unit of Bellary Steel & Alloys Limited in March 2011 for a consideration of US$49 million. These assets comprise of 700 acres of land and semi-finished project assets.

Outlook

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

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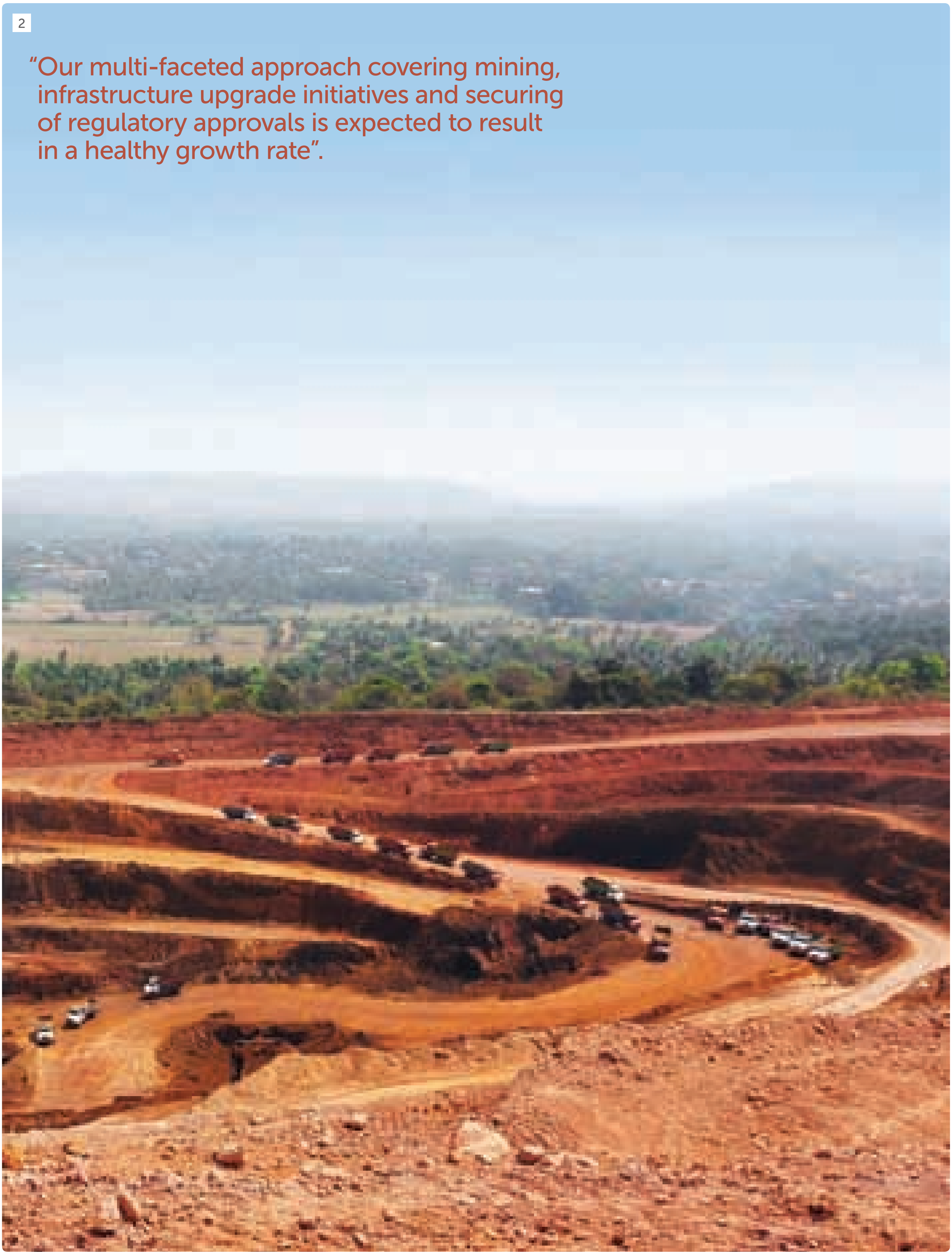

"Our multi-faceted approach covering mining, infrastructure upgrade initiatives and securing of regulatory approvals is expected to result in a healthy growth rate".

Operational Review continued

Copper

Sterlite Industries

Australian Copper Mines

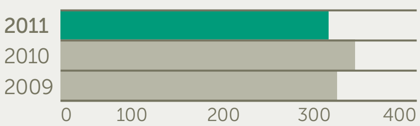
Strategic Priorities

- Double the copper smelting capacity to meet growing regional demand.
- Sustain and drive cost efficiencies.
- Commission captive power plant and continue to drive operational excellence initiatives.

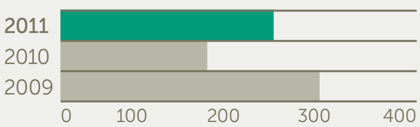
Key Achievements

- Record EBITDA of US$241 million, up 46% from the previous year.
- Operating Profit up 198% to US$197 million.

Production – India/Australia (kt)



EBITDA India/Australia (US$ million)



Review of Performance

The performance of our Copper India/Australia business in FY 2010–11 is set out below.

(in US$ millions, except as stated)	FY 2010–11	FY 2009–10	% change
Production (kt)			
Australia – Mined metal content	23	24	(4.2)
India – Cathode	304	334	(9.0)
Average LME cash settlement prices (US$ per tonne)	8,138	6,112	33.1
Unit conversion costs – (US cents per lb)	4.0	10.4	(61.5)
Realised TC-RCs (US cents per lb)	11.9	13.6	(12.5)
Revenue	3,428.2	2,741.4	25.1
EBITDA	241.5	165.9	45.6
EBITDA Margin	7.0%	6.1%	–
Operating Profit	196.6	65.9	198.3

Copper – India/Australia

Market Overview

Global refined copper production in 2010 was reported as 19.1mt, an increase of about 4% over 2009 figure of 18.4mt. Global refined consumption exceeded supply by about 250,000 tonnes. Global mine production growth slowed to 0.8% in 2010, hampered by falling copper grades and labour disputes. Global copper consumption is estimated to increase by about 5% during 2011.

Similar to last year, overall Indian copper consumption grew by 4% in FY 11, constrained by increased imports of finished electrical machinery. We sold 68% of production in our local market and the remaining 32% was exported to China, South East Asia and the Middle East.

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 8–9% per annum.

Production Performance

Production of cathodes at our Copper India business was 304kt in FY 2010–11, down 9.0% year on year reflecting the impact of a 22 day bi-annual maintenance shutdown undertaken during the first half of the year and of a temporary shutdown due to a High Court order in September 2010. During the year we also stabilised the precious metal refinery and rod plant at Fujairah.

Mined metal production at our Australian mines was 4.2% lower at 23kt in FY 2010–11.

Unit Costs

Benefiting from improved by-product sales and improved operational performance, Copper India performed well delivering a reduction in unit conversion cost from 10.4 US cents per lb to 4.0 US cents per lb. Treatment and refining charges ('TC/RCs') received in FY 2010–11 were marginally lower at 11.9 US cents per lb compared with 13.6 US cents per lb in FY 2009–10.

The unit cost of production at our Australian operations, including TC/RCs and freight, in 2010–11 was 190 US cents per lb up from 160 US cents per lb in FY 2009–10, mainly due to higher mining cost and strong Australian dollar.

Sales

Total copper sales were 303kt in FY 2010–11. Copper sales in our local market were 207kt: 75% of these were value added copper rods, supplied largely to the rapidly growing power sector.

Based on a writ petition filed over 10 years earlier, the Honourable Madras High Court ordered the closure of the Tuticorin smelter on 28 September 2010. Following an appeal by, the Company to the Honourable Supreme Court, a stay of execution on the order was granted allowing the plant to operate in the interim.

The Tuticorin Smelter has been operating for more than 12 years in compliance with applicable regulations and meeting and surpassing the global standards. It employs the ISA Smelt process which is considered globally as an environmentally advanced technology.

Financial Performance

EBITDA for FY 2010–11 was US$241.5 million, up 45.6% over the previous year (FY 2009–10: US$165.9 million). This was primarily due to higher LME prices and lower unit costs at Copper India. With the improvement in fertiliser industry fundamentals, our phosphoric

1 Cathode plates at Refinery cell house, Sterlie Tuticorin.
2 Casting of copper rods, Sterlite Tuticorin.
3 Copper wire rods at refinery, Sterlite Silvassa.

acid plant was able to deliver additional EBITDA of ~US$10 million.

Operating profit was US$196.6 million in FY 2010–11 as compared with US$65.9 million in FY 2009–10, mainly due to a significant increase in EBITDA, reflecting the write-off of an abortive acquisition in the previous year, with related expenses of US$58 million.

Projects

160MW Captive Power Plant and 400ktpa Copper Smelter

The construction of the captive power plant at Tuticorin is in progress and the first unit is now scheduled for commissioning in Q4 FY 2011–12. Whilst MoEF clearance is in place for the 400ktpa copper smelter expansion project at Tuticorin, this project is being rescheduled awaiting consent from the State Pollution Control Board.

Outlook

The global market is expected to grow at around 5% in current year with higher demand from developing countries to support the infrastructure growth. We expect stable operating performance at our smelters in India and our mines in Australia.

Our strategy in action Copper

LNG to reduce the cost of copper rod production

The energy source used at our Sterlite Copper Rod plant at Silvassa was Liquefied Petroleum Gas (LPG). With a continuous focus on cost reduction and asset optimization, we identified an economical and environment-friendly alternative in Liquefied Natural Gas (LNG). LNG is normally distributed in India through a nationwide pipeline network, but the pipeline did not cover Silvassa.

We overcame this challenge by setting up an LNG storage and regasification facility, which was commissioned in February 2011. This is the first such facility in the metals and mining industry in India and only the third in India. The imported LNG is transported from ports through special cryogenic tankers and stored in our cold storage tanks at Silvassa. The liquid is fed into an ambient vaporiser which provides natural gas to the point of use.

Our Copper rod plant at Silvassa has been an early adopter of a technology that enables consumption of more environment friendly fuel and the switch from LPG to LNG is already yielding multiple benefits. LNG is more economical in terms of market prices. It undergoes natural gasification i.e. it converts into vapours at room temperature, unlike LPG, which requires heating. Hence, usage of power has been reduced by around 5%. LNG has higher calorific value, and lower residue elements, resulting in about 5% higher fuel consumption efficiency. LNG has lower sulphur content than LPG and has contributed towards reducing our environmental footprint. Overall, the switch to LNG resulted in a substantial reduction in the total conversion cost of copper rods by approximately 20%.

Operational Review continued
Copper

Konkola Copper Mines (KCM)

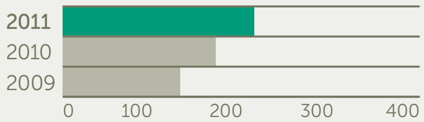
Strategic Priorities

- Deliver production growth from multiple sources.
- Drive cost reduction through productivity enhancements and by-product management.
- Create optionalities through brown field and green field exploration.

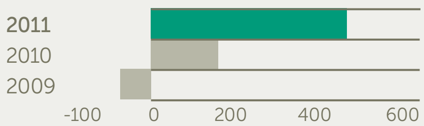
Key Achievements

- Record production
  - Mined metal production increased from 119mt to 144mt.
  - Ore production from open pits increased by 96%.
- Record EBITDA of US$439.9 million achieved, up 190%.
- Cost efficiencies through new global alliance contracts with key suppliers.
- Key infrastructure for KDMP completed including commissioning of the mid-shaft loading station.
- Continued exploration success with addition of c.10mt (excluding tailings and refractory ore stockpiles) in R&R.

Production (kt) – Zambia



EBITDA – Zambia (US$ million)



Review of Performance

The performance of our Copper Zambia business in FY 2010–11 is set out below.

(in US$ millions, except as stated)	FY 2010–11	FY 2009–10	% change
Production (kt)	217	173	25.4
Integrated	133	126	5.6
Custom	84	47	78.7
Average LME cash settlement prices (US$ per tonne)	8,138	6,112	33.1
Unit costs (US cents per lb)	197.5	184.4	7.1
Revenue	1,825.0	1,083.7	68.4
EBITDA	439.9	151.8	189.8
EBITDA Margin	24.1%	14.0%	–
Operating (Loss)/Profit	309.1	32.5	851.1

Copper – Zambia

Market Overview

The Zambian copper belt has recently 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 billion principally on developing the Konkola Deep project and the new 300ktpa capacity Nchanga smelter. With this renewed investment focus by major players including Konkola, the Zambia copper production is on a trajectory to reach a record production of 1mt per year by 2013. This growth will contribute to Africa achieving the fastest growth rate in mined metal production over the next few years.

Production Performance

Integrated production rose to 133kt in FY 2010–11 as compared with 126kt in FY 2009–10 driven by a 28% increase in TLP production to 59,000 tonnes in FY 2010–2011 as compared with FY 2009–2010.

Finished copper production at our Zambian operations was significantly higher, up by 25%, reaching 217kt in FY 2010–11 compared with 173kt in FY 2009–10, supported by increased custom smelting volume.

Unit Costs

Unit cost of production was 197 US cents per lb in FY 2010–11, up 7.1% compared with FY 2009–10. A significant driver was the increase in contained copper in ore stockpiles at Nchanga Open pits from 11 k to 34 k during the year. Other factors include increased pre-stripping in line with the new life of mine plan, commodity inflation and manpower costs. The ramp-up of production from development projects and productivity initiatives are expected to reduce unit costs.

Financial Performance

EBITDA in FY 2010–11 was US$439.9 million (FY 2009–10: US$151.8 million), mainly due to increased production and higher average LME copper prices. Operating profit for the financial year was US$309.1 million (FY 2009–10: US$32.5 million) due to the increase in EBITDA, partially off-set by higher amortisation and depreciation on the new Nchanga smelter.

Projects

Konkola Deep Mine

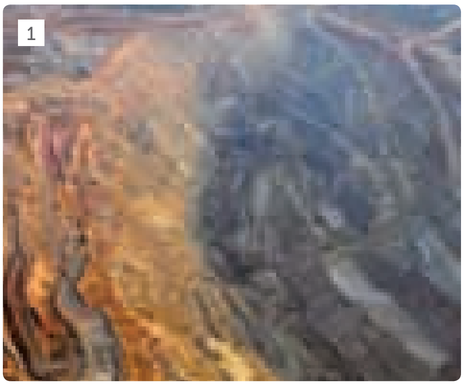
All 17 planned milestones for the year were achieved on schedule. The development of the service decline is progressing well and nearing completion ahead of schedule. The mid-shaft loading station is fully operational and ramp-up of ore hoisting is on track. All supporting infrastructure such as ventilation shafts, pipe shaft, backfill plant have been commissioned. The emergency power back-up generators of 24MW is on plan for completion in the first quarter of FY 2011–12.

Upper Ore Body

The Upper Ore body project to enhance the life of mine of the Nchanga Underground is progressing on target. The trial mining and development schedules have all been met in line with the Company's plans.

Nchanga Concentrator Projects

The construction of the new East (7.5mtpa) and West (3mtpa) Mills are in line with the project plans for completion by September and December 2011, respectively.



Our strategy in action Copper

Exploration

The Company's aggressive exploration programme continued resulting in a net addition of 10mt of ore in R&R (excluding tailings and refractory stockpiles). The ore bodies at Kakosa and Mimbula have been well defined to add optionalities 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. In line with the announcement made by Vedanta in November 2010, Vedanta continues to evaluate the possibility of a public listing of KCM and intends to pursue such listing during 2011.

1 Aerial view of Nchanga open pit mine, KCM.
2 Night view of Nchanga Smelter, KCM.
3 KDMP – Headgear of Shaft 4, KCM.

Extending the life of the Nchanga underground mine

The life of the Nchanga underground mine in Zambia was considered to be entirely dependent on the copper resource in the Lower Ore Body (LOB), which has been in operation for nearly 76 years. The LOB was expected to be mined for a few more years before production from the entire mine would have ceased.

The Nchanga mine has three layers of ore: the Upper Ore Body (UOB), the Intermediate and the Lower Ore Body (LOB). The UOB was mined through open pits from about 1971 to 1980, when mining stopped due to difficulties experienced mining through very weak soil geology which collapsed easily when exposed. However, significant resources were thought to have been left in the ground when operations ceased.

Today work on the UOB has been revived: mining once thought of as unachievable, is now being made a reality. A design by the KCM geotechnical team will enable access to the ore body by pre-consolidating the weak unconsolidated soil.

Production of copper from the Nchanga UOB is expected to start later in 2011 based on an overall design that will make this one of the most mechanised mines in Africa. KCM can now exploit a rich ore body at an inferred grade of 2% contained copper and with over 50mt of inferred resource. This will not only help to raise KCM's annual copper production, but also prolong the useful life of the Nchanga Underground Mine.

Operational Review continued

Aluminium

Vedanta Aluminium (VAL)

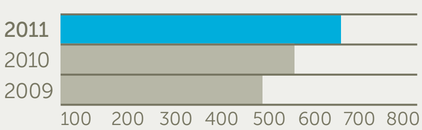
Bharat Aluminium (BALCO)

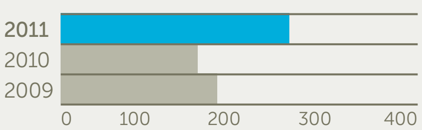
Strategic Priorities

- Secure captive bauxite mine.
- Complete expansion projects.
- Expedite development of coal block.

Key Achievements

- Record Aluminium production of 641kt up 20% from previous year.
- Value added product volume increase from 231kt to 325kt.
- Significant growth in EBITDA, up 67% at US$258.2 million.





Review of Performance

The performance of our Aluminium Business in FY 2010–11 is set out in the table below.

(in US$ millions, except as stated)	FY 2010–11	FY 2009–10	% change
Production (kt)			
Alumina – Lanjigarh	707	762	(7.2)
Alumina – Korba I and Mettur[1]	–	43	–
Total Alumina	707	805	(12.2)
Aluminium – Jharsuguda	386	264	46.2
Aluminium – Korba & Mettur	255	269	(5.2)
Total Aluminium	641	533	20.3
Average LME cash settlement prices (US$ per tonne)	2,257	1,868	20.8
Unit costs			
Jharsuguda (Production Cost) (US$ per tonne)	1,820	1,645	10.6
Jharsuguda (Smelting Cost) (US$ per tonne)	1,173	925	26.8
BALCO Plant 2 (Production cost) (US$ per tonne)	1,784	1,534	16.3
BALCO Plant 2 (Smelting cost) (US$ per tonne)	1,007	862	16.8
Revenue	1,571.6	915.8	71.6
EBITDA	258.2	154.9	66.7
EBITDA Margin	16.4%	16.9%	–
Operating Profit	31.2	50.4	(38.1)

1 Plants Korba I and Mettur are no longer operational.

Market Overview

The global aluminium industry recorded a 12.8% growth in production and 16.7% growth in consumption during the year after a turbulent period. Globally the industry is facing the challenge of rise in costs and other input costs. This is also reflected in the increase in aluminium LME prices.

Our aluminium facilities are located in India in the state of Orissa and Chhattisgarh where there are abundant bauxite and coal deposits. This underscores India's unique advantage of being rich in natural resources required to produce aluminium at a competitive cost.

Vedanta emerged as the largest producer of aluminium in India and, within a short period, acquired industry leading market share of 39% in the local Indian market. The Indian aluminium market is dominated by growing demand from the power sector. Over time, the relative share of aluminium applications in other segments is expected to pick up with rapid urbanisation and construction sector growth.

Vedanta's plants had focused on value added products like wire rods, rolled product and billets to capitalise on market growth and optimise returns.

Production Performance

Aluminium production in FY 2010–11 was a record 641kt, an increase of 20.3%. This strong growth is primarily due to the increase in production from the new 500ktpa Jharsuguda aluminium smelter. The BALCO Korba II Smelter continues to operate above its rated capacity. Almost 51% of aluminium production was delivered as value added products such as wire rods, rolled products and billets with volume increasing from 231,000 tonnes to 325,000 tonnes. The captive power plants performance has improved during the year, the Plant Load Factor ('PLF') was higher and good operational performance overall helped to partially compensate for the increase in coal costs.

The alumina refinery at Lanjigarh continues to operate at a capacity of ~1mtpa with bauxite sourced from BALCO and other third parties i.e. from eastern, central and western India.

Unit Costs

The unit cost of production at the BALCO Korba II smelter was US$1,784 per tonne for FY 2010–11, 16% higher than last year primarily due to increases in alumina, coal and carbon costs and a one-off increase in gratuity (retirement benefits) cost. Following the power outage in Q1 FY 2010–11 at Jharsuguda, pots were re-stabilised and relined contributing to an increase in costs. Alumina imports also contributed to higher alumina costs.

The unit cost of production at the VAL Jharsuguda smelter was US$1,820 per tonne for FY 2010–11, higher than previous year mainly due to increase in alumina, coal and carbon cost. The alumina cost of production was

US$326 per tonne, marginally higher compared with previous year, primarily due to higher input prices for caustic soda and coal.

Overall, the cost of production for aluminium was US$1,806 per tonne.

Sales
Our domestic aluminium sales at 501kt in FY 2010–11 were up 22% year-on-year benefiting from a 16% growth in aluminium consumption in India. Profitability also improved reflecting increases in prices and a 38% increase in sales of value added products such as rods, rolled products and billets.

Financial Performance
EBITDA for FY 2010–11 was US$258.2 million, 67% higher than FY 2009–10. This improved performance was primarily driven by rising volumes and LME prices, partially offset by higher carbon and coal costs, which were further increased by around 30% by Coal India in March 2011 and a new green tax on coal. Operating profit was lower at US$31.2 million, largely due to higher depreciation on the new Jharsuguda smelter.

Projects
The 1,200MW (4x300MW) captive thermal power plant at Korba, Chhattisgarh is progressing well, and we expect to commence power generation from the first unit by Q2 FY 2011–12.

The approval process for BALCO's 211mt coal block progressing well, and we expect to commence coal mining by Q4 FY 2011–12, subject to statutory approvals.

Post the MOEF directive in August 2010, further work on the refinery expansion project at Lanjigarh has been put on hold.

The new 1.25mtpa aluminium smelter in Jharsuguda and 325kt aluminium smelter at Korba are making good progress.

Outlook
We expect to increase volumes at our alumina refinery in Lanjigarh and improve operating performance at the new Jharsuguda smelter post stabilisation. We will continue to focus on value added products to optimise returns.

1 Hot Metal Tapping through Vacuum Ladle at Pot Room, BALCO.

Our strategy in action Aluminium

Reducing energy requirements for Aluminium production
The Bharat Aluminium Company (BALCO) smelter uses the GAMI technology to produce aluminium. This process requires a high amount of energy to carry out electrolysis and reduce alumina to aluminium. The electrolysis takes place in 288 electrolytic cells or pots, which are connected in series in a circuit. A 320 KA current is passed through each pot to create the chemical reaction that reduces the alumina, which is fed continuously into the system, into hot liquid aluminium metal.

The energy consumption by these pots depends on the voltage of the current flowing through them. Some of these pots are cut-out (stopped) at various points in time for maintenance, or other purposes. After cut-out, a minimum voltage of 0.42 V still flows through the stopped cell. This voltage is un-productive and contributes towards energy losses.

The challenge was to find a way to lower this voltage and to reduce energy usage in stopped cells.

An in-house team designed a 'cut-out connector' which partially diverted the electric current, reducing stopped pot voltage by 40% to 0.25 V. This reduced losses of current in the circuit lowering the cost of production and delivering financial savings. It also reduced average conductor temperature by around 25%, resulting in lower risk in the associated processes.

Operational Review continued

Commercial Energy

Sterlite Energy

The performance of our Energy business in FY 2010–11 is set out in the table below.

(in US$ millions, except as stated)	FY 2010–11	FY 2009–10	% change
Power Sales (MU)	4,782	3,279	45.8
BALCO, MALCO, Wind Energy	2,646	2,187	21.0
SEL	856		
Surplus from CPP's	1,280	1,092	17.2
Revenue	338.7	330.7	2.4
EBITDA	137.8	170.7	(19.3)
EBITDA Margin	40.7%	51.6%	–
Operating Profit	111.9	147.5	(24.1)

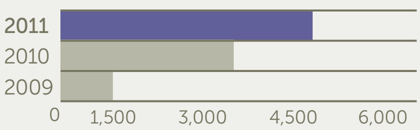
Strategic Priorities

- Complete 2,640MW project at Talwandi Sabo.
- Complete 2,400MW project at Jharsuguda.
- Develop Sterlite Energy Limited ('SEL') coal block.
- Participating in new coal block auctions/allotments.

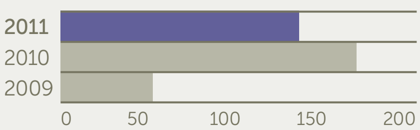
Key Achievements

- Record sales of 4,782 million units, up 46% from previous year.
- One 600MW unit from the 2,400MW (600MW x 4) Independent Power Plant ('IPP') at Jharsuguda commissioned and a second unit under trial run.
- Added 48MW Wind Power capacity at HZL.

› Production (mu)



› EBITDA (US$ million)



Indian power sector is best characterised by a historical gap between demand and supply due to slow project development, lagging behind the increase in consumption led by robust economic growth. This gap is expected to remain in near- to medium-term, creating an attractive market for the supply of energy commercially.

Production Performance

4,782 million units of power were sold in FY 2010–11 compared with 3,279 million units in the last financial year, primarily due to new 600MW unit commencing power generation at Jharsuguda, including trial run power generation.

Financial Performance

EBITDA in FY 2010–11 was US$137.8 million, lower than the EBITDA of US$170.7 million in FY 2009–10. EBITDA was lower primarily due to higher operating costs, primarily coal and lower sales prices.

Unit Costs

Average power generation cost in FY 2010–11 was Rs. 2.20 per unit compared with Rs. 1.94 per unit in FY 2009–10, largely reflecting higher coal costs which were increased by 30% in February 2011, in addition to a new green tax on coal.

Projects

Jharsuguda IPP

One 600MW unit of the 2,400MW SEL Jharsuguda power plant was successfully commissioned in March 2011. Second unit is under trial. The remaining two units are expected to be commissioned in Q3 and Q4 FY 2011–12, respectively. Transmission lines are being set up to enhance existing transmission capacity to meet the requirements for new units to be commissioned, and are expected to be completed by Q3 FY 2011–12.

Talwandi Sabo IPP

Work at the 2,640MW power project at Talwandi Sabo is progressing as scheduled. Seven shipments have been received, and construction of the first boiler structure is in progress.

Outlook

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

Vedanta has a long history of developing and operating captive power plants at benchmark capital expenditure cost and industry leading operating efficiency and we plan to exploit this track record in the construction of the IPP at Talwandi Sabo in the Punjab and the IPP at Jharsuguda, in addition to constructing a captive power plant at Korba. We will continue to sell surplus power in the commercial energy market, capitalising on the accelerating demand for power in our home market.

Other Business

Vizag Coal Berth

To support our entry into the growing port and infrastructure sector in India we have secured a tender from Government of India's Vizag Port Company. We will be constructing a coal berth on a revenue sharing basis in a joint venture with Leighton Contractors (India) Pvt. Ltd. The estimated cost of the project is US$150 million and it is scheduled for completion by mid 2012.

Overall Business Outlook

The medium- and long-term outlook for the resource sector remains positive. We have a strong growth pipeline and all our expansion projects are on track to deliver industry leading organic growth. We remain confident that we are on track to deliver superior results going forward.

1 Turbine at 2,400MW IPP, SEL, Jharsuguda.
2 Loading of ore at mid-sea by transhipper, Sesa.
3 Alumina operations, VAL Lanjigarh.

Financial Review

Financial highlights

- Revenues up 44.1% to US$11.4 billion, increased diversification and reduced dependence to any specific sector.
- EBITDA up 55.4% to US$3.6 billion.
- Q4 EBITDA at US$2.3 million.
- Free cash flow of US$2.42 billion, 67.9% EBITDA conversion.
- Investment of US$2.47 billion in growth projects, strong project execution capabilities.
- Strong balance sheet, with conservative financial policies
  - Net debt of US$1.97 billion.
  - Cash and liquid investments of US$7.8 billion.
- Acquisition of Zinc assets from Anglo American completed during the year.
- Investment of US$250.1 million in buyback of Vedanta shares and purchase of shares in subsidiaries.
- EPS increased by 29.0% to 283.2 US cents per share.

(in US$ million, except as stated)	FY 2010–11	FY 2009–10	FY 2008–09	FY 2007–08	FY 2006–07
EBITDA	**3,566.8**	2,295.9	1,612.2	3,010.4	2,703.0
Underlying EPS (US cents per share)	**262.8**	199.2	108.0	303.9	327.0
Free cash flow	**2,423.2**	1,814.3	1,733.8	2,216.9	1,504.2
ROCE (excluding project capital WIP) (%)	**21.0**	19.9	24.4	45.6	78.5
Net (cash)/debt	**1,970.3**	947.2	200.8	(2,142.7)	(432.7)

We have delivered excellent financial results in this year with record EBITDA of US$3.6 billion, growth of 55% over previous year. Improvements in the global economy, recovering demand, strengthening prices and increased volumes from our projects have helped us to achieve this strong financial performance. Improved operational efficiency and cost reduction measures, partially offset by inflation were also key contributors. We continue to benefit from a strong balance sheet with low net debt of US$1.97 billion. We have cash and liquid investments of US$7.8 billion. During the year we generated strong free cash flows at US$2.42 billion. We invested US$2.42 billion on expansion projects during the year. Total shareholders' funds at 31 March 2011 were US$13.68 billion, up from US$11.44 billion at 31 March 2010.

Group Operating Results

Group operating results for FY 2010–11 are set out below.

(in US$ million, except as stated)	FY 2010–11	FY 2009–10	% change
Revenue	**11,427.2**	7,930.5	44.1
EBITDA	**3,566.8**	2,295.9	55.4
EBITDA margin (%)	**31.2%**	29.0%	–
EBITDA margin without custom smelting (%)	**44.6%**	42.8%	–
Special items	**(163.4)**	(67.3)	–
Depreciation and amortisation	**(869.0)**	(563.0)	54.4
Operating profit	**2,534.3**	1,665.6	52.2
Net interest income	**149.0**	176.0	(15.3)
Profit before Taxation	**2,683.3**	1,841.6	45.7
Income Tax Expense	**(649.5)**	(330.4)	96.6
Effective Tax Rate (%)	**24.2%**	17.9%	–
Minority Interest	**1,263.0**	908.9	39.0
Minority Interest (%)	**62.1%**	60.1%	–
Attributable profit	**770.8**	602.3	28.0
Basic earnings per share (US cents per share)	**283.2**	219.6	29.0
Underlying earnings per share (US cents per share)	**262.8**	199.2	31.9

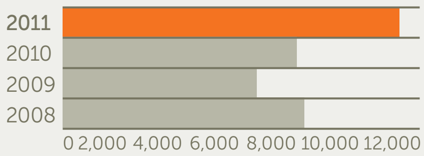
Revenues were US$11.4 billion in FY 2010–11, up 44.1% from US$7.9 billion in FY 2009–10, and EBITDA was also up significantly at US$3.6 billion up 55.4% over the previous year (FY 2009–10: US$2.3 billion). This excellent operating performance was the result of higher volumes across all our businesses, higher LME and iron ore prices, and improved efficiencies in our operations. Continued focus on cost control and asset optimisation has helped us to mitigate the inflationary pressure of input prices during the period. Profit after tax increased 34.6% to US$2.0 billion. Our Return on Capital Employed (ROCE) (excluding capital work-in-progress) in FY 2010–11 was 21.0% as compared to 19.9% in FY 2009–10.

During the year we spent US$12.5 million on voluntary redundancy charges at some of our operations. Impairment losses recognised in the FY 2010–11 income statement were US$118.3 million, reflecting the full write down of the Thakurani iron ore mine in Orissa following the decision not to renew the mining lease from December 2010. We also spent US$32.6 million on costs relating to the acquisition of zinc assets of Anglo American and the proposed Cairn India acquisition. All these expenses are shown as part of Special Items.

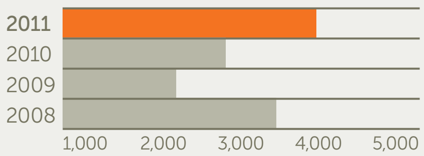
During the year depreciation has increased by US$306.0 million, 54.4% higher at US$869 million reflecting the

> "We have delivered excellent financial results this year with record EBITDA of US$3.6 billion."

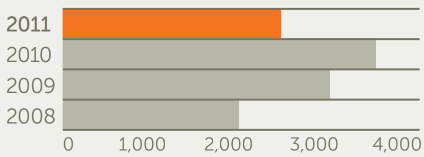
› Revenue (US$ million)



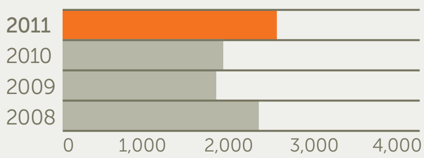
› EBITDA (US$ million)



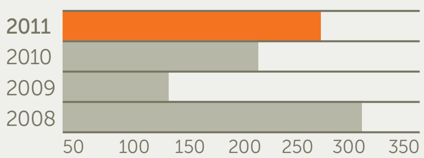
› Capex Spent (US$ million)



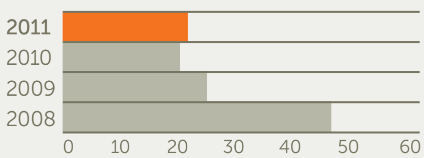
› Free Cash Flow (%)



› Underlying EPS (US cents)



› ROCE (%)*



*Excludes capital work in progress.

amortisation of mining reserves at the newly acquired zinc international assets together with the depreciation on the newly commissioned plants i.e. the Jharsuguda Aluminium smelter, SEL power plant, and the Dariba Zinc Smelter and captive power plant.

Net interest income in FY 2010–11 was US$149.0 million compared with US$176.0 million in FY 2009–10. Investment income was higher at US$431.6 million in the financial year (FY 2009–10: US$272.8 million) primarily due to higher cash balances and a higher yield on investments. Also, in the previous financial year there were exchange losses on translation of USD deposits at our Australian entity.

Gross finance costs have increased to US$718.0 million in FY 2010–11, up from US$537.9 million in FY 2009–10. Costs increased as a result of higher average debt at US$8,895.7 million in FY 2010–11, up from US$7,253 million in the previous year, and the effective interest rate charged on our new US$883.0 million convertible bonds, in addition to a higher interest rate regime in general in rupee market in India. Of the total interest cost, US$183.3 million relating to capital expansion projects was capitalised as compared with US$301.3 million in FY 2009–10, reflecting the start of commercial production at the Jharsuguda smelter.

The gain on mark-to-market of our embedded derivatives, primarily on the foreign currency convertible bond at Sterlite and Sesa Goa, was US$143.4 million. Since inception of these bonds the cumulative gain has been US$113.9 million. The gain is primarily correlated with the movement in the respective subsidiary's share price and may reverse in the future. The gain on the mark-to-market of embedded derivatives for US$883 million convertible bond was US$44.9 million.

The tax charge increased to US$649.5 million in FY 2010–11, up from US$330.4 million in FY 2009–10 mainly due to increased profitability and a higher Minimum Alternate Tax ('MAT') rate. The effective tax rate for FY 2010–11 increased to 24.2% compared with 17.9% in the previous financial year reflecting the rise in MAT rate from 17.0% to 19.9% and losses in VAL where no deferred tax assets are recognised due to the uncertainty of its utilisation in future.

Basic Earnings per Share ('EPS') for FY 2010–11 was 283.2 US cents as against 219.6 US cents per share in FY 2009–10. Fully diluted EPS was 270.2 US cents (FY 2009–10: 203.2 US cents).

Balance Sheet and Cash Flow

We continue to maintain a strong balance sheet with capital employed of US$13.68 billion and net debt of US$1.97 billion. Net debt comprises US$7,777 million of cash and liquid investments offset by debt of US$9,753 million.

During the year we raised debt of around US$2.0 billion of which US$330 million was raised by the parent company and the rest by our subsidiaries, primarily for capital expansion projects. At 31 March 2011, our balance sheet gearing was 12.6%.

Cash and liquid investments as at 31 March 2011 were US$7.8 billion, the majority of which are denominated in Indian rupees. Of this US$911.6 million was cash and cash equivalents and US$6,865 million was liquid investments. Our investments are consistent with our policy of investing in funds and banks with a low credit risk and high credit ratings. The investment portfolios of our Indian subsidiaries have been independently reviewed by CRISIL (Rating Agency) and were rated as 'Very Good'.

Financial Review continued

The movement in net (debt)/cash in FY 2010–11 is set out below.

(in US$ million, except as stated)	FY 2010–11	FY 2009–10
EBITDA	3,566.8	2,295.9
Operating exceptional items	(163.4)	(67.3)
Working capital movements	(304.2)	(27.9)
Changes in long-term creditors and non-cash items	128.8	59.7
Sustaining capital expenditure	(239.5)	(184.4)
Sale of tangible fixed assets	28.3	12.1
Net interest paid and dividend received	163.0	134.0
Tax paid	(756.6)	(407.8)
Free cash flow	2,423.2	1,814.3
Expansion capital expenditure[1]	(2,471.3)	(3,543.4)
Semi expansion capital expenditure	(45.9)	(136.2)
Sale/(Purchase) of fixed assets investments	(25.9)	17.9
Acquisition of minorities	(122.0)	(189.7)
Acquisitions, net of cash & liquid investments acquired	(1,036.7)	(300.4)
Buyback of shares of Vedanta Resources plc	(128.0)	(348.6)
ADR Sterlite	–	1,090.1
Dividends paid to equity shareholders	(129.9)	(117.9)
Dividends paid to minority shareholders	(87.4)	(68.4)
Convertible Bond transfer and conversion	430.2	330.2
Other movement[2]	170.6	705.4
Movement in net (debt)/cash	(1,023.1)	(746.7)

1 On an accrual basis.
2 Includes foreign exchange movements.

"Excellent operating performance was the result of higher volumes across all our businesses, higher LME and iron ore prices, and improved efficiencies in our operations."

Finance Strategy

Vedanta has international credit ratings from Fitch, Standard & Poor's and Moody's of BB+, BB and Ba1, respectively that support our debt raising capability. Vedanta has a clear aim to improve these ratings to investment grade. We have been very selective in deployment of capital and post acquisition of Cairn India would prioritise reducing the debt at the holding company. We are committed to maintain a Net Debt to EBITDA at less than 2.75 times and Net Gearing below 40% through the cycle as prudent measure in our cyclical industry. We have a strong focus on maximising the free cash flow from operations relative to EBITDA. To achieve this, we are streamlining operational costs and reviewing capital expenditure, to ensure each of our businesses is largely self-sustaining at the operational level whilst at the same time converting a significant part of EBITDA into cash. The conversion of EBITDA to free cash was 67.9% in FY 2010–11 as compared to 79.0% in FY 2009–10. This was lower than in the previous year due to higher tax outgoings, additional working capital requirements at our newly commissioned plants and our copper custom smelting operations. Gross working capital, represented by inventory and receivables, increased from US$2,184.2 million as at 31 March 2010 to US$3,253.2 million at 31 March 2011. Specific actions are being taken to reduce the gross working capital.

Investing in Organic Growth

We have signed an MOU with the Punjab State Government for a fourth unit of 660MW at the Talwandi Sabo power project with an estimated capital expenditure of US$880 million. The power generated by this unit will be sold on the commercial market and is expected to enhance the overall project return.

In Q3 FY 2010–11, we announced 150MW expansion of wind power generation capacity, at HZL at an estimated cost of US$190 million. At the end of March 2011, 48MW of this has already been commissioned.

The Board approved setting up of CRO project at KCM with a capacity of 50ktpa at a cost of US$320 million to be completed by end of FY 2012–13. We have spent US$239.5 million on sustaining capital expenditure in FY 2010–11, higher than the previous year's expenditure of US$184.4 million, to modernise our plant and equipment, to continually optimise and improve operational standards and to increase the scale of our operations.

ROCE without project capital work in progress in FY 2010–11 was 21.0%, higher as compared to 19.9% in FY 2009–10. ROCE 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 (see Project capex table on next page).

Based on the expansion projects currently under way, approximately US$7.5 billion of funds are required to complete these projects over the next three years. The same would be funded from existing cash resources and project financing.

Our debt maturity now averages three years as at 31 March 2011, as compared with four years as at 31 March 2010. In the next one year, US$3,045 million of debt falls due for repayment of which US$1,847.0 million will be refinanced from committed project funding available and the remainder out of cash from operations and normal operational borrowings. Our cash and liquid investments, free cash generation and funds ties up are sufficient to meet our capital and debt commitments. We have cash and liquid investments of US$7,777.0 million as at 31 March 2011 along with unused funding facilities of US$3,407.6 million, providing good liquidity, after excluding the facilities of US$6.0 billion for the acquisition of Cairn India.

Acquisitions

On 10 May 2010, Vedanta agreed to acquire the zinc assets of Anglo American and paid for a total consideration of US$1,513.1 million. These zinc assets comprise the wholly-owned Skorpion mine in Namibia, a 74% stake in Black Mountain Mining (Pty) Ltd and the wholly-owned Lisheen mine in Ireland. On 3 December 2010, Vedanta completed the acquisition of the Skorpion mine by Sterlite Infra Limited, a wholly-owned subsidiary of Sterlite. On 4 February 2011, Vedanta completed the acquisition of the 74% stake in Black Mountain Mining, acquiring assets including the zinc mine at Black Mountain and the Gamsberg project, in South Africa. The acquisition of the Lisheen mine was completed on 15

Project capex

Sector	Project	Production volume	Country	Completion date	Project cost US$ million	Spent to 31 March 11 US$ million	Unspent commitment on 31 March 11 US$ million
Alumina	Lanjigarh I Alumina Refinery	1.0mtpa	India	Completed	1,015.3	982.0	33.3
	Debottlenecking Lanjigarh I	1.0mtpa	India	On hold	150.0	72.3	77.7
	Lanjigarh II Alumina Refinery	3.0mtpa	India	On hold	1,570.0	804.6	765.4
Aluminium	Korba III Smelter	325kt	India	Q2 FY 2012–13	720.0	347.6	372.4
		1200MW CPP	India	Q1 FY 2012–13	1,100.0	680.3	419.7
	Jharsuguda I Smelter	0.5mtpa & 1,215MW CPP	India	Completed	2,400.0	2,324.4	75.6
	Jharsuguda II Smelter	1.25mtpa		Progressively by Q3 FY 2013–14	2,920.0	1,975.4	944.6
Power	Talwandi Sabo Power Project	2,640MW	India	FY 2013–14	3,030.0	361.6	2,668.4
	HZL WPP Project	150MW	India	Q2 FY 2011–12	190.0	76.1	113.9
	SEL IPP	2,400MW	India	600MW Completed, 600MW under trial, 600MW by Q3 FY 2011–12, 600MW by Q4 FY 2011–12	1,900.0	1,515.6	384.4
Zinc	Smelting	210ktpa Zinc	India	Completed	900.0	753.1	146.9
		100ktpa Lead	India	Q1 FY 2011–12			
		160MW CPP	India	Completed			
	Mining	RA 5 to 6mtpa	India	Completed			
		SK – 1.5mtpa	India	Progressive started			
		Kayar – 1mtpa	India	End 2013			
Copper	KCM KDMP Project	7.5mtpa	Zambia	Q3 FY 2012–13	973.0	796.8	176.2
	KCM Nchanga Smelter	250ktpa	Zambia	Completed	470.0	460.5	9.5
	CRO project	50ktpa	Zambia	Q4 FY 2012–13	320.0	–	320.0
	SIIL Expansion Project	400ktpa	India	EC Awaited	367.0	107.1	259.9
		CPP	India		133.0	48.8	84.2
Iron Ore	Pig Iron Expansion	375ktpa	India	Q3 FY 2011–12	150.0	84.4	65.6
	Sesa Iron Ore Mine Expansion	36mt	India	FY 2012–13	500.0	77.0	423.0
Infrastructure	Vizag Coal Berth		India		150.0	19.6	130.4
	Paradeep Port		India		150.0	–	150.0
	Total				19,108.3	11,487.3	7,621.0

February 2011. These assets are earnings accretive, and have production capacity of around 400kt of Zinc and Lead, with further potential through development of the Gamsberg Project at Black Mountain.

During the first half of FY 2010–11, Vedanta announced its intention to acquire 51% to 60% stake in Cairn India Limited for an aggregate consideration of between approximately US$8.5–9.6 billion in cash. Cairn India represents a unique oil and gas exploration and production platform with the second largest reserves in India among private sector oil companies, a proven management team, and low-cost production. SEBI has approved the open offer and it was opened to shareholders on 11 April 2011. The open offer closed on 30 April 2011 and the numbers of equity shared tendered in the open offer are approximately 155 million equity shares representing 8.1% stake in Cairn India Limited. The approval for the acquisition is currently pending with the Government of India and is expected to be cleared soon. The acquisition funding has been tied up by Vedanta plc. In a recent development, we also acquired 10.4% of shares of Cairn India from Petronas on the floor of the market at a consideration of US$1,478 million equivalent to Rs.331/- per share. Sesa Goa will hold 18.5% in Cairn India post this acquisition and open offer.

Share Buy-back and Acquisition of Subsidiary Shares

We continue to focus on enhancing the shareholder value through buy-back and subsidiary shares acquisition. During FY 2010–11 we spent US$128.0 million buying back Vedanta shares and US$122.1 million purchasing of shares in our subsidiaries Sesa Goa, Sterlite and MALCO.

Out of the total purchase of treasury shares of US$128.0 million, US$66.4 million were made by Gorey Investments Limited ('GIL') and funded by a wholly owned subsidiary; Vedanta Jersey Investment Limited. GIL is a Jersey-registered entity, owned by a trust and independent of the Vedanta Group.

Regarding our option to acquire the minority stake held by the Government of India in BALCO, the Arbitration Tribunal in its majority award dated 25 January 2011 has rejected the claims of Sterlite. Sterlite has on 23 April 2011, filed an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi for setting aside the award dated 25 January, 2011. The outcome of the application is awaited.

In the case of HZL, we have exercised our call option, but the Government has responded by stating that it does not believe this is valid under company law. The Government of India and our subsidiary and the holding company of HZL i.e. Sterlite Opportunities and Venture Limited have both appointed mediator and arbitration will commence following the outcome of the mediation process.

Risks and Uncertainties

The risks set out below represent some of the principal uncertainties and trends which may have an impact on our ability to execute our strategy effectively in the future. These risks have been assessed according to materiality, likelihood and residual risks after controls.

Risks and Risk Management Practices

Our businesses and operations are subject to a variety of risks and uncertainties which are no different from any other company in general and our competitors in particular. Such risks are the result of both the business environment within which we operate and other factors over which we have little or no control. These risks can be categorised as operational, financial, environmental, health and safety, political, market-related and strategic risks. We have well documented and practised risk management policies that act as an effective tool in minimising the various risks that our businesses are exposed to during the course of their day-to-day operations as well as in their strategic actions.

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

We have a strong internal control culture throughout the Group. Regular management assurance visits to our operations and holding companies are undertaken to ensure that the Group's high standards of internal control are maintained. The strength of a business's internal control environment forms a component of senior managers' performance appraisals. The audit process and audit plan cover the key risks identified through the 'risk management programme' and the existence and effectiveness of control measures against each risks are verified. Control measures stated in the risk matrix are also verified by the business managers. Further details on the Group's internal control environment are provided in the annual Corporate Governance Report.

During the year, the Group risk matrix has been updated through a comprehensive and holistic exercise carried out at each operating subsidiary level and at corporate level. The updated risk matrix and risk registers were then reviewed in the light of changes in nature and extent of risks, controls and actions required.

Commodity Price Risks

Risk

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

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

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

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

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

	Average market price in FY 2010–11 (US$/tonne)	Effect on EBITDA of US$100 per tonne change in LME (US$ million)
Copper	8,138	16
Aluminium	2,257	66
Zinc	2,185	72
Lead	2,244	7

The above sensitivities are based on FY 2010–11 volumes, costs and exchange rates and provide the estimated impact on EBITDA of changes in prices assuming that all other variables remain constant.

Mitigation

The Group's principal commodity prices had increased substantially during the year. The recent improvement in prices and demand may not be sustained. As a general policy, we aim to sell our products at prevailing market prices. Hedging activity in commodities is undertaken on a strategic basis to a limited degree and is subject to both strict limits laid down by our Board and strictly defined internal controls and monitoring mechanisms. Decisions relating to hedging of commodities are approved by the Executive Committee (EXCO) with clearly laid down guidelines for their implementation by the subsidiaries.

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

KCM is largely an integrated copper producer and our Group strategy to protect it from copper price fluctuations is to focus on controlling its costs.

Political, Legal, Economic and Regulatory Risks

Risk

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

The political, legal, fiscal and other regulatory regimes in these countries may result in higher operating cost or restrictions such as the imposition or increase in royalties, mining rights, taxation rates, legislation pertaining to repatriation of money and so on. Changes to government policies such as changes in royalty rates, reduction in import tariffs in India, reduction in assistance given by Government of India for exports and 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.

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

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

Mitigation

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

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

Risks and Uncertainties continued

Reserves and Resources

Risk

The ore reserves stated in this report are estimates and represent the quantities of copper, zinc, iron ore, lead and bauxite that we believe could be mined, processed, recovered and sold at prices sufficient to cover the estimated future total costs of production, remaining investment and anticipated additional capital expenditures. Our future profitability and operating margins depend upon our ability to access mineral reserves that have geological characteristics enabling mining at competitive costs. Replacement reserves may not be available when required, or, if available, may not be of a quality capable of being mined at costs comparable to the existing or exhausted mines.

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

The Group conducts some mining operations of iron ore at mines leased by the Government of India to third parties, through a long-term mining contract, which is renewed periodically. The production from such mines for year ended 31 March 2011 was around 15% of total iron ore production.

The contract in respect of the Thakurani mine was not extended on 30 November 2010 as the renewal terms were not commercially favourable.

Mitigation

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

The third party mining contract had been renewed periodically since last many years and currently we do not foresee any concerns for further renewals.

Delivery of Expansion Projects On Time and Within Budget

Risk

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

Our current and future projects may be significantly delayed by failures to receive regulatory approvals or renewal of approvals in a timely manner, failure to obtain sufficient funding, technical difficulties, human resources constraints, technological or other resource constraints or for other unforeseen reasons, events or circumstances.

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

During the year ended 31 March 2011, the Group has been issued with show cause notices with respect to the current operation of the Lanjigarh refinery as well as the proposed expansion of that operation. The sourcing of bauxite from Niyamgiri mine is under litigation. The resolution of these matters depends on the outcome from Supreme Court of India and the High Court of Orissa. Any adverse outcomes to these ongoing proceedings may impact the future operation of the Lanjigarh refinery.

Mitigation

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

Asset Use Continuity and Insurance

Risk

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

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

Mitigation

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

Safety, Health and Environment Risks

Risk

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

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

Mitigation

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

Simultaneously we continue to invest on training our people on these matters besides seeking advice on improvements from experts from time to time.

Operational Risks

Risk

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

It is our policy to realise market prices for our commodities and 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.

Mitigation

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

Risks and Uncertainties continued

Financial Risks and Sensitivities

Risk

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

Our core philosophy in treasury management revolves around three main pillars, namely (a) capital protection, (b) liquidity maintenance, and (c) yield maximisation. Day-to-day treasury operations of our Group subsidiaries are managed by the respective subsidiary finance teams within the framework of the overall Group treasury policies. Long-term fund raising including strategic treasury initiatives is handled by a central team while short-term funding for routine working capital requirements is delegated to subsidiary companies. Each of our subsidiaries has a strong internal control system including segregation of front office and back office functions with a separate reporting structure. We have a strong system of internal control which enables effective monitoring of adherence to Group policies. The internal control measures are effectively supplemented by regular management assurance audits.

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

Mitigation

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

Liquidity Risks

Risk

We require funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The recent global financial crisis has led to banks and financial institutions tightening lending norms

Mitigation

We aim to minimise these risks by generating sufficient cash flows from our current operations which, combined with available cash and cash equivalents, liquid financial asset investments and sufficient committed funding facilities, will provide liquidity both in the short-term as well as in the long-term. As at 31 March 2011, we had cash and liquid investments of US$7.8 billion as well as US$3.4 billion of committed funding facilities from our lenders. Long-term borrowings are supplemented by short- to medium-term finance wherever required.

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

Remaining maturities (in US$ million)	< 1 year	1–2 years	2–5 years	> 5 years	Total
Bank and other borrowings	3,045.1	1,914.2	1,324.4	1,197.3	7,481.0
Capital commitments	2,292.7	1,444.5	–	–	3,737.2
Convertible bonds	–	–	651.5	1,620.0	2,271.5
Total	5,337.8	3,358.7	1,975.9	2,817.3	13,489.7

Our credit is strong. We have raised US$0.8 billion of long-term funds from the global financial market, at an attractive terms in the financial year 2010–2011.

Our contractual cash obligations, excluding convertible bonds (on an undiscounted basis), by remaining maturity of our financial liabilities arising in the ordinary course of business as at 31 March 2011 are set out below.

As at 31 March 2011, we had access to funding facilities of US$13,160.1 million (excluding facilities of US$6,000 million for Cairn acquisition) of which US$3,407.6 million was yet to be drawn as set out below.

Funding facilities (in US$ million)	Total facility	Drawn	Yet to be drawn
Less than 1 year	10,946.8	3,045.1	7,901.7
1–2 years	3,336.3	1,914.2	1,422.1
2–5 years and above	4,877.0	4,793.2	83.8
Total	19,160.1	9,752.5	9,407.6

Currency Risks

Risk

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

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

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

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

Mitigation

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

Foreign exchange exposures on imports, net of natural hedges in place, are hedged based on their maturity. Short-term foreign exchange exposures relating to capital expenditure are hedged, whilst medium- to long-term exposures are not hedged.

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

(in US$ million)	Closing US dollar exchange rate as at 31 March 2011	**Average US dollar exchange rate in FY 2010–11**	Impact of a 10% movement in currency on EBITDA
Currency			
Indian rupee	44.65	**45.58**	449
Australian dollar	0.968	**1.069**	10
Zambian kwacha	4,770	**4,906**	22.8

The above sensitivities are based on FY 2010–11 volumes, costs and prices and give the estimated impact on EBITDA of changes in exchange rates assuming that all other variables remain constant.

USD:INR exchange rate has moved from 45.14 on 31 March 2010 to 44.65 on 31 March 2011.

Interest Risks

Risk

As at 31 March 2011, our net debt of approximately US$1,970.3 million comprised cash and liquid investments of US$7.8 billion offset by debt of US$9.7 billion.

We are exposed to the interest rate risk on short-term and long-term floating rate instruments and also on the refinancing of fixed rate debt. Our policy is to maintain a balance of fixed and floating interest rate borrowings. The proportion of fixed and floating rate debt is determined by current market interest rates. As at 31 March 2011, US$6.7 billion of our total debt was at a fixed rate and the balance was at a floating rate.

Considering our net debt position at 31 March 2011 and our investments in bank deposits and debt mutual funds, any decrease in interest rates would result in a net gain and any increase in interest rates would result in a net loss. Based on our gross debt as at 31 March 2011, with all other variables remaining constant, a one percentage point increase in the US dollar LIBOR would impact our profit before tax by US$36 million.

During the FY 2010–11, interest rates, specially for debts denominated in INR have hardened reflecting tightening monetary policy by the Government of India.

	Interest paid fixed %	Investment income average yield %
Currency		
Indian rupee	9.2%	8.2%
US dollar	6.1%	0.5%

Mitigation

Our deposits are in mutual funds with a floating interest rate. Most of the floating rate deposits are in INR. With an increase in interest rates, the return on INR deposits has also increased during the year.

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

Risks and Uncertainties continued

Counterparty Risks

Risk

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

Mitigation

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

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

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

Employees

Risk

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

Mitigation

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

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

Critical Accounting Judgements and Estimation uncertainty

Risk

In the course of applying accounting policies outlined in Note 2.a i) of Notes to the Consolidated Financial Statements, management necessarily makes estimations and assumptions that can have impact on the financial statements.

Key Relationships

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

Majority Shareholder

The majority shareholder of the Group is Volcan Investments Ltd. As at 31 March 2011 Volcan held 61% of the Company's total ordinary share capital.

Employees

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

Customers

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

Vendors

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

Lenders

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

Corporate Governance Report

Dear Shareholder,

Following the global financial crisis in 2008, there has been much debate on the operation of company board's and how to strengthen governance practices in an effort to help prevent future corporate failures. In the UK this has resulted in a number of reviews including that carried out by Sir David Walker on UK banks and the Financial Reporting Council's ('FRC') review of the Combined Code. In June 2010 the FRC published a new UK Corporate Governance Code (the '2010 Code'). One of the main conclusions from the FRC's review was that more attention should be paid to the spirit of the Code as well as its letter. This is a view that I support. At Vedanta, our aim is to adopt systems of governance and procedures that work in practical terms, keeping a balance between entrepreneurship and risks the Company faces.

The 2010 Code applies to Vedanta with effect from 1 April 2011. Whilst I believe that we already comply with nearly all of the 2010 Code's provisions we will continue to review and incorporate best practice into our governance procedures in the forthcoming year.

As Chairman, my duties include overseeing the efficient functioning of the Board, corporate governance practices and communication with shareholders. We have in place an experienced Board of Directors supported by an excellent management team. The Board is used to open debate and questioning of matters put to them for consideration. One of our strengths is the open and good relationships between all Board members which I seek to encourage. As part of our continued focus on good governance our Code of Conduct and Values Statement have been reviewed and amended during the year. These are available on our website at www.vedantaresources.com.

We also welcome participation by our shareholders at our Annual General Meeting on a variety of topics and dialogue throughout the year and look forward to this continuing. Please be assured that we do take notice of the views expressed which help inform future decisions.

Anil Agarwal
Chairman
4 May 2011

Introduction

For the period under review, as a company with a premium listing on the London Stock Exchange, the Company is subject to the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 (the 'Combined Code'). The new 2010 Code applies to the Company with effect from 1 April 2011 and the Company will report against the new Code in its 2012 Annual Report and Accounts. The Combined Code and the new 2010 Code are available from the Financial Reporting Council's website, www.frc.org.uk. The objective of this Corporate Governance Report is to provide details of the Group's governance policies, processes and structures and to explain how the Company has complied with the main principles of the Combined Code.

Disclosures on share capital and related matters as required by the Disclosure and Transparency Rules (DTR7.2.6) may be found in the Directors' Report.

Statement of Compliance with the Combined Code

With the exception of the following matters, the Company has throughout the year ended 31 March 2011, fully complied with the principles set out in Section 1 of the Combined Code:

Code Provisions A.2.2

Mr Anil Agarwal was appointed as Executive Chairman in 2005. Mr Agarwal was the founder of the businesses of Vedanta Resources and steered the phenomenal growth of the Group since its inception in 1976 including the flotation of Vedanta Resources plc on the London Stock Exchange and development into a FTSE 100 company. This meant that Mr Agarwal did not meet the strict independence criteria as defined in Code Provision A.3.1 on his appointment in 2005 because he was previously the Chief Executive and, through Volcan Investments Ltd ('Volcan') members of his family have a controlling interest in the Company. Mr Agarwal continues to drive strategy and seek out new opportunities for value-creating projects whilst providing leadership to an effective Board. For this reason the Board is unanimously of the opinion that his continued involvement in an executive capacity is vitally important to the success of the Group.

Code Provision A.4.1

Under the Relationship Agreement put in place at the time of Listing, Volcan will be consulted on all appointments to the Board. The Nominations Committee therefore works collaboratively with Volcan when making appointments to the Board and, to this extent, differs from the process set out in Code Provision A.4.1 which stipulates that the Nominations Committee should lead the process for Board appointments.

Applying the Principles of the Combined Code

The Directors

Main Principle

Every company should be headed by an effective board, which is collectively responsible for the success of the company.

The Board of Directors

Composition of the Board as at the date of this report and attendance of the Directors at Board meetings for the period under review is shown below.

AK Agarwal Executive Chairman	9/9
N Agarwal Deputy Executive Chairman	9/9
MS Mehta Chief Executive	9/9
N Chandra Non-Executive Director and Senior Independent Director	9/9
A Mehta Non-Executive Director	8/9*
ER Macdonald Non-Executive Director	8/9*

* Mr Chandra and Mr Mehta absented themselves from one Board meeting, which discussed the potential acquisition of Cairn India Limited due to conflicts of interest arising from their being directors of this company.

The Board has a formal schedule of matters reserved for its attention which was last reviewed and amended by the Board in March 2010. The schedule of matters includes, in summary, the following responsibilities:

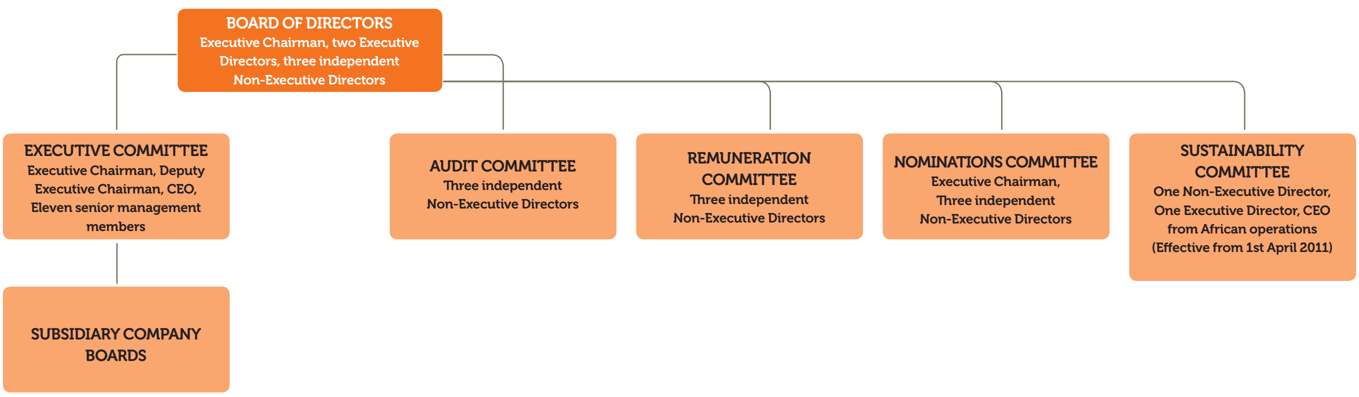
- Setting of Group strategy and objectives;
- Review and approval of Group policies including those on health and safety and the Group's Code of Conduct;
- Approval of major business acquisitions and disposals;
- Approval of major capital projects;
- Review and approval of Group budgets;
- Significant changes to capital structure; and
- Dividend policy.

The Board meets on a regular basis and met formally on nine occasions during the year. In addition numerous ad hoc discussions take place between the Directors on a variety of topics. The Chairman and the Non-Executive Directors met without the Executive Directors present during the year.

The role of the Board is to provide leadership to the Group in a manner which maximises opportunities to develop its portfolio of businesses profitability whilst assessing and managing the associated risks. The Board does this by assessing the strategic objectives of each business and monitoring their performance. It ensures that the financial, management and other resources required to meet its objectives are in place. The Directors also review controls and risks to ensure that the interests of investors, minority shareholders and other stakeholders are protected. Importantly the Board ensures that Group standards of conduct are set and incorporated within its businesses.

Certain of the Board's responsibilities are delegated to Board Committees, which operate within defined terms of reference. The Board Committees are the Executive, Remuneration, Audit, Nominations, and Sustainability Committees. The relationship between the Board, its Committees, Group subsidiaries and information flows are outlined below.

Group Governance Structure



Corporate Governance Report continued

All of the committees are authorised to obtain legal or other professional advice as necessary, to secure the attendance of external advisers at their meetings and to seek information from any employee of the Company in order to perform their duties. Under the terms of reference of the committees only the members of each committee have the right to attend committee meetings. However, other Directors or management together with other expert persons may attend meetings at the invitation of the Committee Chairman. The Secretary to the committees is Mr Deepak Kumar, apart from the Sustainability Committee whose secretary is Tony Henshaw, Chief Sustainability Officer. The full terms of reference of the committees are available from the Company Secretary on request.

The Executive Committee is comprised of three Board members and eleven members of senior management whose biographies are given on pages 24 to 27. The Executive Committee is responsible for supervising all aspects of the operational performance of the Group. It implements strategic plans formulated by the Board, monitors operational and financial performance of the Group's subsidiaries, allocates resources in line with delegated authorities, develops and reviews the budgets of subsidiary companies. The Executive Committee therefore has a key role in putting the Board's plans and policies into action. The Chief Executive Officer, MS Mehta, keeps the Board informed of the Executive Committee's activities through his standing reports made to the Board.

Details of the membership, terms of reference and attendance at meetings of the Audit, Remuneration, Nominations and Sustainability Committee are given in their respective reports on pages 64 to 69.

Main Principle

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.

The Chairman and Chief Executive Officer

There is a clear division of responsibility between the functioning of the Board and executive responsibility for running the business. The Board has an established policy which sets out the key responsibilities of the Executive Chairman and Chief Executive Officer. A clear demarcation is made between the responsibility of the Chairman and the Chief Executive Officer, as detailed below:

Chairman's responsibilities

- Providing leadership to the Board and ensuring its effective functioning;
- Setting a vision for the Group, formulating its strategy, creating profitable business opportunities and reviewing merger and acquisition opportunities;
- Ensuring that there is effective communication with shareholders;
- Facilitating the effective contribution of the Non-Executive Directors; and
- Overseeing corporate governance arrangements and in particular compliance with the Combined Code.

As Executive Chairman, the Chairman devotes the majority of his time to the Company's business. The Chairman's other current responsibilities are set out in the biographies on page 24. There have been no changes to the Chairman's other commitments during the year.

Chief Executive Officer's responsibilities

- Developing and managing the executive team in the operations;
- Delivery of operating budgets;
- Supporting the Executive Chairman in the delivery and implementation of strategy;
- Optimising the Group's assets and management and allocation of resources;
- Supporting the Executive Chairman in effective communication with various stakeholders; and
- Creating and maintaining a sound control environment.

Main Principle

The Board should include a balance of Executive and Non-Executive Directors such that no individual can dominate the Board's decision taking.

Board balance and independence

The Board, chaired by Mr Anil Agarwal, currently has six Directors comprising the Executive Chairman, two Executive Directors and three independent Non-Executive Directors. Members of the Board are set out on page 24-25.

Non-Executive Directors

The Non-Executive Directors are of high calibre bringing a variety of rich experiences in different fields which range from holding senior positions within the Indian government, including posts with responsibilities for corporate governance, to banking and emerging market finance. This enables them to bring independent judgement on issues of strategy, performance and resources which are vital to the success of the Group. They play a key part in challenging the performance of management.

With the exception of the Chairman, who is presumed under the Combined Code not to be independent, the Board considers all the Non-Executive Directors to be independent as assessed against the criteria specified in the Combined Code. In making its assessment, the Board has considered the fact that Mr Aman Mehta and Mr Euan Macdonald have held previous senior management positions within subsidiary companies of HSBC Holdings plc (which acted as the joint global co-ordinator and book runner when the Company listed in 2003). The Board considered that neither Mr Mehta nor Mr Macdonald had any involvement with the Group prior to their appointment. The Board therefore remains of the view that these circumstances do not affect the judgement exercised by either Mr Mehta or Mr Macdonald and therefore considers them to be independent.

Senior Independent Director

Mr Naresh Chandra is the Senior Independent Director. Given the executive nature of the Chairman's position the Senior Independent Director's position is key and includes the responsibility to lead discussions of meetings of the Non-Executive Directors, to provide a channel of communication between the Chairman and Non-Executive Directors and ensure that the views of the Non-Executive Directors are given due consideration. The Senior Independent Director is also responsible for providing a point of contact for any shareholder who wishes to raise concerns which the normal channels of communication through the Chairman and Chief Executive have failed to resolve, or for which contact is inappropriate.

Relationship Agreement

At the time of Listing, the Company and Volcan, the majority shareholder, entered into a relationship agreement (the 'Relationship Agreement') to regulate the ongoing relationship between them. The principal purpose of the Relationship Agreement is to ensure that the Group is able to carry on business independently of Volcan, the Agarwal family and their associates. Under the terms of the Relationship Agreement, the Board, and Nominations Committee will at all times consist of a majority of Directors who are independent of Volcan and the Agarwal family, whilst the Remuneration and Audit Committees shall at all times comprise only of Non-Executive Directors. Volcan is entitled to nominate for appointment as Director such number of persons as is one less than the number of Directors who are independent of Volcan, the Agarwal family and their associates. The Board considers these to be adequate safeguards in that Directors who are independent of Volcan make up a majority of the Board and Vedanta's ability to operate independently of Volcan is protected by the Relationship Agreement. In addition, in accordance with Provisions A.3.2 of the Combined Code, at least half of the Board, excluding the Chairman, comprise Non-Executive Directors determined by the Board to be independent.

The Audit Committee is responsible for reviewing matters arising in relation to the Relationship Agreement and related party transactions on behalf of the Board.

Conflicts of interest

The Board has established a procedure for the disclosure of interests and other related matters in line with published guidance and the Companies Act 2006. Each Director must disclose actual or potential conflicts to the Board and any changes are disclosed and noted at each Board meeting. The Board will authorise potential or actual conflicts as appropriate. Directors with a conflict will not participate in the discussion or voting concerning the matter in question. These procedures have proved to be effective during the year. Related party transactions, which include those in respect of any Director, are disclosed in Note 36 on pages 137 to 138.

Main Principle

There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board.

The Nominations Committee is responsible for succession planning and making recommendations concerning candidates for appointments to the Board. Under the terms of the Relationship Agreement entered into with Volcan as the major shareholder, Volcan will be consulted by the Nominations Committee on appointments to the Board. The selection process will entail preparing a job description for the role, benchmarking and interviews with a selection of candidates. External search agencies will be used where this is felt to be appropriate and add value to the process. It is part of the Nominations Committee remit to consider candidates from a wide range of backgrounds, based on objective criteria and merit of the candidate.

In respect of the appointment of Non-Executive Directors to the Board, the candidates will be made aware of the time commitment expected of them which will be reflected in their letter of appointment. Candidates are also required to disclose their other time commitments to ensure that they have sufficient time to fulfil their role as a Director. The terms and conditions of appointment of the Non-Executive Directors are available on request from the Company's registered office.

There is a policy in place in respect of a full time Executive Director taking on a Non-Executive directorship in a listed company. The approval of the Chairman must be sought before an Executive Director may take on a Non-executive directorship outside of the Group.

Main Principle

The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. All Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge.

The Chairman, assisted by the Company Secretary, is responsible for ensuring that the Directors receive accurate, timely and clear information on all relevant matters. The Board routinely receives before each Board meeting detailed information on business and financial performance, ongoing projects, the raising of funds for various initiatives, activities of the Board Committees and investor relation updates. Presentations and verbal updates are also given at Board meetings by the Executive Directors and senior management as appropriate.

Appropriate induction is provided to all Directors on appointment to the Board and programmes of continuing professional development are arranged as required, taking into consideration the individual qualifications and experience of the Director. In addition Directors have access to the Company's professional advisers whom they can consult where they find it necessary in order to better discharge their duties.

During the year, the Directors receive legal and regulatory updates. In particular this year a full briefing was given on the new UK Corporate Governance Code and UK Bribery Act. Directors undertake visits to operations and have discussions with management on an ongoing basis. Mr Chandra, as Senior Independent Director, has visited the Group's zinc operations.

The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed. The Company Secretary is also responsible for advising the Board through the Chairman on governance matters. Under the Company's Articles of Association the appointment and removal of the Company Secretary is a matter for the Board as a whole.

Main Principle

The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.

During the year, the performance of the Board, its main committees and the individual Directors were formally and rigorously evaluated under the direction of the Chairman. The evaluation was carried out by circulation of a detailed questionnaire concerning the Board, its committees and the individual Director's performance. The responses were collated and summarised. The Chairman spoke individually to all the Directors in respect of the results and the Board also collectively discussed the results. Various actions were put into place as a result.

The evaluation process concluded that the Board as a whole provided strong strategic leadership and sound systems of control were in place. Board processes were well managed. The main committees continued to operate effectively and individuals also performed well. A particular strength identified was the working relationship between members of the Board.

Corporate Governance Report continued

Areas identified for review or improvement were communication with shareholders and other stakeholders, particularly on sustainability issues. As a result of this feedback a new Chief Sustainability Officer was recruited during the year with specific responsibilities for this area.

As in previous years, the Non-Executive Director, led by the Senior Independent Director, considered as part of the evaluation process, the performance of the Chairman and provided him with feedback.

Main Principle

All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The Board should ensure planned and progressive refreshing of the Board.

In accordance with the Company's Articles of Association all Directors submit themselves for election at the Annual General Meeting following their appointment and thereafter by rotation at least once every three years. In addition, where a Director has a contract or letter of appointment which expires and is renewed during the year, the Director will stand for re-election at the next Annual General Meeting. Non-Executive Directors are only put forward for re-election if, following performance evaluation, the Board believes the Director's performance continues to be effective and demonstrates commitment to the role.

The Board has considered the requirement for annual re-election of Directors under the 2010 Code. Investor comments will be monitored during the year on this requirement with the proposal that Directors will, in future, stand for annual re-election beginning with the 2012 Annual General Meeting.

Particular scrutiny is given to the performance and continued effectiveness of those Non-Executive Directors who have served on the Board for six years or more.

Remuneration
Main Principle

Levels of remuneration should be sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully, but should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Level and Make-up of Remuneration
The Board is sensitive to the need to achieve a balance between attracting and retaining the quality of directors required to run and manage a company of Vedanta's size and complexity and to avoid excessive pay awards. In the Remuneration Committee's terms of reference approved by the Board the Remuneration Committee is required to consider and give due regard to the recommendations of the Combined Code and other guidelines published in respect of the remuneration of directors of listed companies such as that produced by the Association of British Insurers and National Association of Pension Funds.

A significant proportion of the Executive Directors' remuneration is performance related through the annual bonus and long-term incentive schemes. The fees of the Non-Executive Directors are independently reviewed and take into account the time commitments and responsibilities of the role. Additional fees are paid for acting as Chairman or being a member of one of the Board Committees.

Further details of Directors' remuneration, bonus, long-term incentives, benefits, service contracts and share interests may be found in the Remuneration Report on pages 69 to 75.

Main Principle

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual Directors. No Director should be involved in deciding his or her own remuneration.

The Remuneration Committee is responsible for setting the levels of remuneration for the Chairman and Executive Directors and also monitors the level and structure of remuneration for senior management. This is carried out with the assistance of the President – Group HR. The remuneration of the Non-Executive Directors is decided by the Board as a whole. No Director is involved in deciding his own remuneration. Details of remuneration policy and the activities of the Remuneration Committee are set out in the Remuneration Report on pages 69 to 75.

Accountability and Audit
Main Principle

The Board should present a balanced and understandable assessment of the Company's position and prospects:

Financial Reporting
The Group has a comprehensive financial reporting system, which is reviewed and modified as circumstances require. Financial reporting procedures are based on five main elements:

> Financial information supplied by subsidiary companies and consolidated
  – Management accounts are prepared on a monthly basis and reviewed by the Executive Committee;
  – Management accounts are reviewed by the Board at least quarterly;
  – Performance is monitored against key performance indicators throughout the financial year and forecasts are updated as appropriate; and
  – Annual operational budgets are prepared by each operating subsidiary and consolidated into a Group Budget which is reviewed and approved by the Board.

> Internal audit provides assurance concerning processes and accuracy at each operating company

> External auditor assurance
  – Full year and half year audits are carried out on the published financial statements.

> The Audit Committee reviews:
  – Year-end process plans;
  – Briefings on legal, tax and accounting issues;
  – Consideration of the financial statements and disclosures in accordance with financial reporting standards; and
  – Going concern statements with supporting cash flow, liquidity and funding forecasts.

> Review by the Audit Committee and the Board of the preliminary and half year announcements, the Annual Report and Accounts and any other announcements including financial information.

The Directors' statement of responsibilities for preparing the accounts may be found on page 83 and the auditor's statement about their reporting responsibilities may be found on page 84. A statement on the Board's position regarding the Group as a going concern is contained in the Directors' Report on page 82.

Main Principle

The Board should maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets.

Internal Control and Risk Management

The Directors have overall responsibility for ensuring that the Group maintains a robust system of internal control to provide them with reasonable assurance that all information within the business and for external publication is adequate. Because of the limitations inherent in any system of internal control, this system is designed to meet the Group's particular needs and the risks to which it is exposed rather than eliminate risk altogether. Consequently it can only provide reasonable and not absolute assurance against material misstatement or loss.

There is an established process for identifying, evaluating and managing significant risks faced by the Group in accordance with the Turnbull Guidance on Internal Control published by the Financial Reporting Council. This includes financial, operational and compliance control and risk management, to ensure shareholders' interests and the Company's resources are safeguarded. The process also covers significant risks that may arise from environmental, social and governance matters. In line with best practice, the Board has reviewed the internal control system in place during the year and up to the date of the approval of this report. The Board's review includes the Audit Committee's report on the risk matrix, significant risks and actions put in place to mitigate these risks. This review ensures that the internal control system remains effective. Where weaknesses are identified as a result of the review, new procedures are put in place to strengthen controls and these are in turn reviewed at regular intervals. During the course of its review of the system of internal control, the Board has not identified nor been advised of any weaknesses or control failure that is significant.

The Group's internal audit activity is managed through the Management Assurance Services ('MAS') function and is an important element of the overall process by which the Board obtains the assurance it requires to ensure that risks are properly identified, evaluated and managed. The scope of work, authority and resources of MAS are regularly reviewed by the Audit Committee and its work is supported by the services of leading international accountancy firms (but specifically excluding the Group's external auditors). The responsibilities of MAS include recommending improvements in the control environment and ensuring compliance with the Group's philosophy, policies and procedures.

Each of the Group's principal subsidiaries has in place procedures to ensure that sufficient internal controls are maintained. These procedures include a monthly meeting of the relevant management committee and quarterly meeting of the audit committee of that subsidiary. Any adverse findings are reported to the Audit Committee.

The planning of internal audit is approached from a risk perspective. In preparing an internal audit plan, reference is made to the Group's risk matrix, inputs are sought from senior management, project managers and Audit Committee members and reference is made to past audit experience and financial analysis.

Main Principle

The Board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

The Board has established an Audit Committee in compliance with the requirements of the Combined Code to consider how financial reporting and internal control arrangements are applied and that they are reviewed on a regular basis. The Audit Committee is also responsible for maintaining an appropriate relationship with the Company's auditors. Further details of the Audit Committee and its activities may be found in the Audit Committee Report on page 64.

Relations with Shareholders

Main Principle

There should be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

As part of the Company's investor relations programme meetings with analysts and shareholders are held on a regular basis. In particular presentations are made to analysts by the Chairman, Deputy Chairman, Chief Executive Officer and Chief Financial Officer following the release of the preliminary and half-year results announcements. The management presentation can also be heard by investors, analysts and the press through telephone conference lines. During the year a number of meetings were held with the Company's principal institutional shareholders as well as with financial analysts and brokers. These meetings are initiated either by the Company or analysts and investors and are managed at Group level through Ashwin Bajaj, (Senior Vice President, Investor Relations) who also briefs the Board on the Company's relationships with its shareholders. The main channels of communication with the investment community are through the Chairman, Deputy Chairman, Chief Executive Officer, Chief Financial Officer and Senior Vice President, Investor Relations. The Senior Independent Director and other Non-Executive Directors are also available as appropriate.

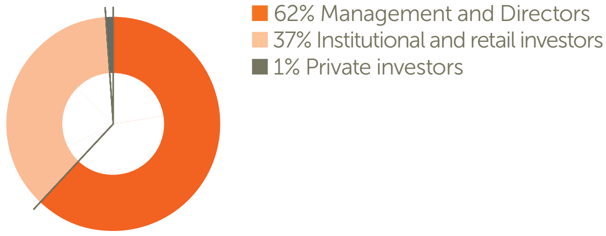
The Company announces its annual and half-year results to the London Stock Exchange and the press in advance of the publication of the annual and half-year reports. Summary reports are also published for the first and third quarter. The Board has adopted a communications policy to ensure that other price-sensitive information is announced to the market in a timely and considered manner.

Following consultation during the year the principal method of communicating with shareholders is by e-communication and the Group's website at www.vedantaresources.com. A wide range of information on the Company and its operations may be found on the website including the Annual Report and Accounts, half- year results, Sustainability Report and announcements to the market, press releases, share price and links to subsidiary company websites. Shareholders can opt to receive paper copies of shareholder documents if they wish to do so.

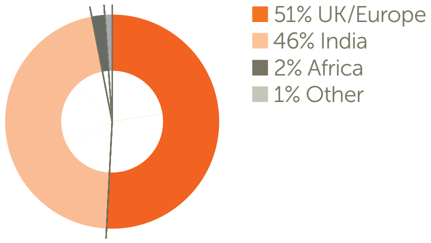
Corporate Governance Report continued

An analysis of the Company's shareholder base as at 31 March 2011 is shown below:

Category of Shareholder by Type



Category of Shareholder by Country



Main Principle

The Board should use the Annual General Meeting to communicate with investors and to encourage their participation.

The Board uses the Annual General Meeting ('AGM') to communicate with shareholders and welcomes their participation and questions. This year's AGM will be held on 27 July 2011 at 3pm. Further details are given in the Notice of Meeting accompanying this Annual Report including the business to be considered at the meeting. The Notice is sent out at least 20 working days before the AGM. Voting at the AGM on all resolutions is by poll on a one share, one vote basis and the results of votes cast for, against and abstentions are available on the Group's website following the meeting. The Board believes that voting by poll allows the views of all shareholders to be taken into account regardless of whether or not they can attend the meeting.

All of the Directors, including the Chairmen of the Audit, Remuneration, Nominations and Sustainability Committees, attend the AGM in order to answer shareholders' questions.

The Audit Committee Report

Membership, Meetings and Attendances

The Audit Committee consists of the following independent Non-Executive Directors:

	Number of meetings attended
A Mehta, Chairman	4/4
N Chandra	4/4
ER Macdonald	4/4

Mr Mehta is considered to have recent and relevant financial experience. All members have had extensive management experience either in large international organisations or government.

The Committee meets at least three times a year. The Chairman of the Company, Executive Directors, Chief Financial Officer, Head of Internal Audit and other members of the senior management team (as invited by the Committee) together with the external auditors, regularly attend meetings. The Committee meets at least twice during the year with representatives from the external auditors without management being present. Regular reports are made to the Board of the Committee's activities.

Responsibilities of the Audit Committee

The Audit Committee's remit falls into four main areas: financial reporting, internal control and risk, and oversight of external and internal audit processes. The detailed responsibilities of the Audit Committee are set out in its terms of reference which are available on request from the Company Secretary.

The main responsibilities of the Audit Committee are to:
> Monitor the integrity of the financial statements, including its annual and half-year results;
> Review the Group's internal controls and risk management systems and consider the effectiveness of these systems;
> Make recommendations to the Board concerning the appointment of the external auditor;
> Review the independence of the external auditor;
> Develop policy in relation to the provision of non-audit services by the external auditor;
> Discuss with the external auditor the nature and scope of the audit;
> Approve the remuneration of the auditor;
> Consider any matters arising in respect of the Relationship Agreement and related party transactions;
> Monitor the activities and effectiveness of the internal audit function and consider their reports;
> Review the Group's arrangements for its employees to raise concerns through its whistleblowing policy; and
> Review reports from subsidiary company audit committees.

The Group's main subsidiaries, a number of which are listed on stock exchanges in India, have their own audit committees in accordance with local corporate governance requirements. By monitoring their discussions the Audit Committee gains further insights into the quality of financial reporting and internal controls throughout the Group. Furthermore the internal audit function presents issues arising from the subsidiaries to the Audit Committee on a regular basis. The external auditor partner, India, regularly attends both the subsidiary and Board Audit Committee meetings.

Activities of the Audit Committee

During the year the Audit Committee fulfilled its duties as outlined under its terms of reference. In particular its activities included:
> Review and confirmation of the appropriateness of adopting the going concern basis in preparing the financial statements and interim financial reporting;
> Review of external audit findings;
> Significant accounting policy matters arising during the year;
> Review of the preliminary announcement, annual report and half year report;
> Evaluation of the performance and effectiveness of the external auditor;
> Consideration of the independence of the external auditor;
> Consideration of the management letter from the external auditor;
> Review of legal cases and tax issues occurring during the year;
> Review of internal audit findings and approval of the internal audit plan;

- Review of reports on risk management and internal controls and mitigating actions;
- Review of any whistleblowing cases;
- Review of the accounting treatment of the Company share buy-back programme, convertible bonds and acquisitions made by subsidiary companies;
- Consideration of the appointment of a compliance officer;
- Review of the implications of the Bribery Act; and
- Review of the adoption of IFRS for Indian subsidiaries.

Financial Reporting
It is one of the Committee's key duties to monitor the integrity of the financial statements. As part of this process it reviews in detail the preliminary results statements, the Annual Report and Accounts and half-year report. The appropriateness of accounting polices used is considered and external audit findings discussed. Details of financial reporting procedures in place are given on page 62 of the Corporate Governance Report.

Internal Control and Risk Management
Details of the Company's internal control and risk management processes are discussed on page 63. The Audit Committee reviews these processes and output from the regular review of risks carried out during the year by internal audit.

External Auditor
One of the key tasks of the Audit Committee is to review the external auditor's independence and monitor their continued effectiveness. The Audit Committee and the Board place great emphasis on the objectivity of the external auditor. The current external auditor, Deloitte LLP ('Deloitte') have been the Company's auditors since listing in 2003. The rotation of the audit partner's responsibilities within Deloitte is required by their profession's ethical standards and there is also rotation of key members within the audit team. Deloitte are required to rotate the audit partner responsible for the Group audit every five years and the last audit partner rotation was in 2010. To ensure effective communication of matters relating to the audit, the audit partner and senior manager are present at Audit Committee meetings.

A key part of ensuring the independence of the external auditor is to have in place a robust policy on the provision by the external auditor of non-audit services for the Company. The Company reviewed its policy in 2010 to ensure that it is in line with current best practice and a new policy was approved by the Audit Committee as a result. The policy specifies certain services which the external auditors are prohibited from undertaking in order to safeguard their independence, such as work relating to the financial statements that will ultimately be subject to final audit and the provision of internal audit services. The policy also identifies those services which the external auditor is permitted to deliver to the Group. These include tax advisory services, and work on mergers, acquisitions and disposals. Of the permitted services any assignment in excess of US$100,000 may only be awarded to the external auditor with prior approval of the Audit Committee. All other permitted non-audit services will be reviewed by the Audit Committee on a bi-annual basis and the Audit Committee will also receive a report every six months analysing the fees paid for non-audit work. An analysis of non-audit fees can be found in Note 10 to the financial statements. There is also in place a policy on the employment of former employees of the external auditor by the Company based on the APB Ethical Standards for Auditors. These controls provide the Audit Committee with confidence that the independence of Deloitte in their audit function will be maintained.

The overall performance and effectiveness of the auditor is reviewed annually taking into account the views of management. Feedback is provided on the evaluation to senior members of Deloitte who are unrelated to the audit. This activity also forms part of Deloitte's own system of quality control. The performance evaluation was carried out using a detailed questionnaire the results of which were considered by the Audit Committee. Having reviewed the independence and effectiveness of Deloitte and being fully satisfied with the performance of Deloitte, the Audit Committee has not considered it necessary to carry out a tender process this year. The Audit Committee has, therefore, recommended to the Board that the existing auditors, Deloitte, be re-appointed as the Company's auditors and an ordinary resolution to reappoint Deloitte will be proposed at the forthcoming Annual General Meeting.

Internal Audit
The Audit Committee receives detailed reports from internal audit on areas which it has reviewed and progress reports on follow up actions to strengthen any areas of weakness identified. It also considers the resourcing and effectiveness of the internal audit function.

Performance Evaluation of the Audit Committee
The performance of the Audit Committee was assessed during the year by detailed questionnaire of all Board members. The Audit Committee's performance was assessed as being effective in all the areas of its remit.

On behalf of the Board

A Mehta
Chairman, Audit Committee
4 May 2011

Corporate Governance Report continued

Nominations Committee Report

Membership, Meetings and Attendance

Membership of the Nominations Committee is in line with the requirements of the Combined Code and is comprised of the following Directors:

	Number of meetings attended
A Agarwal, Chairman	3/3
N Chandra	3/3
ER Macdonald	3/3
A Mehta (appointed to the Committee on 1 August 2010)	1/3

During the year Mr Aman Mehta was appointed as an additional independent Non-Executive Director to the Nominations Committee to increase the breadth of views represented by the independent Non-Executive Directors.

The Committee meets at least two times a year. Other Executive Directors and members of the senior management team may attend meetings at the invitation of the Committee as appropriate. Reports are made to the Board of the Committee's activities.

Responsibilities of the Nominations Committee

The responsibilities of the Nominations Committee are set out in its terms of reference which are available on request from the Company Secretary. The main responsibilities of the Nominations Committee are to:

> Review the structure, size and composition of the Board (including the skills and experience required of its members) and make recommendations to the Board accordingly of adjustments that are deemed necessary;
> Consider candidates for appointment as either Executive or Non-Executive Directors and plan for succession in particular to the positions of the Board Chairman and Chief Executive;
> Before an appointment is made prepare a description of the role and capabilities required;
> In identifying suitable candidates consider the use of open advertising or external advisers to facilitate the search, consider candidates from a wide range of backgrounds;
> Ensure that Non-Executive Directors receive a letter of appointment setting out what is expected from them in terms of time commitment;
> Recommend to the Board whether to re-appoint a Non-Executive Director either at the end of their term of office or when put forward for re-election, having regard to their performance and ability to continue to contribute to the Board. The Committee will confer with Volcan Investments Limited in this respect under the terms of the Relationship Agreement.

Activities of the Nominations Committee

During the year the Nominations Committee considered the annual re-appointment of Mr Naresh Chandra to the Board and as Senior Independent Director on the expiry of his letter of appointment. The Nominations Committee also considered the re-appointment of Mr Aman Mehta and Euan Macdonald who retired by rotation and recommended to shareholders the re-appointment of Mr Chandra, Mr Mehta and Mr Macdonald. The Committee concluded that these Directors continued to provide valuable contributions to the Board and the Board relied on their extensive past business experience. Mr Chandra, Mr Mehta and Mr Macdonald did not take any part in the discussion or decision concerning their re-appointments.

The Nominations Committee also considered the renewal of the terms of appointment of Mr Aman Mehta which were due to expire in November 2011. Based on Board evaluation and consideration of Mr Mehta's continued robust contribution and expertise the Nominations Committee approved the extension of his appointment for a further two years.

The Nominations Committee reviewed and approved the disclosures on the Nominations Committee to be made in the Annual Report and Accounts.

Future Activity

The Nominations Committee is aware of the new requirements introduced by the UK Corporate Governance Code which fall within the Committee's remit. This includes the requirement for the search for Board candidates to give due regard to the benefits of diversity, including gender. In addition the Davies report ('Women on Boards') has made a series of recommendations to encourage recruitment of women to the Boards of companies. The Nominations Committee will be reviewing its succession planning and selection procedures to ensure that these requirements are built into its processes.

The Committee is also aware that the tenure of its Non-Executive Directors and need for refreshing of the Board and its Committees. Plans will be formulated during the year to search for a new Non-Executive Director for a smooth succession for the Board.

Performance Evaluation of the Nominations Committee

The performance of the Nominations Committee was assessed during the year and was considered to be effective in all areas of its remit.

On behalf of the Board

A Agarwal
Chairman
4 May 2011

Health, Safety and Environment (HSE) Committee Report

Membership, Meetings and Attendance

The HSE Committee met three times during the year on 30 June 2010, 11 November 2010 and 10 March 2011. The members of the committee and their attendance were as follows:

	Number of meetings attended
N Chandra, Chairman	3/3
MS Mehta	3/3
G Gupta	2/3
A Joshi	3/3
P Khanna	3/3
CSR Mehta	3/3
R Nair	3/3
M Patil	2/3
Jeyakumar Janakraj	0/0

Activities of the Health Safety and Environment Committee

During the year the Health, Safety and Environment Committee considered the following items of business:

> Health, safety and environmental performance reports and statistics;
> Reports on actions taken to continue the improvement in health and safety, including progress of traffic safety improvements and refining of safety scorecards used in all units;
> Environmental initiatives, including action plans for major waste utilisation, disposal of copper slag and testing of Jarofix utilisation;
> Reports on water and energy consumption and residual waste management throughout the Group (including fly ash utilisation), as well as business plan targets for LTIFR, water and energy;
> Progress update on CDMs;
> Update on climate change;
> Exploring potential for gaining and exploiting carbon credits;
> Presentation of significant awards; and
> Review of the outcomes and recommendations of the independent Scott Wilson Report into the Group's sustainability practices and procedures.

At its final meeting of the year, the HSE Committee recommended to the Board of Director's that its remit and title be changed to reflect the breadth of its role covering all aspects of sustainability within the Group.

A further recommendation was made to include additions to the Group's Value Statement and Code of Conduct (both of which are outlined on the Company's website www.vedantaresources.com).

The recommended addition to the present Value Statement comprised the sentence: "We aim to contribute to the social and economic welfare of the communities where we work and to protect and conserve the environment."

The recommended changes to the Code of Conduct comprised the addition of an article on human rights, the inclusion of the Group's aspiration to zero harm and world class management systems and the addition of wording for supplier HSE performance to be included in vendor selection in place of the previous wording, 'Environmental Performance'.

The HSE Committee recommended that the Board mandate to the Sustainability Committee should be as follows:

General scope and authority

The existing HSE Committee be renamed as the Sustainability Committee. The role of the Sustainability Committee to be established to assist the Board in meeting its responsibilities in relation to sustainability related matters arising out of the activities and operations of the Group.

The Committee shall have the following functions:

To recommend to the Board, Group sustainability policies, clearly setting out the commitments of the Group to manage matters of sustainable development effectively.

To advise the Board to enable it to discharge its responsibilities, having regard to the law and the expected international standards of governance.

To outline initiatives required to institutionalise a sustainability culture through involvement of the employees at all levels.

To review and report to the Board the performance of the Group and its Group companies with respect to the implementation of a Sustainability Management System designed to ensure that the commitments made in the policy are being met and that sustainability and reputational related risks are being assessed, controlled and managed effectively.

To review targets for sustainability performance and report to the Board with respect to their appropriateness and assess progress towards achieving those targets.

To recommend, when appropriate, amendments to the sustainability policies or management system.

To approve the Sustainability Report prior to publication.

Composition and Authority

The Sustainability Committee shall be appointed by the Board and shall comprise of one Non-Executive Director who will also act as its chairman, Group CEO and the third member will be one of the CEOs from African operations.

The quorum necessary to transact business will be two members of the Committee.

A standing invitation will be given to the Head/CEOs/COOs of all Group businesses.

The Group's Chief Sustainability Officer will also have a standing invitation and will provide an advisory role and secretarial support to the Committee.

The Committee is authorised to seek any information it requires from any employee of the Company, obtain outside legal or other independent advice on matters within its terms of reference, commission working, advisory or steering groups to provide focus or advice on matters within its terms of reference.

Corporate Governance Report continued

Procedures

The Committee shall meet as required but should meet at least four times each year. It may require any employee of the Company to attend meetings for the purpose of making presentations or participating in discussions.

A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy of all Directors) a week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

The Chairman of the Committee, or delegate, shall report to the Board following each meeting. Minutes of proceedings and resolutions of Committee meetings will be kept by the Secretary. Minutes shall be circulated to all Committee Members and other Directors after the preliminary approval of the Committee Chairman. Minutes, agenda and supporting papers will be made available to any Director upon request to the Secretary.

Approval and Review

The Sustainability Committee Terms of Reference shall be approved by the Board of Vedanta.

The Sustainability Committee shall review its own terms of reference and performance once a year to ensure its relevance and its effectiveness.

Details of the Group's HSE performance and commitments and are set out on pages 67 to 68 of this Annual Report and in the Group's separate Sustainable Development Report.

On behalf of the Board

N Chandra
Chairman
4 May 2011

Remuneration Report

Dear Shareholder,

I am pleased to present this year's report by the Remuneration Committee (the 'Committee') on Directors' remuneration.

The background to the deliberations of the Committee this year has been the continued challenging global economic environment and resulting concern surrounding executive remuneration. As a result of the financial crises a number of reviews were initiated including the Walker review and review of the Combined Code. A new UK Corporate Governance Code was published in June 2010.

Despite the challenging economic times, Vedanta has continued to produce strong financial results, record levels of production and progress with major acquisition opportunities. The Board also remains committed to continuous improvements in health, safety and the environment. The objectives of the Remuneration Committee are therefore to put in place remuneration policies which will support the continued successful growth of the business whilst managing risks inherent in running a global mining business including those relating to health, safety and the environment. The achievements of the business during the year are set out in the Business Review on pages 28 to 45 and principal risks facing the Company are set out on pages 50 to 57.

One key area of activity for the Committee during the forthcoming year will be consideration of the requirements of the new UK Corporate Governance Code. The Remuneration Committee believes that the principles concerning remuneration are already adhered to. However, it will review the operation of the performance related elements of Directors' pay (ie the Long Term Incentive Plan and Annual Performance Bonus) and the associated performance conditions. The aim will be to confirm that performance related elements of remuneration are aligned to the business performance and long-term strategy of the Company and that they are further in line with the Company's risk policies.

The Board welcomes shareholder feedback and comments on executive remuneration. A resolution to approve this report will be proposed at the Company's Annual General Meeting to be held on 27 July 2011 and I hope that you will support this resolution.

Should you have any comments/queries in relation to the matters set out in this report, or the Company's executive remuneration policy more generally, please contact me at the Company's registered office.

Naresh Chandra
Chairman of the Remuneration Committee

Introduction

This Remuneration Report provides details of the operation of the Remuneration Committee and gives information about remuneration policies and practices adopted by the Company in respect of members of the Board. The report also reviews general remuneration policy in relation to senior management within the Group. It has been prepared in accordance with the Listing Rules of the UK Listing Authority, Schedule 8 of the Large and Medium Companies and Groups (Accounts and Reports) Regulations 2008 and the Combined Code on Corporate Governance (the 'Code').

The Companies Act 2006 requires the auditors to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

Part I (Unaudited)

Remuneration Committee (the 'Committee')

The Board has established a Remuneration Committee in accordance with the provisions of the Code to determine on behalf of the Board the Company's policy on the remuneration and terms of engagement of the Executive Directors and certain senior executives.

Members, Meetings and Attendance

The members of the Remuneration Committee who served during the year, all of whom were independent Non-Executive Directors, are shown below together with their attendance at Remuneration Committee meetings:

	Number of meetings attended
Naresh Chandra (Chairman)	4/4
Euan Macdonald	4/4
Aman Mehta	4/4

Terms of Reference

The Committee's duties are set out in its terms of reference which are available on request from the Company Secretary.

The Committee's remit is primarily to determine and agree with the Board the framework and policy for the remuneration of the Chairman and Executive Directors. In so doing, the Committee makes recommendations to the Board on:

- the Company's overall policy on executive and senior management remuneration;
- remuneration packages for individual Executive Directors, including basic salary, performance-based short- and long-term incentives, pensions and other benefits;
- the design and operation of the Company's share incentive schemes; and
- the provisions of the service agreements of the Executive Directors.

In performing its duties the Committee gives full consideration to the Code and published guidelines regarding the remuneration of directors of listed companies including those published by the Association of British Insurers and National Association of Pensions Funds.

Remuneration Report continued

Advisers to the Committee

Mr A Thirunavukkarasu (President – Group HR) advises the Committee on the policies and practices being applied. He also provides input into discussions concerning the remuneration and benefits offered to the Executive Directors during the year and ensures that the Committee is kept abreast of pay and conditions throughout the Group which the Committee can then take into account when framing the remuneration policy of senior management.

The Chairman and Chief Executive are consulted by the Committee in respect of remuneration packages for senior executives where appropriate (but not in respect of their own remuneration). Other Directors of the Company may attend meetings of the Committee at the invitation of the Chairman. However no Director is present during discussions relating to their own remuneration.

Ernst & Young LLP review and confirm the Company's TSR performance in respect of the Long Term Incentive Plan (LTIP). Ernst & Young LLP also provide some tax and internal audit services to the Group.

The Committee engages independent consultants to advise on particular aspects of Directors' remuneration as appropriate. During the year Hewitt New Bridge Street ('HNBS'), (a brand of Aon Hewitt Limited), provided ad hoc advice on the Company's remuneration practices as they apply to Executive Directors and Non-Executive Directors. HNBS subscribe to the Remuneration Consultant's Group's Code of Conduct. Neither Hewitt New Bridge Street nor any other part of Aon Hewitt provided other services to the Company during the year.

Given the India-focused approach for executives in India and other local markets for units in different geographical areas taken to remuneration policy, it has not been felt appropriate to appoint independent compensation and benefit consultants to advise the Committee on remuneration matters save for need based advice.

Activities of the Committee

The Committee held four meetings during the year, at which all members were present. The following items of business were considered:

- A report of the President, Human Resources on developments in the human resource area.
- Salary and bonus arrangements of the Executive Directors.
- Approval of the annual bonus for the Executive Directors for the year ended 31 March 2010.
- Approval of the Remuneration Report for the year ended 31 March 2011.
- Vesting of Long Term Incentive Plan awards.
- Grant of Long Term Incentive Plan awards to employees.

Remuneration Policy

The key objectives of the Group's broad remuneration policy are to:

- Attract and retain high-calibre executives.
- Motivate senior executives to develop and implement the Group's strategy so as to enhance long-term shareholder value.
- Facilitate the development of managers from within existing operations.
- Offer remuneration packages that reflect the Group's position as a pre-eminent player in the Indian metals and mining sector in particular and the manufacturing sector as a whole in order to remain competitive in the recruitment market.
- Maintain the balance between incentivising executives and the need to control risks.

A geography wise approach is followed across the Group in determining the remuneration of key operational and financial heads within the Group (the 'Senior Management Group'). Both variable and fixed components of the remuneration packages for Executive Directors and the Senior Management Group are therefore set by reference to local market practice in India and other geographics in which the Group operates and are in alignment within the Group strategy.

The following factors are taken into consideration while setting remuneration levels of the Executive Directors and the Senior Management Group:

- Levels of remuneration and employment conditions for employees throughout the Group. This is achieved by regular liaison between the Group's HR function and the Remuneration Committee. It is the aim to provide broad consistency in the approach in rewarding all employees and those of senior management.
- Market practices prevailing in the countries in which executives work.
- Market practices in the country in which Vedanta operates in the mining and manufacturing sectors (in respect of operational management) and in all sectors (in respect of corporate and supporting functions), excluding certain sectors (for example, financial services) where specific remuneration practices exist that are not relevant to Vedanta.

Remuneration Policy for the Senior Management Group

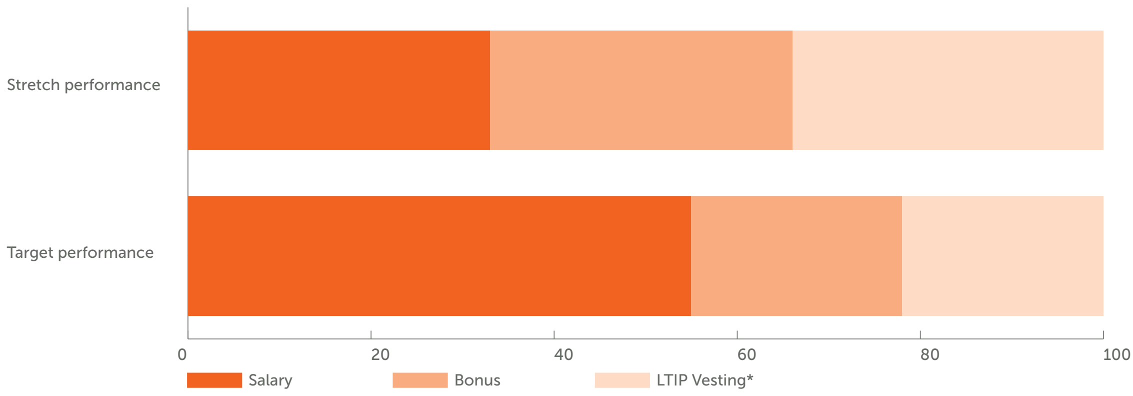
In setting remuneration policy for those in the Senior Management Group, it is the aim to align the interests of the Senior Management Group with those of the shareholders by linking share and cash incentives to corporate performance and challenges faced.

The remuneration packages of the Senior Management Group comprise:

- A salary for day-to-day performance of duties. This year the average salary increase for members of the Senior Management Group was 25%.
- A performance bonus as an incentive to meet yearly target – these are set by reference to individual key result areas ('KRAs'), personal qualities and the financial performance of the Company.
- Awards under the long-term incentive plan ('LTIP', referred to below) to incentivise long-term and strategic performance.
- Relevant provision of benefits in kind in accordance with local market practices.

Relative Importance of Fixed and Variable Pay

A significant proportion of the remuneration of the Executive Directors is performance-linked. The chart below demonstrates the balance of fixed and variable pay in these circumstances for the Executive Directors assuming: (i) maximum bonuses were paid and full vesting of LTIP awards ('Stretch Performance'); and (ii) actual bonus payouts as earned in 2011 and median vesting of LTIP awards ('Target Performance').



*Share price growth is ignored

Elements of Executive Directors Remuneration

Element of remuneration	Purpose	Policy
Base salary	To reflect individual's role and experience To reward performance and provide compensation against inflation and aid retention	Annual review Benchmarked against Indian manufacturing and engineering businesses and global mining companies
Annual performance bonus	Focus of delivery on financial targets and achievement of operational, strategic goals that drive generation of shareholder value	Maximum bonus of 100% of annual salary (Vedanta base salary plus CTC at Sterlite)
Long Term Incentive Plan	To reward creation of shareholder value Align interests of Executive Directors with shareholders	Maximum award is 100% of aggregate annual salary and CTC fees
Pension	Retention and reward long service	To provide benefits in line with market practice
Benefits in kind	Recruitment and retention	To provide benefits in line with market practice

Base Salary

The Executive Directors are based in India (with the exception of Mr Anil Agarwal, who is UK-based), along with the majority of the Group's professional management. Consequently their remuneration is set by reference to the prevailing rates within that market. In addition, salaries for Executive Directors and members of the Senior Management Group are set by reference to those positions of comparable status, skill and responsibility in the metals and mining industries, and in the manufacturing and engineering industries more generally.

The basic remuneration of executives in India is referred to as 'cost to company' ('CTC') which represents an aggregate figure encompassing basic salary and allowances such as housing etc.

The Chairman, Mr Anil Agarwal, has a service agreement with Vedanta Resources plc. His salary is approved by the Board (without the Chairman present) on the recommendation of the Remuneration Committee.

Mr Navin Agarwal and Mr MS Mehta have service agreements with Sterlite Industries (India) Ltd ('Sterlite') which have been augmented by letters of appointment to the Board of the Company. Mr Navin Agarwal and Mr MS Mehta receive a salary under their Sterlite contract and an annual fee paid to them from the company to reflect the amount of time they spend on Board business. Details of their salary and fees are shown below.

Remuneration Report continued

Details of salary levels for the Executive Directors are as follows:

	Vedanta salary from 1 April 2010 (£)	Sterlite salary from 1 April 2010 (INR)	**Vedanta salary from 1 April 2011 (£)**	**Sterlite salary from 1 April 2011 (INR)**	Total 2011 (£)	Total 2010 (£)
AK Agarwal (Executive Chairman)	1,170,125	–	**1,404,150**	**–**	1,404,150	1,170,125
N Agarwal (Deputy Executive Chairman)	80,000	56,478,000	**80,000**	**67,773,600**	1,036,174	824,273
M S Mehta (Chief Executive)	80,000	19,200,000	**80,000**	**23,040,000**	405,056	333,019

Note: Exchange rate of INR 70.88 to £1 as at 31st March 2011

Salaries are reviewed on an annual basis and changes will generally be implemented with effect from 1 April each year taking into account the period of service during the year. The review in relation to the salaries to be paid to the Executive Directors for 2011 considered a broad range of comparative information including a benchmarking exercise against comparable roles in similar sized Indian manufacturing businesses and global mining companies. Following the review the Remuneration Committee approved salary increases of 20% for Mr Navin Agarwal and Mr MS Mehta.

Annual Performance Bonus

The Company operates a performance bonus scheme providing the Executive Directors and the Senior Management Group with an opportunity to earn a cash amount based on the achievement of stretching performance targets. The bonus is non-pensionable.

The maximum bonus payable to the Executive Directors is 100% of annual salary, whilst for other members of the Senior Management Group, the maximum bonus payable is 50% of CTC. In respect of Mr Navin Agarwal and Mr MS Mehta salary means the aggregate of Vedanta salary together with CTC payable by Sterlite.

For the year ended 31 March 2011, the payment of the annual bonus was dependent on the following business operational performance and projects, including green field and expansion projects. In addition it was linked to strategic initiatives in mergers and acquisitions and effective stakeholder management which resulted in recognition and achievement of awards in CSR, safety, quality, business excellence and best employer status.

Operational Performance

> Zinc production was a record 840,000 tonnes, 9% higher than corresponding period.
> Refined zinc production was 23% higher at 712,000 tonnes.
> Full year silver production was marginally higher at 5.76moz.
> In Zambia, total cathode production in FY 2011 was 217,000 tonnes, a substantial increase of 30% over the previous year.
> Aluminium production was a record 641,000 tonnes, 20% higher than the previous year.
> In energy sector 4,782 million units of power were sold, compared to 3,729 million units in FY 2010.

Acquisitions:

The acquisition of Skorpion Zinc, Namibia was completed in December 2010. The acquisitions of Black Mountain Mines, South Africa and Lisheen Mines, Ireland were completed in February 2011.

Achievement of objectives

All of the designated projects across sectors are in line with time schedules and project milestones. Project costs have been lowered taking the economic situation as an opportunity for growth.

2012 Annual Performance Bonus

For the financial year ended 31 March 2012 similar financial and operational targets have been set, with the maximum bonus opportunity remaining 100% of salary.

The Committee believes that the bonus arrangements neither encourage nor reward inappropriate risk-taking. At present, the Committee does not consider it necessary to operate 'clawback' provision in the annual bonus, but will keep this matter under review.

Pensions

The Company does not provide post-retirement benefits to Mr Anil Agarwal and this is reflected in the determination of his overall remuneration package. The Indian-based Executive Directors are entitled to contribute to the Provident Fund, Gratuity and Superannuation Fund which provide pension benefits consistent with local market practices. The Provident Fund, Superannuation Fund and Gratuity fund are defined contribution pension arrangements. The Company makes a contribution as per prevalent statutory rules to these funds on behalf of Mr Navin Agrawal and Mr MS Mehta.

Benefits in Kind

Mr Anil Agarwal is provided with a car and fuel in the UK for business use. For his frequent business trips to India, Mr Agarwal is also provided with a car and fuel for business use and is entitled to the use of Company-owned furnished accommodation.

Benefits in kind provided to Indian-based executive directors are set in line with local market practices and include coverage under the Group medi claim policy and personal accident insurance, the use of a car and driver, and for certain individuals, the provision of accommodation, either in Company-owned or leased premises. Mr Navin Agarwal is provided with an HRA allowance of INR 6,000,000 effective from 1 April 2010 in lieu of Company leased accommodation. He was also reimbursed club membership fees.

Long Term Incentive Plan ('LTIP')

The Company operates a Long-Term Incentive Plan for Executive Directors, senior management and select wider management team. Under the LTIP, awards of nominal-cost options may be granted in line with the Board's objective of incentivising and developing the potential within the wider management group. Each year the aim has been to broaden the constituency of employees eligible to participate in the LTIP so as to increase the alignment of interests between shareholders and the management population and to encourage equity ownership amongst employees.

It is the Committee's intention that the LTIP will continue to be operated for these purposes and in the way described below during the forthcoming year.

LTIP Performance Measures

The vesting of LTIP awards is subject to measurement of the Company's performance in terms of Total Shareholder Return ('TSR'), being the movement in the Company's share price (plus reinvested dividends), compared over a three-year period from the date of grant with the performance of a specific list of companies, selected as being the Group's main peers and competitors. This performance condition was selected as it provides a strong alignment between the interests of shareholders and the senior executives in the Group. The full list of companies against whose performance Vedanta's TSR is measured is as follows (the 'Comparator Group'):

1. Anglo American
2. BHP Billiton
3. Rio Tinto
4. Xstrata
5. Vale
6. Antofagasta
7. Grupo Mexico
8. Hindalco
9. Alcoa
10. Teck (formerly known as Teck Cominco)

There have been no changes to the Comparator Group during the year.

The extent to which an award vests will depend on the Company's TSR ranking against the Comparator Group at the end of the three-year performance period.

The vesting schedule is shown in the table below, with straight-line vesting in between the points shown rounded down to the nearest whole share.

Vedanta's TSR Performance against the Comparator Group	% of award vesting
Below median	nil
At median	40
At or above upper quartile	100

The performance condition is measured by taking the Company's TSR over the four weeks immediately preceding the date of grant and over the four weeks immediately preceding the end of the three-year performance period and comparing its performance with that of the Comparator Group. The information to enable this calculation to be carried out on behalf of the Committee is provided by Ernst & Young LLP.

As the majority of the Group's employees are domiciled in India and Africa, the Remuneration Committee has to be cognisant of relevant market practice in order to be sure of retaining high calibre employees in those markets. The most common form of long-term incentive in India is an executive share option scheme in which a certain percentage of options vest every year, and the total options vest fully (100%) over three to four years (often not subject to any performance conditions). However, no awards vest under the Vedanta LTIP before three years. In addition, LTIP awards only vest subject to the relative TSR performance condition described above. Considering the multiplicity of factors (including vesting term duration, the use of a pre-vest condition that measures performance relative to peer group companies and the relatively modest maximum award level under the LTIP of 100% of the aggregate of annual salary and CTC fees compared to other companies of a similar size) that determine benefits under the LTIP, the Remuneration Committee believes that 40% vesting for median performance is warranted, and the minimum required to maintain the LTIP's role as a strong motivational and retention tool for the high calibre management team. However, the Committee will continue to monitor the appropriateness of this approach.

Operation of the LTIP

The maximum value of awards that can be conditionally awarded to an Executive Director in a year is 100% of the aggregate of annual salary and CTC fees. Details of the awards held by the Executive Directors as at 31 March 2011 are shown in the table of Directors' Long Term Incentive Awards on page 77.

LTIP awards are also made to the Senior Management Group. The maximum value of awards that can be awarded to members of the Senior Management Group is calculated by reference to the fixed salary (CTC) and share-based remuneration consistent with local market practice.

Nominations for awards under the LTIP are made by the chief executive officers of each operating company and heads of large independent projects based on guidelines issued by the Group. Individuals are assessed and categorised by reference to the importance of their roles to the relevant business unit, past performance and future potential. The size of awards is linked to fixed salary, being a factor of CTC, based on how the individual has been assessed in accordance with the Group's guidelines. LTIP awards continue to be made to selected contracted employees and to employees hired through the Company's global recruitment programme.

Vesting of LTIP Awards

During the year Ernst & Young LLP reviewed the Company's TSR performance relative to the Comparator Group for the 36-month performance period for LTIP awards made in November 2007. Ernst & Young reported that TSR performance of Vedanta over the three year period was at the median ranking triggering a 40% vesting of awards. The Remuneration Committee was requested to consider that the Company had delivered record production, a rise in revenues and profitability and therefore to consider increasing the vesting to 64% for employees, other than Executive Directors. It was also noted that in 12 quarterly TSR performance periods, the Company had been ranked in the top three positions on six occasions, fourth position on three occasions and fifth position on one occasion (fifth position ordinarily results in a vesting percentage

Remuneration Report continued

of 64%). Accordingly, the Remuneration Committee approved the vesting to be set at 64% for employees, excluding the Executive Directors whose awards would vest at the 40% level. This meant that a total of 762,551 ordinary shares would be issued under the LTIP awards to eligible employees and the Executive Directors.

The vesting of awards to the Executive Directors was follows:

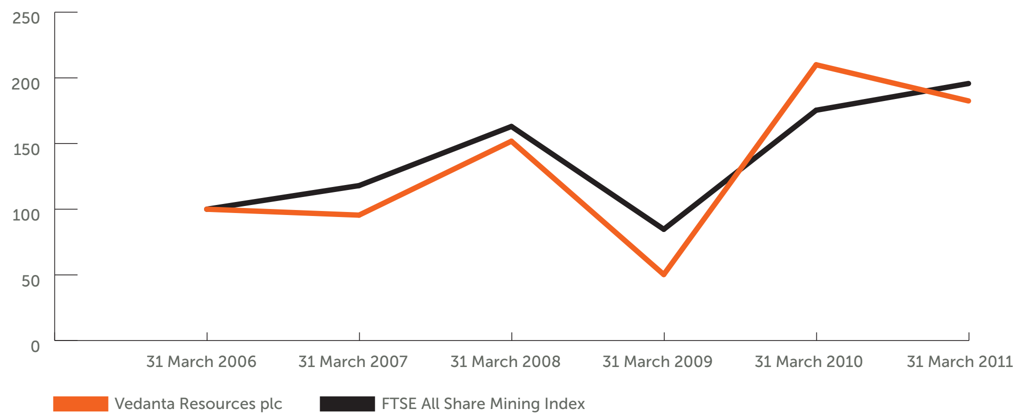
	Number of shares
Anil Agarwal	14,800
Navin Agarwal	9,800
MS Mehta	3,200

Equity Dilution Resulting from Employee Share Schemes

The dilution limits set out in the rules of the Employee Share Schemes established in December 2003 (including the LTIP) allow up to an aggregate of 10% of the Company's issued share capital to be issued or issuable pursuant to awards under any of the Company's employee share schemes over a period of 10 years. Up to 5% of the Company's issued share capital may be used for the Company's discretionary schemes (such as the LTIP) over a 10-year period. Shares issued or issuable pursuant to awards made under the Vedanta Resources Share Reward Plan (the 'Reward Plan') are not counted for these purposes. The Reward Plan was used solely to reward employees who contributed to the Company's development up to the listing in 2003. No further awards have been made under this Plan. Currently 0.75% (2010: 1.26%) of the Company's issued share capital is issuable in respect of outstanding awards under the LTIP.

Total Shareholder Return Performance Graph

The graph below shows the TSR performance of the Company in comparison with that of the FTSE All Share Mining Index for the period from 31 March 2006 to 31 March 2011. The FTSE All Share Mining Index was chosen as it is the most relevant to compare the Company's performance against its peers.



This graph shows the value, by 31 March 2011, of £100 invested in Vedanta Resources plc on 31 March 2006 compared with the value of £100 invested in the FTSE All Share Mining Index. The other points plotted are the values at intervening financial year-ends.

Executive Directors' Service Contracts

Mr Anil Agarwal is employed under a contract of employment with the Company for a rolling term but which may be terminated by not less than six months' notice. Provision is made in Mr Agarwal's contract for payment to be made in lieu of notice on termination which is equal to basic salary and costs to the Company for providing certain benefits during the notice period or part thereof.

Mr Navin Agarwal has a letter of appointment with Vedanta which is a rolling contract and may be terminated by giving six months' notice. Mr Navin Agarwal has a service agreement with Sterlite which expires on 31 July 2013, with a notice period of three months.

Mr Mahendra Mehta has a service contract with Sterlite and a letter of appointment with Vedanta which may be terminated by giving three months' notice. There is a payment in lieu of notice clause in his contract allowing for the payment of compensation in the case of early termination.

It is the Group's policy that no Directors' service contract should be terminable on more than 12 months' notice.

Copies of all Executive Directors' service contracts and the letters of appointment of the Non-Executive Directors are available for inspection during normal business hours at the registered office of the Company.

Executive Directors' Service Contract Details

	Date of contract	Notice period from the Company	Outstanding term
AK Agarwal	27 November 2003	6 months	Rolling notice period
N Agarwal (Vedanta)	4 May 2005	6 months	Rolling notice period
N Agarwal (Sterlite)	1 August 2003	3 months	Until 31 July 2013
MS Mehta	1 October 2008	3 months	Until 30 September 2011

External Appointments

The Board's policy on external appointments is that an Executive Director may, only with the prior approval of the Board, accept an appointment external to the Group (other than any appointment to related parties or Volcan Investments Limited ('Volcan') in the case of Messrs Anil Agarwal and Navin Agarwal) as a Non-Executive Director of a publicly listed company anywhere and that the fees for any such appointment may be retained by the individual.

Currently, none of the Executive Directors holds any such outside appointments, other than Messrs Anil Agarwal and Navin Agarwal who hold directorships in other Group subsidiaries.

Non-Executive Directors

Non-Executive Directors' Fees

The Board is responsible for setting policy in relation to the Non-Executive Directors' fees and reviews them periodically. General policy is to provide fees in line with market practice for similar Non-Executive Director roles in international mining groups. Fees paid to the Non-executive Directors also take account of the Group's complexity, the significant travel and time commitments required for attending Board and other meetings in India and the UK and the risk profile of the Company. As the Non-Executive Directors' fees had not been reviewed since 2007, in 2009, a benchmarking exercise was carried out by Hewitt New Bridge Street. Following the review, the Board approved the fee structure set out below. It was also agreed that these fees would be frozen for a period of three years.

Non-Executive Directors' fees payable for chairing or being a member of a Board committee are as follows:

1. Base fee, £80,000
2. Audit Committee Chairman, £20,000
3. Member of Audit Committee, £7,500
4. Remuneration Committee Chairman, £17,500
5. Member of Remuneration Committee, £7,500
6. Member of Nominations Committee, £5,000
7. Sustainability Committee Chairman, £20,000
8. Senior Independent Director fee, £10,000

Non-Executive Directors' Letters of Appointment

The Non-Executive Directors have letters of appointment which may be terminated by either party by giving three months' notice. The Non-Executive Directors' letters of appointment set out the time requirements expected of them in the performance of their duties. Non-Executive Directors are normally expected to spend at least 20 days per year on Company business. There is no provision in the letters of appointment of the Non-Executive Directors for compensation to be paid in the event of early termination. Details of the Non-Executive Directors' Letters of Appointment are shown below.

	Date of letter of appointment	Notice period from the Company	Outstanding term
N Chandra[1]	1 June 2010	3 months	Until 31 May 2011
A Mehta	24 November 2009	3 months	Until 23 November 2013
ER Macdonald	23 March 2010	3 months	Until 22 March 2012

1 Mr Chandra is engaged on a contract renewable every 12 months.

Shareholding Guidelines

There are at present no formal shareholding guidelines for the Executive Directors. The Remuneration Committee believes formal guidelines are not necessary at this time due to the existing holdings held by the Executive Directors and participation in the LTIP which encourages share ownership. Shareholding guidelines may be introduced at a future date if this is felt to be appropriate.

Remuneration Report continued

Directors' Interests in Ordinary Shares

The interests of the Directors (which are beneficial unless otherwise stated) in ordinary shares at 31 March 2011 were:

	As at 1 April 2010	**As at 31 March 2011**
AK Agarwal[1]	162,250,000	**163,500,000[2]**
AK Agarwal[3]	72,400	**87,240**
N Agarwal[1]	213,360	**223,160**
MS Mehta	31,521	**41,857**
N Chandra	–	**–**
A Mehta	–	**–**
ER Macdonald	–	**–**

1 Mr Anil Agarwal and Mr Navin Agarwal each held nominee shares in direct and indirect subsidiaries. These holdings are non-beneficial.
2 Mr Agarwal's holding of 163,500,000 shares are registered in the name of Volcan Investments Limited which is a company owned by a family trust.
3 Shares held directly by Mr AK Agarwal

There have been no changes in the beneficial and non-beneficial shareholdings of the Directors between the end of the financial year and the 1 June 2011 other than that of Mr Anil Agarwal's holding in the name of Volcan Investments Limited which stood at 165,310,000 as at 1 June 2011.

Part II (Audited)

Directors' Remuneration for the Year Ended 31 March 2011

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 March 2011 for individual Directors who held office in the Company during this period. All amounts are in UK pounds sterling although payments in India under service contracts with Sterlite are paid in Indian rupees.

Directors' Remuneration

	UK salary £000	CTC fees £000	Pensions £000	Annual performance bonus £000	Benefits in kind £000	**2011 Total £000**	2010 Total £000
Executive Directors							
AK Agarwal[1]	1,170	–	–	500	61	1,731	1,378
N Agarwal[2]	80	773	126	353	37	1,369	984
MS Mehta[3]	80	248	26	127	1	482	317
Non-Executive Directors							
N Chandra	140	–	–	–	–	140	115
A Mehta	111	–	–	–	–	111	85
ER Macdonald	100	–	–	–	–	100	75
Total	**1,681**	**1,021**	**152**	**980**	**99**	**3,933**	**2,954**

Notes:
1 Mr Anil Agarwal's benefits in kind include provision of a car and fuel in the UK and India for business purposes.
2 Mr Navin Agarwal's benefits in kind include, club membership and use of car and driver.
3 Mr MS Mehta's benefits in kind include use of car.

Directors' Long-Term Incentive Plan Awards

Executive Director	Option granted	Exercise price (US cents)	1 April 2010	Movements during the year: Grants lapsed due to performance condition	Movements during the year: Exercised	31 March 2011	Earliest/last exercise dates	Date award exercised	Market price on exercise £	Market price at grant £	Aggregate gain on exercise £
AK Agarwal	14 Nov 2007	0.10	37,000	22,200	14,800	–	14 Nov 2010 to 14 May 2011	10.12.10	22.05	19.69	325,399
	1 Aug 2009	0.10	60,000	–	–	60,000	1 Aug 2012 to 1 Jan 2013			17.64	
N Agarwal	14 Nov 2007	0.10	24,500	14,700	9,800	–	14 Nov 2010 to 14 May2011	10.12.10	22.05	19.69	215,437
	1 Aug 2009	0.10	40,000	–	–	40,000	1 Aug 2012 to 1 Jan 2013			17.64	
MS Mehta	14 Nov 2007	0.10	8,000	4,800	3,200	–	14 Nov 2010 to 14 May2011	29.12.10	25.24	19.69	80,288
	1 Aug 2009	0.10	17,500	–	–	17,500	1 Aug 2012 to 1 Jan 2013			17.64	

The mid-market price of the shares at 31 March 2011 was 2,379 pence and from 1 April 2010 to 31 March 2011, the share price varied between 1,795 pence and 2,958 pence.

Signed on behalf of the Board of Directors

Naresh Chandra
Chairman of the Remuneration Committee
4 May 2011

The Directors' Report

Purpose of the Directors' Report

The Directors are pleased to present their Annual Report on the business of the Group, together with the financial statements and auditors' report, for the year ended 31 March 2011.

The purpose of the Directors' Report is to provide shareholders with certain statutory information about the Company, its Directors and operations. The Business Review, which forms part of the Directors' Report, informs shareholders and helps them assess how the Directors have performed their duty to promote the success of the Company. In addition, as a company listed on the London Stock Exchange, it is required to provide information which includes amongst other things, details of the Company's share capital, voting rights, rules on directors' appointments and significant agreements that alter on change of control.

Principal Activities

Vedanta Resources plc is the UK parent company of a diversified metals and mining group. The Group's principal operations are in India, Zambia , Australia, Namibia, South Africa and Ireland. The major metals produced are aluminium, copper, zinc, lead, silver and iron ore. The Group is also developing a commercial power generation business. Analysis of revenue, operating profit, principal activities and geographical origins appears in Note 3 of the financial statements and a list of the principal subsidiaries and of the Group may be found in Note 39 to the financial statements.

Business Review

The Business Review has been prepared in accordance with the Companies Act 2006 which requires the Company to set out a fair review of the business of the Group during the financial year, including an analysis of the position of the Group at the end of the financial year and the trends and factors likely to affect the future development, performance and position of the business.

The information that fulfils the requirements of the Business Review, including principal risks and uncertainties and key performance indicators, can be found within the following sections, which are incorporated in this report by reference:

Information	Location in the Annual Report	Page
Key Performance Indicators	Business Review	12
Description of the principal risks and uncertainties facing the Group	Financial Review	50
Strategy	Chairman's Statement and Business Review	10
Future developments	Business Review	10
Review of operations	Business Review	28
Financial Review	Financial Review	46
Environmental matters	Sustainable Development Report	22
Health and safety matters	Sustainable Development Report	22
Community issues	Sustainable Development Report	22

The Business Review and other sections of this Annual Report contain forward looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward looking statements and past performance are therefore not guarantees of future performance. The information contained in the Business Review has been prepared on the basis of information and knowledge available to Directors at the date of preparation and the Company does not undertake to update or revise the content during the year ahead.

Corporate Governance

In accordance with the Financial Services Authority's Disclosure and Transparency Rules ('DTR') 7.2.1 the disclosures required by DTR7.2.2R to DTR 7.2.5 and DTR7.2.7 may be found in the Corporate Governance Report on pages 58 to 68. Information referred to in DTR7.2.6 is located in this Directors' Report.

Important Events Subsequent to the Year End

Events since the balance sheet date are summarised in Note 38 on page 139 of the financial statements.

Dividends

The Directors recommend a final dividend for the year ended 31 March 2011 of 32.5 US cents per ordinary share (2010: 27.5 US cents per ordinary share). Subject to shareholders approving this recommendation at the Annual General Meeting on 27 July 2011, the final dividend will be paid on 3 August 2011 to shareholders on the register of members as at 8 July 2011.

Taken together with the interim dividend of 20.0 US cents per ordinary share paid to shareholders on 6 January 2011, the total dividend for the year is 52.5 US cents per ordinary share (2010: 45 US cents per ordinary share).

Directors

The names, specific responsibilities and biographical details of the current Board of Directors are shown on page 24. Details of the remuneration of the Directors, their interests in the shares of the Company and service contracts are contained in the Remuneration Report on pages 69 to 75.

The following Directors held office during the year ended 31 March 2011:

	Appointed	Designation
Executive Directors		
AK Agarwal	16 May 2003	Executive Chairman
N Agarwal	24 November 2004	Deputy Executive Chairman
MS Mehta	1 October 2008	Chief Executive
Non-Executive Directors		
N Chandra	18 May 2004	Non-Executive Director
A Mehta	24 November 2004	Non-Executive Director
ER Macdonald	23 March 2005	Non-Executive Director

Appointment and Replacement of Directors

The Company's Articles of Association specify that the minimum number of Directors of the Company, unless determined by ordinary resolution, shall be two. There is no limit on the maximum number of Directors. The Company or the Board may appoint any person to be a Director. Any Director appointed by the Board shall hold office only until the next general meeting and is then eligible for election by the shareholders. At every Annual General Meeting the Articles specify that one-third of the Directors, or if their number is not three or multiple of three, the number nearest to one-third, shall retire from office. The Directors to retire by rotation are those who have been longest in office since appointment or re-appointment. Accordingly Mr Navin Agarwal, Mr Naresh Chandra and Mr Aman Mehta will retire by rotation at the forthcoming Annual General Meeting and being eligible will offer themselves for re-election.

Powers of the Directors

Subject to the provisions of the Companies Acts and the Articles of Association and to any directions given by special resolution, the business of the Company is to be managed by the Board which may exercise all the powers of the Company.

Directors' and Officers' Liability Insurance and Indemnities

The Company purchases and maintains liability insurance for its Directors and officers and those of the subsidiaries of the Group, as permitted by the Companies Act 2006. The insurance policy does not provide cover where the Director has acted fraudulently or dishonestly. The Company believes that it is appropriate to provide such cover to protect Directors from innocent error as the Directors carry significant liability under criminal and civil law and under the UK Listing, Prospectus and Disclosure and Transparency Rules, and face a range of penalties.

In addition the Articles of Association of the Company contain an indemnity provision in favour of the Directors of the Company against proceedings brought by third parties, subject to the Companies Act 2006, to allow the Company to pay defence costs for the Director where the Director is exonerated.

Employees

Information on the Group's employees and its policies with respect to employees can be found in the Sustainable Development Report on pages 22 to 23.

Charitable Donations

During the year, the Group made charitable donations of US$1.68 million paid to the Vedanta Foundation (2010: US$1.1 million) and other charitable donations of US$1.35 million (2010: US$0.63 million).

Further details about the Group's involvement with local communities during the year can be found in the Sustainable Development Report.

Political Donations

It is the Board's policy that neither Vedanta nor any of its subsidiary companies may, under any circumstances, make donations or contributions to political organisations within the United Kingdom or European Union. In exceptional circumstances, where such political donations or contributions are to be paid in the United Kingdom and European Union, and if deemed necessary for legitimate business reasons, they will not be made without the approval of the Board and the shareholders in the general meeting.

During the year, the Group made political donations in India of US$0.02 million (2010: US$3.66 million) either through a trust or directly in respect of the Indian general election. The Board believes this will encourage and strengthen the democratic process in India.

Supplier Payment Policy

Responsibility for determining payment terms is delegated to individual businesses within the Group, which take into consideration the commercial circumstances, local market and industry practice. The Group's policy is either to settle terms of payment with suppliers when agreeing the terms of each transaction or to ensure that the supplier is aware of the individual business's usual payment terms. Payment is made in accordance with contractual and other legal obligations and reflects local market practices.

Trade creditor days of the Company at 31 March 2011 were 42 days (2010: 62 days).

The Directors' Report continued

Value of Land

Land is carried in the Balance Sheet at historic cost. It is not practical to estimate the market value of land at each balance sheet date.

Research and Development

The Group's business units carry out research and development activities necessary to further their operations.

Material Shareholdings

As at 1 June 2011, the Company had been notified under the Disclosure and Transparency Rules, of the following significant voting rights in its shares:

Name of holder	Number of ordinary shares of US$0.10 each	Percentage of total ordinary share capital
Volcan Investments Ltd	165,310,000	62%

1 The voting rights at 31 March 2011 were 265,733,940 ordinary shares (net of treasury shares).

Articles of Association, Share Capital and Voting Rights

The following description summarises certain provisions in the Company's Articles of Association (the 'Articles') and applicable English law concerning companies (the Companies Act 2006, the 'Act'). This is a summary only and the relevant provisions of the Act or the Articles should be consulted if further information is required. Copies of the Company's current Articles are available for inspection at the Company's registered office.

Amendments to the Articles of Association

The Articles may be amended only by special resolution passed by the Company's shareholders.

Share Capital

As at 31 March 2011 the issued share capital of the Company was comprised of 296,845,751 ordinary shares of US$0.10 each and 50,000 deferred shares of £1 each.

Rights and Obligations Attaching to Shares

The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles of Association. Details of the authorised and issued share capital together with movements in the Company's issued share capital during the year are shown in Note 33 of the financial statements.

Each ordinary share carries the right to one vote at general meetings of the Company. Holders of deferred shares are not entitled to attend, speak or vote at any general meeting of the Company, nor are they entitled to the payment of any dividend or to receive notice of general meetings.

Further details of the rights attaching to the deferred shares are set out in the Articles and summarised in Note 33 of the financial statements.

Variation of Rights

Subject to the provisions of the Act, the rights attached to any class may be varied with the consent of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

Deadlines for Exercising Voting Rights

Votes may be exercised at general meetings in relation to the business being transacted either in person, by proxy or, in relation to corporate members, by corporate representative. The Articles provide that forms of proxy shall be submitted not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

Restrictions on Voting and the Transfer of Shares

No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the Company, either in person or by proxy, in respect of any share held by him unless all moneys payable by him in respect of that share have been fully paid. Furthermore, no shareholder shall be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll if he has been served with a notice after failing to provide the Company with information concerning interests in his shares that is required to be provided under the Act.

Issue of Shares

Under the Articles of Association, the Company has authority to allot new shares in the Company. Such authority would be exercised having regard to the Statement of Principles published by the Pre-emption Group.

Shares Held in Uncertificated Form
Subject to the provisions of the Uncertificated Securities Regulations 2001, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

Dividends and Distributions
Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution. The treasury shares directly held by the Company are not entitled to receive a dividend.

Dividends may be declared and paid in any currency or currencies that the Board shall determine. The Board may also determine the exchange rate and the relevant date for determining the value of the dividend in any currency.

Purchase of the Company's Own Shares
At the end of the year, the Directors had authority, under a shareholders' resolution dated 28 July 2010, to make market purchases of up to approximately 10% of the Company's ordinary shares.

The authority expires at the conclusion of the Annual General Meeting of the Company in 2011 or on 1 October 2011, whichever is the earlier. A resolution to obtain a further authority will be proposed at the 2011 Annual General Meeting.

During the year the Company continued to make purchases under its previously announced share buyback programme. The Board believed the buyback programme was value accretive to shareholders and will be funded from the Group's substantial cash and liquid investments balances of over US$7.8 billion. Up until April 2010 all shares purchased were held in treasury for subsequent cancellation or sale. From April 2010 purchases were made either by the Company or by an independent company Gorey Investments Limited ('Gorey'), funded by a wholly owned subsidiary of Vedanta, Vedanta Jersey Investment Limited. Shares purchased by Gorey are treated in the consolidated accounts as treasury shares and the shares are available for purchase by Vedanta itself (subject to any required approvals), as consideration for future acquisitions or sale to third parties to raise additional capital if and when desirable.

During the financial year ended 31 March 2011 the Company made the following purchases of its ordinary shares:

	Number of shares	Percentage of issued share capital	Nominal value	Average purchase price
Shares purchased and put into treasury	1,421,800	0.5%	142,180.0	£28.3
Shares purchased through Gorey	1,704,333	0.6%	170,433.3	£25.7

As at 31 March 2011 the Company held a total of 24,206,816 ordinary shares in treasury equal to 8.15% of the issued share capital.

Significant Agreements: Change of Control
There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, and capital market borrowing. Some of these are considered to be significant in terms of their likely impact on the business of the Group as a whole.

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions.

Under the terms of the US$1.25 billion 5.50% Guaranteed Convertible Bonds issued in July 2009 and the US$883 million 4.0% Guaranteed Convertible Bonds issued in March 2010, following a change of control of the Company investors have the option to require the issuer to redeem their Bonds at the principal amount, together with any accrued and unpaid interest, or convert their bonds at an adjusted exchange price for a certain period following the relevant event. Under the terms of the US$500 million 8.75% Bonds due 2014 and US$750 million 9.5% Bonds due 2018 the Company is required to make an offer to purchase all of the outstanding bonds at 101% of the principal amount together with any accrued and unpaid interest if a change of control event has occurred together with a rating decline. Under the terms of the US$1 billion and US$373 million Syndicated loan and US$200 million loan from ICICI Bank UK plc, the majority lenders may declare the loan immediately payable upon the occurrence of a change of control event. This change of control clause is also attached to Cairn Financing.

There is no contract between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

The Directors' Report continued

Disclosure of Information to Auditors

In accordance with section 418 of the Companies Act 2006, each Director who held office at the date of approval of this Directors' Report confirms that:

> so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
> they have taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Re-appointment of Auditors

A resolution to re-appoint the auditors, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting. The re-appointment of Deloitte LLP has been approved by the Audit Committee, which will also be responsible for determining the auditors' remuneration on behalf of the Board, subject to the approval of shareholders at the forthcoming Annual General Meeting.

Policy on Derivatives and Financial Instruments

An explanation of the Group's financial management objectives and policies together with details of the Group's exposure to price risk, credit risk, liquidity risk and foreign currency risk appears in Note 28 to the financial statements.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 28 to 45. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 46 to 49. In addition Note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from its current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide liquidity both in the short term as well as in the long term. Anticipated future cash flows and undrawn committed facilities of US$9,407.6 million, together with cash and liquid investments of US$7,777.0 million as at 31 March 2011, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the foreseeable future.

The Group has a strong Balance Sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's and Fitch are BB, Ba1 and BB+ respectively. These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms, taking into consideration current market conditions. The Group generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Group remains confident that it will obtain the necessary approvals in order to complete the proposed acquisition of Cairn India Limited and has sufficient cash reserves and committed credit facilities in order to fund the acquisition.

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

Annual General Meeting

The eighth Annual General Meeting of the Company will be held at on 27 July 2011 at 3pm. The Notice convening the Annual General Meeting accompanies this Annual Report and sets out details of the business to be considered.

Signed on behalf of the Board

Deepak Kumar
Company Secretary
4 May 2011

Vedanta Resources plc
2nd Floor, Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Registered in England Number 4740415

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, the Remuneration Committee Report and the consolidated financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the Business Review, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

MS Mehta
Chief Executive Officer
4 May 2011

Independent Auditors' Report to the Members of Vedanta Resources plc

We have audited the consolidated financial statements of Vedanta Resources plc for the year ended 31 March 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related Notes 1 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Group financial statements:

> give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its profit for the year then ended;
> have been properly prepared in accordance with IFRSs as adopted by the European Union; and
> have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> certain disclosures of Directors' remuneration specified by law are not made; or
> we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

> the Directors' statement, contained within the Director's Report in relation to going concern; and
> the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review;
> certain elements of the report to shareholders by the Board on Directors' remuneration.

Other Matter

We have reported separately on the parent company financial statements of Vedanta Resources plc for the year ended 31 March 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

Andrew Kelly (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
4 May 2011

Consolidated Income Statement

	Note	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Continuing operations			
Revenue	3	11,427.2	7,930.5
Cost of sales		(8,107.0)	(5,761.1)
Gross profit		**3,320.2**	**2,169.4**
Other operating income		73.9	87.8
Distribution costs		(319.6)	(229.5)
Administrative expenses		(376.7)	(294.8)
Special items	5	(163.5)	(67.3)
Operating profit	9	**2,534.3**	**1,665.6**
Investment revenue	6	431.6	272.8
Finance costs	7	(534.7)	(236.6)
Other gains and losses (net)	8	252.1	139.8
Profit before taxation		**2,683.3**	**1,841.6**
Tax expense	12	(649.5)	(330.4)
Profit for the year		**2,033.8**	**1,511.2**
Attributable to:			
Equity holders of the parent		770.8	602.3
Non-controlling interests		1,263.0	908.9
		2,033.8	**1,511.2**
Basic earnings per ordinary share (US cents)	13	283.2	219.6
Diluted earnings per ordinary share (US cents)	13	270.2	203.2

Consolidated Statement of Comprehensive Income

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Profit for the year	**2,033.8**	**1,511.2**
Income and expenses recognised directly in equity:		
Exchange differences arising on translation of foreign operations	162.6	1,308.6
Gains in fair value of available-for-sale financial assets	59.1	111.0
Gains in fair value of cash flow hedges deferred in reserves	5.4	70.9
Tax effects arising on cash flow hedges deferred in reserves	(1.7)	(24.1)
Total income recognised in equity	**225.4**	**1,466.5**
(Losses)/gains in fair value of cash flow hedges transferred to income statement	(1.6)	56.8
Tax effects arising on cash flow hedges transferred to income statement	0.5	(19.2)
Total transferred (from)/to the income statement	**(1.1)**	**37.6**
Total comprehensive income for the year	**2,258.1**	**3,015.3**
Attributable to:		
Equity holders of the parent	886.9	1,406.2
Non-controlling interests	1,371.2	1,609.1

Consolidated Balance Sheet

	Note	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Assets			
Non-current assets			
Goodwill	15	12.2	12.2
Intangible assets	16	162.1	–
Property, plant and equipment	17	17,189.5	14,326.7
Financial asset investments	18	304.2	201.2
Other non-current assets	19	24.6	18.3
Other financial assets (derivatives)	28	99.4	43.7
Deferred tax assets	30	18.2	8.9
		17,810.2	**14,611.0**
Current assets			
Inventories	20	1,924.6	1,260.6
Trade and other receivables	21	1,328.6	923.6
Other current financial assets (derivatives)	28	40.9	10.4
Liquid investments	22	6,865.4	6,849.4
Cash and cash equivalents	23	911.6	390.0
Current tax assets		18.6	15.0
		11,089.7	**9,449.0**
Total assets		**28,899.9**	**24,060.0**
Liabilities			
Current liabilities			
Short-term borrowings	24	(3,045.1)	(1,012.6)
Trade and other payables	26a	(3,407.5)	(2,559.2)
Other current financial liabilities (derivatives)	28	(9.3)	(38.5)
Provisions	29	(22.8)	(0.9)
Current tax liabilities		(68.2)	(71.7)
		(6,552.9)	**(3,682.9)**
Net current assets		**4,536.8**	**5,766.1**
Non-current liabilities			
Medium- and long-term borrowings	24	(4,435.9)	(4,383.2)
Convertible bonds	27	(2,271.5)	(2,777.8)
Trade and other payables	26b	(148.1)	(306.4)
Other financial liabilities (derivatives)	28	(94.2)	(44.7)
Deferred tax liabilities	30	(1,348.1)	(1,209.3)
Retirement benefits	32	(56.8)	(36.6)
Provisions	29	(301.5)	(167.6)
Non-equity non-controlling interests	24	(11.9)	(11.9)
		(8,668.0)	**(8,937.5)**
Total liabilities		**(15,220.9)**	**(12,620.4)**
Net assets		**13,679.0**	**11,439.6**
Equity			
Share capital	33	29.7	29.6
Share premium account		196.8	196.8
Share-based payment reserves	31	20.5	25.5
Convertible bond reserve		453.3	305.9
Hedging reserves		38.2	27.8
Other reserves		1,452.4	2,463.8
Treasury shares		(556.9)	(428.9)
Retained earnings		4,014.9	2,090.0
Equity attributable to equity holders of the parent		**5,648.9**	**4,710.5**
Non-controlling interests		8,030.1	6,729.1
Total equity		**13,679.0**	**11,439.6**

Financial statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 4 May 2011.

MS Mehta
Director

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Operating activities			
Profit before taxation		**2,683.3**	**1,841.6**
Adjustments for:			
Depreciation		869.0	563.0
Investment revenues		(431.6)	(272.8)
Finance costs, including foreign exchange		282.6	96.8
Share-based payment charge		18.4	15.6
Impairment of asset		118.3	2.7
Other non-cash items		(7.7)	41.3
Operating cash flows before movements in working capital		**3,532.3**	**2,288.2**
Increase in inventories		(534.5)	(249.4)
(Increase)/decrease in receivables		(398.5)	16.4
Increase in payables		585.7	205.2
Cash generated from operations		**3,185.0**	**2,260.4**
Dividends received		160.4	142.7
Interest income received		194.7	150.1
Interest paid		(625.7)	(455.3)
Income taxes paid		(756.5)	(407.8)
Dividends paid		(129.9)	(117.9)
Net cash from operating activities		**2,028.0**	**1,572.2**
Cash flows from investing activities			
Net cash on acquisition of subsidiary[1]	34	(1,124.4)	(300.4)
Purchases of property, plant and equipment		(2,491.4)	(2,362.1)
Proceeds on disposal of property, plant and equipment		28.3	12.1
Sale/(purchase) of liquid investments	25	178.4	(1,663.4)
(Purchase)/sale of financial asset investments		(25.9)	17.9
Net cash used in investing activities		**(3,435.0)**	**(4,295.9)**
Cash flows from financing activities			
Issue of ordinary shares		0.1	0.7
Issue of depository receipts by subsidiary		–	1,090.1
Dividends paid to non-controlling interests of subsidiaries		(87.4)	(68.4)
Buyback of shares		(128.0)	(348.6)
Buy out of non-controlling interest		(122.1)	(189.7)
Increase/(decrease) in short-term borrowings	25	1,863.2	(360.6)
Increase in long-term borrowings	25	161.6	2,859.0
Net cash from financing activities		**1,687.4**	**2,982.5**
Net increase in cash and cash equivalents	25	280.4	258.8
Effect of foreign exchange rate changes	25	241.2	(249.3)
Cash and cash equivalents at beginning of year		390.0	380.5
Cash and cash equivalents at end of year	23	**911.6**	**390.0**

1 Includes cash paid for acquisition US$1,513.0 million, settlement of shareholder's loan US$87.7 million and cash acquired on acquisition US$476.3 million.

Consolidated Statement of Changes in Equity

US$ million	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserves	Other reserves[1]	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the Company										
At 1 April 2009	**28.9**	**21.1**	**(80.3)**	**14.0**	**111.5**	**(39.6)**	**1,168.9**	**1,888.1**	**3,112.6**	**4,458.7**	**7,571.3**
Total comprehensive income for the period	–	–	–	–	–	67.4	736.5	602.3	1,406.2	1,609.1	3,015.3
Issue of convertible bond (Note 27)	–	–	–	–	330.2	–	–	–	330.2	–	330.2
Issue of depository receipts by subsidiary[5]	–	–	–	–	–	–	–	300.1	300.1	790.0	1,090.1
Conversion of convertible bonds (Note 27)	0.7	175.7	–	–	(109.5)	–	–	42.2	109.1	32.6	141.7
Convertible bond transfers	–	–	–	–	(26.3)	–	–	26.3	–	–	–
Transfers[2]	–	–	–	–	–	–	558.4	(558.4)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(117.9)	(117.9)	(68.4)	(186.3)
Exercise of LTIP/STIP awards	–	–	–	(4.1)	–	–	–	4.1	–	–	–
Purchase of Treasury Shares[3]	–	–	(348.6)	–	–	–	–	–	(348.6)	–	(348.6)
Additional investment in subsidiaries	–	–	–	–	–	–	–	(96.8)	(96.8)	(92.9)	(189.7)
Recognition of share-based payment (Note 31)	–	–	–	15.6	–	–	–	–	15.6	–	15.6
At 31 March 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**

US$ million	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserves	Other reserves[1]	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the Company										
At 1 April 2010	**29.6**	**196.8**	**(428.9)**	**25.5**	**305.9**	**27.8**	**2,463.8**	**2,090.0**	**4,710.5**	**6,729.1**	**11,439.6**
Total comprehensive income for the period	–	–	–	–	–	10.4	105.7	770.8	886.9	1,371.2	2,258.1
Issue of convertible bond[4]	–	–	–	–	211.6	–	–	–	211.6	–	211.6
Conversion of convertible bond (Note 27)	–	–	–	–	–	–	–	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 31)	–	–	–	18.4	–	–	–	–	18.4	–	18.4
At 31 March 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.2**	**1,452.4**	**4,014.9**	**5,648.9**	**8,030.1**	**13,679.0**

Consolidated Statement of Changes in Equity continued

Other reserves[1] comprise:

	Currency translation reserve	Merger reserve	Investment revaluation reserve	General reserves	Total
At 1 April 2009	**(746.2)**	**4.4**	**(12.6)**	**1,923.3**	**1,168.9**
Exchange differences on translation of foreign operations	625.5	–	–	–	625.5
Revaluation of available-for-sale investments	–	–	111.0	–	111.0
Transfer from retained earnings[2]	–	–	–	558.4	558.4
At 31 March 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**

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 reserve also includes US$44.3 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 if a dividend distribution in a given year is more than 10.0% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. The transfer is to reflect the general reserve at the cumulative amount attributable to the equity holder's of the parent, offset by the current period transfer of US$596.0 million.

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

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

Notes to the Consolidated Financial Statements

1. Presentation of Financial Statements

Compliance with Applicable Law and IFRS

The financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, Article 4 of the IAS Regulation and International Financial Reporting Standards ('IFRS') as adopted by the European Union and related interpretations.

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale financial assets, fixed rate bonds and defined benefit pension obligations that have been measured at fair value. The consolidated financial statements are presented in US dollars and all values are rounded to one decimal of the nearest million except where otherwise indicated.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 24 (amended)	Related Party Disclosures
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IFRIC 14 (amended)	Prepayments of a Minimum Funding Requirement
IFRS 9	Financial Instruments
IFRIC 13	Customer Loyalty Programmes
IFRIC 17	Distributions of Non-cash Assets to Owners

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for IFRS 9 Financial Instruments. We have not yet considered the quantitative impact of adoption of IFRS 9.

Going Concern

The financial statements have been prepared in accordance with the going concern basis of accounting. The use of this basis of accounting takes into consideration the Group's current and forecast financing position, additional details of which are provided in the Going Concern section of the Directors Report.

Parent Company Financial Statements

The financial statements of the parent company, Vedanta Resources plc, have been prepared in accordance with UK GAAP, UK accounting presentation and UK company law. The Company balance sheet is presented in Note 41.

2. (a) Accounting Policies

Basis of Consolidation

The consolidated financial information incorporates the results of the Company and all its subsidiaries, being the companies that it controls. This control is normally evidenced when the Group is able to govern a company's financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company's equity voting rights unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with accounting policies used by the Group.

For non-wholly owned subsidiaries, a share of the profit for the financial year and net assets is attributed to the minority interests as shown in the consolidated income statement and consolidated balance sheet.

For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of non-controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

We have reclassified the prior year income statement to reflect the depreciation charge associated with administration and distribution activities that was previously included in cost of sales.

Notes to the Consolidated Financial Statements continued

2. (a) Accounting Policies continued

Adoption of New Standards

In the current financial period the Group has adopted the following new standards:

The Group has adopted with effect from 1 April 2010, on a prospective basis, IFRS 3 (Revised) Business Combinations, and consequential amendments to IAS 27 (Revised) Consolidated and Separate Financial Statements.

IAS 27 (Revised) requires the effect of all transactions with non-controlling interests to be recognised in equity where there is no change in control.

The Company adopted an amendment to IAS 27 Consolidated and Separate Financial Statements on 1 April 2010. This requires that when a transaction occurs with non-controlling interests in company entities that do not result in a change in control, the difference between the consideration paid or received and the recorded non-controlling interest should be recognised in equity. Cash flows related to such transactions are to be reported within financing activities in the statement of cash flows. Previously these were presented as investing activities. Comparative information has been reclassified. In addition the amounts paid for the purchases of treasury shares previously presented in net cash used in investing activities are now presented in net cash from financing activities. Comparative information has been reclassified.

The adoption of the revised standard has resulted in reference to minority interests being amended to non-controlling interests. There has been no additional impact on the Group apart from the items described above.

Other amendments to accounting standards or new interpretations issued by International Accounting Standards Board, which were applicable from 1 April 2010, do not have an impact on the Group.

Revenue Recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognised when all significant risks and rewards of ownership of the asset sold are transferred to the customer. Revenues from sale of material by-products are included in revenue.

Dividend income is recognised when the shareholders' right to receive payment is established.

Interest income is recognised on an accrual basis in the income statement.

Certain of our sales contracts provide for provisional pricing based on the price on The London Metal Exchange Limited ('LME'), as specified in the contract, when shipped. Final settlement of the prices is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract with a corresponding adjustment to revenue.

Revenue from holding certificate contracts is recognised when goods have been delivered to a distribution warehouse or has been identified and kept separately, have been inspected by a nominee of the buyer and cash has been received. Under these arrangements, revenue is recognised once legal title has passed and all significant risks and rewards of ownership of the asset sold are transferred to the customer.

Special Items

Special items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business. The determination as to which items should be disclosed separately requires a degree of judgement.

Business Combinations

The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control passed. Acquisitions are accounted for under the purchase method. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

To the extent that such excess purchase consideration relates to the acquisition of mining properties and leases, that amount is capitalised within property, plant and equipment as 'mining properties and leases'. Other excess purchase consideration relating to the acquisition of subsidiaries is capitalised as goodwill. Goodwill arising on acquisitions is reviewed for impairment annually.

Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the income statement in the period of acquisition.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are finalised within 12 months of the acquisition date.

2. (a) Accounting Policies continued

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net assets or proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. This accounting choice is made on a transaction by transaction basis.

Acquisition expenses are charged to income statement in line with IFRS 3 (Revised).

Property, Plant and Equipment

Mining Properties and Leases

Exploration and evaluation expenditure is written off in the year in which it is incurred.

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mining properties and leases' in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production, all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties.

Exploration and evaluation assets acquired are recognised as assets at their cost of acquisition subject to meeting the commercial production criteria mentioned above and are subject to impairment review.

Stripping costs and secondary development expenditure, mainly comprising of costs on blasting, haulage, excavation, etc. incurred during the production stage of an ore body are charged to the income statement immediately.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period.

Commercial reserves are proved and probable reserves as defined by the 'JORC' Code and 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Other Property, Plant and Equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the income statement in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

Assets in the Course of Construction

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised. Borrowing costs and certain foreign exchange gains or losses are in certain circumstances capitalised in the cost of the asset under construction. This policy is set out under 'Borrowing Costs'.

Depreciation and Amortisation

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised. Capitalised mining properties and lease costs are amortised once commercial production commences, as described in 'Property, plant and equipment – mining properties and leases'. Leasehold land and buildings are depreciated over the period of the lease or if shorter their useful economic life.

Other buildings, plant and equipment, office equipment and fixtures, and motor vehicles are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings:	Operations	30 years
	Administration	50 years
Plant and equipment		10–20 years
Office equipment and fixtures		3–20 years
Motor vehicles		9–11 years

Notes to the Consolidated Financial Statements continued

2. (a) Accounting Policies continued

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the income statement if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

Property, plant and equipment held for sale or which is part of a disposal group held for sale is not depreciated. Property, plant and equipment held for sale is carried at the lower of its carrying value and fair value less disposal cost and is presented separately on the face of the balance sheet.

Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable and the carrying amount of goodwill is reviewed for impairment annually. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is charged to the income statement.

The Group reviews the residual value and useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

For mining properties and leases, other investments and goodwill, the recoverable amount of an asset is determined on the basis of its value in use, being the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted using a market-based, risk-adjusted, discount rate.

For other property, plant and equipment, the recoverable amount of an asset is also considered on the basis of its net selling price, where it is possible to assess the amount that could be obtained from the sale of an asset in an arm's length transaction, less the cost of disposal.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the relevant cash generating unit.

Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment loss is recognised in the income statement as a special item. On classification as held for sale the assets are no longer depreciated.

Government Grants

Government grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Other grants are credited to the income statement as and when the related expenditure is incurred.

Inventories

Inventories and work-in-progress are stated at the lower of cost and net realisable value, less any provision for obsolescence.

Cost is determined on the following bases:

> Purchased copper concentrate is recorded at cost on a first-in, first-out ('FIFO') basis; all other materials including stores and spares are valued on weighted average basis.

> Finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity; and by-products and scrap are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Taxation

Tax expense represents the sum of tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. (a) Accounting Policies continued

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Exceptions to this principle are:

- Tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax is not recognised on goodwill impairment which is not deductible for tax purposes or on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority upon a specific entity and the relevant Group entity intends to settle its current tax assets and liabilities on a net basis.

Retirement Benefit Schemes

The Group operates or participates in a number of defined benefits and contribution schemes, the assets of which are (where funded) held in separately administered funds.

For defined benefit schemes the cost of providing benefits under the plans is determined each year separately for each plan using the projected unit credit method by independent qualified actuaries. Actuarial gains and losses arising in the year are recognised in full in the income statement of the year.

For defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Share-based Payments

Certain employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Provisions for Liabilities and Charges

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the income statement as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Restoration, Rehabilitation and Environmental Costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine. Costs arising from the installation of plant and other site preparation work, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

Notes to the Consolidated Financial Statements continued

2. (a) Accounting Policies continued

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Foreign Currency Translation
The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all principal operating subsidiaries, the functional currency is the local currency of the country in which it operates, except KCM where the functional currency is US dollars, since that is the currency of the primary economic environment in which it operates. In the financial statements of individual Group companies, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currency at exchange rates prevailing on the balance sheet date. All exchange differences are included in the income statement, except, where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecast sales, where exchange differences are recognised in equity exchange differences on foreign currency borrowings relating to assets under construction, for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of consolidation, the income statement items of those entities for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the period. The related balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of such operations, and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations, are reported in other comprehensive inward and accumulated in equity.

On disposal of entities with a different functional currency to the Company's functional currency, the deferred cumulative exchange differences recognised in equity relating to that particular operation would be recognised in the income statement.

Financial Asset Investments
Financial asset investments are classified as available-for-sale under IAS 39 and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost.

Investments in equity instruments are recorded in non-current assets unless they are expected to be sold within one year.

Liquid Investments
Liquid investments represent short-term current asset investments that do not meet the definition of cash and cash equivalents for one or more of the following reasons:
- They have a maturity profile greater than 90 days.
- They may be subject to a greater risk of changes in value than cash.
- They are held for investment purposes.

The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments.

Cash and Cash Equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with banks and short-term highly liquid investments that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Trade Receivables
Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for impairment for trade receivables is made where there is an event, which based on previous experience, is an indication of a reduction in the recoverability of the carrying value of the trade receivables.

Trade Payables
Trade payables are stated at their nominal value.

Equity Instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings
Interest bearing loans and overdrafts are recorded at the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. (a) Accounting Policies continued

Convertible Bonds

Convertible bonds denominated in the functional currency of the issuing entity are accounted for as compound instruments. The equity components and the liability components are separated out on the date of the issue. The equity component is recognised in a separate reserve and is not subsequently remeasured. The liability component is held at amortised cost. The interest expense on the liability component is calculated by applying the effective interest rate, being the prevailing market interest rate for similar non-convertible debt. The difference between this amount and interest paid is added to the carrying amount of the liability component.

Convertible bonds not denominated in the functional currency of the issuing entity or where a cash conversion option exists, are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a liability for future coupon payments and the redemption on the principal amount. The embedded derivative, a financial liability, represents the value of the option that bond holders have to convert into ordinary shares. At inception the embedded derivative is recorded at fair value and the remaining balance, after deducting a share of issue costs, is recorded as the debt component. Subsequently, the debt component is measured at amortised cost and the embedded derivative is measured at fair value at each balance sheet dates with the change in the fair value recognised in the income statement. The embedded derivative and the debt component are disclosed together and the current/non-current classification follows the classification of the debt component which is the host contract.

The deferred tax effect arising on the movement in the fair value of the embedded derivative is provided in the income statement.

Borrowing Costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use in accordance with the Group policy which is when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is also capitalised to reduce the total capitalised borrowing cost.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Available-for-sale Financial Assets

Listed equity shares and debt instruments held by the Group that are traded in an active market are classified as being available-for-sale ('AFS') financial assets and are stated at fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement. Dividends received from investees accounted for as equity instruments are recognised in income statement when the Group receives the dividends.

Held for Trading Financial Assets

Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling in the near term. The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments and is accounted for in the income statement.

Held-to-maturity Financial Assets

Financial instruments with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method.

Derivative Financial Instruments

In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Group enters into forward, option, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are remeasured at their fair value at subsequent balance sheet dates.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. The hedged item is recorded at fair value and any gain or loss is recorded in the income statement and is offset by the gain or loss from the change in the fair value of the derivative.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in equity. This includes certain non-derivative liabilities that are designated as instruments used to hedge the foreign currency risk on future, highly probable, forecast sales. Amounts deferred to equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement.

Notes to the Consolidated Financial Statements continued

2. (a) Accounting Policies continued

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the income statement immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

2. (b) Critical Accounting Judgement and Estimation Uncertainty

In the course of applying the policies outlined in Note 2(a), management made estimations and assumptions that impact the amounts recognised in the financial statements. Vedanta believes that judgement and estimation has been made in the following areas:

Mining Properties and Leases

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

Useful Economic Lives of Assets and Impairment

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

Assessment of Impairment at Lanjigarh Refinery

As set out in the risks and uncertainties section of this Annual Report, the planned operation of the Lanjigarh Refinery is subject to a number of legal proceedings. It has been assessed that there is no impairment of the Lanjigarh Refinery on 31 March 2011 based on the assumptions set out below:

> The State of Orissa has abundant bauxite reserves and under the terms of its MOU with the State Government of Orissa, management is confident that bauxite will be made available in the short- to medium-term.
> On the continued operation and planned refinery expansion, management is confident that all of the conditions for construction of the alumina refinery have been complied with, and expect the approval for the same in due course.

Should one or both of these assumptions not be borne out, a reassessment of the impairment of the refinery would need to be made.

Assessment of Impairment at Tuticorin

During the year ended 31 March 2011, the Group was ordered to close the Tuticorin smelter pursuant to an order from the Madras High Court. The Group has been successful in obtaining stay orders to allow the continued operation of the smelter while an appeal is heard in the Supreme Court.

The Directors are confident that they have complied with the environmental regulations and that they will be permitted to continue operating the Tuticorin smelter in the long-term. Accordingly, they have concluded that no impairment of the asset is required.

2. (b) Critical Accounting Judgement and Estimation Uncertainty continued

Restoration, Rehabilitation and Environmental Costs

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

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate are added to or deducted from the cost of the related asset in the current period. If a change in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. Management uses its judgement and experience to provide for and amortise these estimated costs over the life of the mine.

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

Provisions and Liabilities:

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

Management uses its judgement in estimating close down and restoration costs and the timing of expenditure, environmental clean up costs and the timing of expenditure, liabilities for retirement benefits costs and copper price participation (see Note 29).

Contingencies and Commitments:

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the Notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability. These are set out in Note 35.

3. Segment Information

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

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

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

The Energy segment includes the sales of and related costs of generating surplus power from Captive Power Plants for which the related asset carrying values are located within the other business segments. These sales and costs are allocated on a proportionate basis from the segment that owns the captive power plants.

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.

Notes to the Consolidated Financial Statements continued

3. Segment Information continued

During the year ended 31 March 2011, the Zinc assets acquired from Anglo American Plc comprising the Skorpion mine in Namibia, the Black Mountain mine in South Africa and the Lisheen mine in Ireland. These assets are monitored together in one segment and therefore has been categorised as a separate reportable segment 'Zinc-International'.

(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 2011 and 2010.

Period ended 31 March 2011

	Continuing Operations								
US$ million	Aluminium	Copper-India/ Australia	Copper-Zambia	Zinc-India	Zinc-International	Iron Ore	Energy	Elimination/ Others	Total Operations
Revenue									
Sales to external customers	1,570.1	3,428.2	1,741.3	2,152.8	218.9	1,977.9	338.0	–	11,427.2
Inter-segment sales	1.5	–	83.7	–	–	1.6	0.7	(87.5)	–
Segment revenue	**1,571.6**	**3,428.2**	**1,825.0**	**2,152.8**	**218.9**	**1,979.5**	**338.7**	**(87.5)**	**11,427.2**
Result									
EBITDA[1]	258.2	241.5	439.9	1,220.2	101.3	1,174.1	137.8	(6.2)	3,566.8
Depreciation	(219.2)	(45.0)	(130.8)	(97.8)	(54.1)	(298.2)	(25.7)	1.8	(869.0)
Segment result before special items	**39.0**	**196.5**	**309.1**	**1,122.4**	**47.2**	**875.9**	**112.1**	**(4.4)**	**2,697.8**
Special items (Note 5)	(7.8)	–	–	(4.6)	–	(118.3)	(0.1)	(32.7)	(163.5)
Segment result after special items	**31.2**	**196.5**	**309.1**	**1,117.8**	**47.2**	**757.6**	**112.0**	**(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	8,776.5	2,859.3	2,243.5	5,641.0	1,906.0	4,709.5	2,259.4	–	28,395.2
Unallocated assets									504.7
Total assets									**28,899.9**
Segment liabilities	(4,577.0)	(2,157.4)	(827.8)	(415.1)	(479.1)	(1,113.8)	(908.2)	–	(10,478.4)
Unallocated liabilities									(4,742.5)
Total liabilities									**(15,220.9)**
Other segment information									
Additions to property, plant and equipment	1,371.1	132.5	295.9	297.1	1,204.7	249.8	396.7	13.6	3,961.4
Depreciation	(219.2)	(45.0)	(130.8)	(97.8)	(54.1)	(298.2)	(25.7)	1.8	(869.0)

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

3. Segment Information continued

Year ended 31 March 2010

	Continuing Operations							
US$ million	Aluminium	Copper-India/ Australia	Copper-Zambia	Zinc-India	Iron Ore	Energy	Elimination/ Others	Total Operations
Revenue								
Sales to external customers	914.2	2,741.4	1,070.8	1,651.7	1,221.7	330.7	–	7,930.5
Inter-segment sales	1.6	–	12.9	–	0.8	–	(15.3)	–
Segment revenue	**915.8**	**2,741.4**	**1,083.7**	**1,651.7**	**1,222.5**	**330.7**	**(15.3)**	**7,930.5**
Result								
EBITDA	154.9	165.9	151.8	982.8	673.0	170.7	(3.2)	2,295.9
Depreciation	(99.6)	(42.3)	(119.3)	(64.4)	(217.3)	(21.2)	1.1	(563.0)
Segment result before special items	**55.3**	**123.6**	**32.5**	**918.4**	**455.7**	**149.5**	**(2.1)**	**1,732.9**
Special items (Note 5)	(4.9)	(57.7)	–	–	(2.7)	(2.0)	–	(67.3)
Segment result after special items	**50.4**	**65.9**	**32.5**	**918.4**	**453.0**	**147.5**	**(2.1)**	**1,665.6**
Net finance income								176.0
Profit before taxation								**1,841.6**
Tax expense								(330.4)
Profit after taxation								**1,511.2**
Segments assets	7,590.2	2,921.8	2,065.2	4,488.0	4,078.5	1,964.5		23,108.2
Unallocated assets								951.8
Total assets								**24,060.0**
Segment liabilities	(3,603.9)	(1,550.5)	(828.1)	(433.2)	(2,425.1)	(729.9)	–	(9,570.7)
Unallocated liabilities								(3,049.4)
Total liabilities								**(12,620.1)**
Other segment information								
Additions to property, plant and equipment	2,385.9	87.6	307.4	505.6	32.0	546.0	–	3,864.5
Depreciation	(99.7)	(42.3)	(119.2)	(64.4)	(217.3)	(20.1)	–	(563.0)

(b) Segment Result after Special Items

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Aluminium	258.2	154.9
Copper	681.4	317.7
– India/Australia	241.5	165.9
– Zambia	439.9	151.8
Zinc	1,321.5	982.8
– India	1,220.2	982.8
– International[1]	101.3	–
Iron Ore	1,174.1	673.0
Energy	137.8	170.7
Other	(6.1)	(3.2)
EBITDA	**3,566.8**	**2,295.9**
Depreciation	(869.0)	(563.0)
Special items	(163.5)	(67.3)
Segment result after special items	**2,534.3**	**1,665.6**

1 Acquired during the year ended 31 March 2011.

Notes to the Consolidated Financial Statements continued

3. Segment Information continued

(c) Geographical Segmental Analysis

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

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
India	4,924.4	3,900.5
China	2,157.0	1,838.0
Far East Others	1,354.6	633.5
UK	23.8	119.5
Africa	172.3	108.7
Europe	1,047.3	378.9
Middle East	1,068.9	834.6
Asia Others	648.7	113.8
Other	30.2	3.0
Total	**11,427.2**	**7,930.5**

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

	Carrying amount of non-current assets[1]		Additions to property, plant and equipment[2]	
	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Australia	15.3	14.6	1.7	4.4
India	14,278.1	12,701.4	2,309.2	3,540.2
Zambia	1,803.5	1,644.7	295.9	307.4
Namibia	578.0	–	628.2	–
Ireland	275.2	–	279.0	–
South Africa	476.7	–	297.5	–
Other	265.95	197.7	149.9	12.5
Total	**17,692.7**	**14,558.4**	**3,961.4**	**3,864.5**

1 Non-current assets does not include deferred tax assets and derivative receivables.
2 Includes acquired on acquisition of Zinc-International.

4. Total Revenue

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Revenue from sales of goods	11,427.2	7,930.5
Other operating income	73.9	87.8
Investment revenue	431.6	272.8
Gains/(losses) in fair value of cash flow hedge transferred to income statement	(1.6)	56.8
	11,931.1	**8,347.9**

5. Special Items

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Asarco transaction costs[1]	–	(57.7)
Voluntary retirement schemes	(12.5)	(6.9)
Acquisition related costs[2]	(32.7)	–
Impairment of mining reserves[3]	(118.3)	(2.7)
	(163.5)	**(67.3)**

1 Asarco transaction costs include the loss of a US$50 million deposit used as security for a letter of credit which has been encashed by the counterparty.
2 Acquisition related costs include costs related to the acquisition of the Anglo Zinc assets and the proposed Cairn India acquisition.
3 The impairment of mining reserves relates to mines at Sesa Goa operated on a lease basis which have expired and have not been renewed during the year.

6. Investment Revenue

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Interest income on loans and receivables	19.7	17.2
Interest income on cash and bank balances	131.6	75.5
Change in fair value of financial assets held for trading	78.8	27.7
Profit on disposal of financial assets held for trading	35.4	47.8
Profit on sale of available-for-sale investment	5.9	7.6
Dividend income on financial assets held for trading	160.4	142.7
Expected return on defined benefit arrangements (Note 32)	2.1	1.8
Foreign exchange loss on cash and liquid investments	(0.5)	(42.7)
Capitalisation of interest income	(1.8)	(4.8)
	431.6	**272.8**

7. Finance Costs

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Interest on bank loans and overdrafts	365.7	308.5
Coupon interest on convertible bonds (Note 27)	138.6	96.9
Accretive interest on convertible bond	101.8	48.2
Interest on financial liability measured at fair value	–	21.7
Interest on other loans	97.3	52.3
Total interest cost	**703.4**	**527.6**
Unwinding of discount on provisions (Note 29)	7.9	4.4
Interest on defined benefit arrangements (Note 32)	6.7	5.9
Capitalisation of borrowing costs	(183.3)	(301.3)
	534.7	**236.6**

8. Other Gains and Losses (Net)

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Exchange gains on borrowings and capital creditors	75.9	260.2
Qualifying borrowing costs capitalised (Note 17)	(11.0)	(46.4)
Change in fair value of financial liabilities measured at fair value	0.4	17.5
Change in fair value of embedded derivative on convertible bonds (Note 27)	188.4	(35.7)
Loss arising on qualifying hedges and non-qualifying hedges	(1.6)	(55.8)
	252.1	**139.8**

9. Profit for the Year has been Stated After Charging/(Crediting):

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Depreciation on property, plant and equipment	869.0	563.0
Costs of inventories recognised as an expense	4,218.3	2,679.3
Auditors' remuneration for audit services	1.5	1.2
Research and development	0.7	1.4
Staff costs	446.9	464.5
Impairment of mining reserve	118.3	2.7
Net foreign exchange gains	(76.2)	(146.9)

Notes to the Consolidated Financial Statements continued

10. Auditors' Remuneration

The table below shows the fees payable globally to the Company's auditors, Deloitte LLP, for statutory external audit and audit related services, as well as fees paid to other accountancy firms for statutory external audit and audit related services in each of the two years ended 31 March 2011.

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Fees payable to the Company's auditors for the audit of Vedanta Resources plc annual accounts	0.6	0.4
The audit of the Company's subsidiaries pursuant to legislation	0.9	0.7
Total audit fees	**1.5**	**1.1**
Fees payable to the Company's auditors and their associates for other services to the Group		
Other services pursuant to legislation[1]	0.7	0.8
Tax services[4]	0.1	0.1
Corporate finance services[2]	5.4	0.7
Other services[3]	0.3	0.2
Total non-audit fees	**6.5**	**1.8**
Total audit fees paid to the Company's auditors	**8.0**	**2.9**
Audit fees payable to other auditors of the Group's subsidiaries	0.1	0.1
Non-audit fees payable to other auditors of the Group's subsidiaries	0.1	0.1
Total fees paid to other auditors	**0.2**	**0.2**

1 Other services pursuant to legislation principally comprise further assurance services, being quarterly reviews of the Group's listed Indian subsidiaries and the half year review of the Group's results.
2 Corporate finance services principally comprise reporting accountant services relating to the raising of equity and debt and the proposed Cairn India acquisition. These assurance-related services are ordinarily provided by the auditor.
3 Includes certification related services.
4 Tax services principally comprise of certification and assurance services as required by Indian income tax regulations.

11. Employee Numbers and Costs

Average Number of Persons Employed by the Group in the Year

Class of business	**Year ended 31 March 2011 Number**	Year ended 31 March 2010 Number
Aluminium	8,168	8,022
Copper	10,976	11,518
– India/Australia	1,414	1,370
– Zambia	9,562	10,148
Zinc	7,341	6,907
– India	5,494	6,907
– International	1,847	–
Iron Ore	4,346	2,650
Energy	220	290
Other	120	210
	31,171	**29,597**

Costs incurred during the year in respect of employees and Executive Directors	**Year ended 31 March 2011 US$ million**	Year ended 31 March 2010 US$ million
Salaries and wages	434.7	410.7
Defined contribution pension scheme costs (Note 32)	22.3	17.7
Defined benefit pension scheme costs (Note 32)	29.3	20.5
Share-based payments charge	18.6	15.6
	504.9	**464.5**

12. Tax

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Current tax:		
UK Corporation tax	–	–
Foreign tax		
– India	689.4	404.1
– Zambia	–	0.1
– Australia	21.3	20.3
– Other	18.7	4.9
	729.4	**429.4**
Deferred tax: (Note 31)		
Current year movement in deferred tax	(79.9)	(99.0)
	(79.9)	**(99.0)**
Total tax expense	**649.5**	**330.4**
Effective tax rate	**24.2%**	**17.9%**

Deferred tax recycled from equity to income statement is a charge of US$10.6 million (2010: charge of US$8.5 million).

Deferred Tax in Income Statement

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Accelerated capital allowances	(14.4)	(71.8)
Unutilised tax losses	(32.8)	(74.6)
Other temporary differences	(32.7)	47.4
	(79.9)	**(99.0)**

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$3,966.1 million (2010: US$3,076.6 million).

Overview of the Indian Direct Tax Regime

The following is an overview of the salient features of the Indian direct tax regime relevant to the taxation of the Group:

> Companies are subject to Indian income tax on a standalone basis. There is no concept of tax consolidation or Group relief in India.
> Companies are charged tax on profits of a financial year i.e. from 1 April to 31 March, in the next year. A company's taxable profits will be subject to either regular income tax or Minimum Alternative Tax ('MAT'). Where MAT is greater than the tax on regular basis, MAT is levied.
> Regular income tax is charged on book profits (prepared under Indian GAAP) adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. Typically the required adjustments generate significant timing differences in respect of the depreciation on fixed assets, relief for provisions and accruals, the use of tax losses brought forward and pension costs. For the financial year 2010–2011 regular income tax is charged at 30% (plus a surcharge of 7.5% in case income exceeds INR 10 million and education cess of 3% on tax and surcharge) taking the effective tax rate to 33.22%. For the financial year 2011–12 the corporate tax rate will be 32.445% (i.e. 30% corporate tax increased by surcharge of 5% in case income exceeds INR 10 million and education cess of 3% on tax and surcharge).
> MAT is charged on the book profits at 18% (plus a surcharge of 7.5% in case book profits exceeds INR 10 million & education cess of 3% on tax and surcharge). The effective rate of MAT is 19.93%. However, MAT paid during a year can be set off against normal tax payable in the subsequent years in the manner provided in the statute within a period of 10 years succeeding the assessment year in which the MAT credit arose. The MAT rate for the financial year 2011–12 will be 18.5% (plus a surcharge of 5% in case book profits exceeds INR 10 million and education cess of 3% on tax and surcharge). The effective rate of MAT will be 20.01%.
> There are various tax exemptions or tax holidays available to companies in India subject to fulfilment of prescribed conditions. The most important ones applicable to the Group are:
  – Industrial undertakings' tax holiday: profits of newly constructed industrial undertakings located in designated areas of India can benefit from a tax holiday. A typical tax holiday would exempt 100% of the undertaking's profits for five years, and 30% for the next five years;
  – Power plants' tax holiday: profits on newly constructed power plants can benefit from a tax holiday. A typical holiday would exempt 100% of profits in ten consecutive years within the first 15 years of the power plants' operation. The start of the ten-year period can be chosen by a company. This exemption is available only for units set up until 31 March 2012.

Notes to the Consolidated Financial Statements continued

12. Tax continued

- Profits from units designated as Export Oriented Units ('EOU'), from where goods are exported out of India, are tax exempt up to financial year ending March 2011.
- Profits from units located in Special Economic Zones ('SEZ') are exempt from corporate tax to the extent of 100% of the profits for the first five years; 50% of the profits for the next five years; and for the next five years 50% of profits are exempt subject to creation of SEZ reserve and utilisation of SEZ reserve in the manner specified. MAT is not leviable on profits of units located in SEZ up to financial year ending March 2011. MAT and DDT shall be applicable on SEZ developers and SEZ units w.e.f 1 April,2011.
- The Indian tax laws are subject to a thorough review and the Government has introduced draft Direct Taxes Code ('DTC') for public debate. The DTC is expected to be presented again in a modified form later this year and, when enacted, is proposed to be operational from financial year 2012–13. At present there is significant uncertainty as to the form of the DTC and it is not currently considered to be substantively enacted.

> Tax returns submitted by companies are regularly subjected to a comprehensive review and challenge by the tax authorities. There is appeal procedures prescribed. Both the tax authorities and taxpayers can prefer appeals to the appellate forums (save and except the first appellate authority i.e. the Commissioner of Income Tax (Appeals) and it is not uncommon for significant or complex matters in dispute to remain outstanding for several years before they are finally resolved either in the High Court or in the Supreme Court.

Overview of the Zambian Tax Regime

The following is an overview of the salient features of the Zambian direct tax regime relevant to the taxation of the Group:

> The tax rate for income from mining operations is 30%.

> The 100% deduction for capital expenditure incurred on mining operations which had been removed in 2008–09 fiscal year was re-introduced with effect from 1 April 2009.

> Removal of windfall tax (see below) from 1 April 2009. However, a variable profits tax will still apply where income from mining activities exceeds 8% of gross sales at a rate determined according to a prescribed formula and payable only if windfall tax is not payable.

> The requirement to treat hedging activities as a separate source of income from mining operations was removed.

> The period available to carry forward losses is 10 years.

> KCM must file tax returns in Zambian Kwacha. Tax losses are denominated in Kwacha but an indexation allowance applies to adjust for changes in the US dollar to Kwacha exchange rate.

A windfall tax was introduced in fiscal year 2008–09 which became payable when copper is sold at prices above US$5,512 per MT. The tax is charged at rates ranging from 25% to 75% depending on the difference between the realised price and a series of pricing thresholds ranging upward from US$5,512 per MT. KCM received a letter from the Zambian Revenue Authority ('ZRA') during the year ended 31 March 2009 confirming an interim arrangement that the Company would only be required to pay windfall tax at a rate of 25% at any price above US$5,512 per MT. The Company has settled the windfall tax liability with ZRA at 25% without any penal interest and penalty and agreed to pay the windfall tax liability in five progressive instalments commencing from February 2011.

Discussions about a new tax regime for mining companies are being held with Zambian government.

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 31 March 2011 is as follows:

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Accounting profit before tax	**2,683.3**	**1,841.6**
At Indian statutory income tax rate of 33.22% (2010: 33.99%)	891.4	625.9
Unrecognised tax losses	141.4	25.4
Disallowable expenses	67.1	45.4
Non-taxable income	(83.7)	(99.1)
Impact relating to changes in tax rate[1]	(21.9)	(24.6)
Tax holiday and similar exemptions	(334.6)	(255.1)
Minimum Alternative Tax	7.0	26.9
Adjustments in respect of previous years	(17.2)	(14.4)
At effective income tax rate of 24.2% (2010: 17.9%)	**649.5**	**330.4**

1 Includes impact of change in effective tax rate from 33.22% to 32.445% (refer to note on Overview of the Indian direct tax regime).

13. Earnings Per Share

Basic earnings per share ('EPS') 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 EPS 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 EPS computations:

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Net profit attributable to equity holders of the parent	770.8	602.3

	Year ended 31 March 2011	Year ended 31 March 2010
Weighted average number of ordinary shares for basic EPS (million)	272.2	274.3
Effect of dilution:		
Convertible bonds	34.3	46.7
Share options	2.2	3.7
Adjusted weighted average number of ordinary shares for diluted EPS	**308.7**	**324.7**

(a) EPS based on profit for the year

Basic EPS on the profit for the year	**Year ended 31 March 2011**	Year ended 31 March 2010
Profit for the year attributable to equity holders of the parent (US$ million)	770.8	602.3
Weighted average number of shares of the Company in issue (million)	272.2	274.3
EPS on profit for the year (US cents per share)	**283.2**	**219.6**

Diluted EPS on the profit for the year	**Year ended 31 March 2011**	Year ended 31 March 2010
Profit for the year attributable to equity holders of the parent (US$ million)	770.8	602.3
Adjustment in respect of convertible bonds of Vedanta (US$ million)	63.4	57.6
Profit for the year after dilutive adjustment (US$ million)	834.3	659.9
Adjusted weighted average number of shares of the Company in issue (million)	308.7	324.7
Diluted EPS on profit for the year (US cents per share)	**270.2**	**203.2**

During the year ended 31 March 2011, 738,248 options issued under the Long-Term Incentive Plan (the 'LTIP') were converted to equity shares pursuant to vesting and exercise of the options (2010: 393,292 options).

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

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

Notes to the Consolidated Financial Statements continued

13. Earnings per share continued

(b) EPS based on underlying profit for the year

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

	Note	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Profit for the year attributable to equity holders of the parent		770.8	602.3
Special items	4	163.5	67.3
Other gains		(252.1)	(139.9)
Non-controlling interest effect of special items and other losses		33.1	16.8
Underlying profit for the year		**715.3**	**546.5**

Basic EPS on underlying profit for the year	Year ended 31 March 2011	Year ended 31 March 2010
Underlying profit for the year (US$ million)	715.3	546.5
Weighted average number of shares of the Company in issue (million)	272.2	274.3
EPS on underlying profit for the year (US cents per share)	**262.8**	**199.2**

Diluted EPS on underlying profit for the year	Year ended 31 March 2011	Year ended 31 March 2010
Underlying profit for the year (US$ million)	715.3	546.5
Adjustment in respect of convertible bonds of Vedanta (US$ million)	63.4	57.6
Underlying profit for the year after dilutive adjustment (US$ million)	778.7	604.1
Adjusted weighted average number of shares of the Company (million)	308.7	324.7
Diluted EPS on underlying profit for the year (US cents per share)	**252.3**	**186.0**

14. Dividends

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2009–10: 27.5 US cents per share (2008–09: 25 US cents per share)	75.2	70.2
Interim dividend paid during the year: 20 US cents per share (2009–10: 17.5 US cents per share)	54.7	47.7
	129.9	**117.9**
Proposed for approval at AGM		
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

15. Goodwill

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Cost (gross carrying amount)	16.9	16.9
Accumulated impairment losses	(4.7)	(4.7)
Net carrying amount at 31 March	**12.2**	**12.2**

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Company has undertaken an impairment review of goodwill of US$12.2 million as at 31 March 2011. The carrying amount of goodwill was evaluated using the discounted future cash flows of the entity to which the goodwill pertains (Sterlite) and comparing this to the total carrying value of the Sterlite cash generating unit. It was determined that the carrying amount of goodwill is not impaired.

16. Intangible Assets

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Exploration and evaluation acquired on acquisition	162.1	–
Net carrying amount at 31 March	**162.1**	**–**

The intangible assets relate to the Gamsberg exploration project which was acquired during the year (refer Note 34).

17. Property, Plant and Equipment

US$ million	Mining property and leases	Leasehold land and buildings	Freehold land and buildings	Plant and equipment	Assets under construction	Other	Total
Cost							
At 1 April 2009	**2,319.0**	**107.8**	**315.3**	**4,258.9**	**4,147.6**	**76.9**	**11,225.5**
Additions	0.9	6.0	4.8	28.5	3,823.4	0.9	3,864.5
Transfers	76.5	2.1	269.0	2,535.0	(2,822.2)	(60.4)	–
Reclassification to accumulated depreciation	2.6	2.3	7.1	(8.2)	–	(2.0)	1.8
Additions due to acquisition	412.0	–	16.2	66.8	1.8	–	496.9
Disposals	–	(0.1)	(2.9)	(22.9)	(2.2)	(0.3)	(28.4)
Impairment of assets	(2.7)	–	–	–	–	–	(2.7)
Foreign exchange differences	310.0	4.0	55.5	538.9	513.2	7.5	1,429.1
At 1 April 2010	**3,118.3**	**122.1**	**665.0**	**7,397.0**	**5,661.7**	**22.6**	**16,986.7**
Additions	–	2.5	208.2	995.4	1,502.5	48.1	2,756.7
Transfers	72.4	–	39.1	565.3	(676.8)	–	–
Additions due to acquisition	538.5	–	121.0	530.4	14.8	–	1,204.7
Reclassification from accumulated depreciation	–	6.8	(1.8)	–	–	(0.6)	4.4
Disposals	–	(0.1)	(3.8)	(80.1)	–	(0.4)	(84.4)
Impairment of assets	(118.3)	–	–	–	–	–	(118.3)
Foreign exchange differences	5.4	–	–	13.3	8.4	–	27.1
At 31 March 2011	**3,616.3**	**131.3**	**1,027.7**	**9,421.3**	**6,510.6**	**69.7**	**20,776.9**
Accumulated depreciation and impairment							
At 1 April 2009	**513.2**	**34.3**	**64.4**	**1,212.0**	**17.8**	**35.4**	**1,877.0**
Charge for the year	208.1	7.1	4.5	348.1	–	0.9	568.7
Disposals	–	–	(0.1)	9.0	–	(25.1)	(16.2)
Reclassification to cost	2.6	2.3	7.1	(8.2)	–	(2.0)	1.8
Foreign exchange differences	81.3	0.8	8.9	134.5	–	3.2	228.7
At 1 April 2010	**805.2**	**44.5**	**84.8**	**1,695.3**	**17.8**	**12.4**	**2,660.0**
Charge for the year	289.1	0.5	29.6	543.6	–	6.2	869.0
Disposals	–	–	(3.3)	(52.5)	–	(0.2)	(56.0)
Reclassification to cost	–	6.8	(1.8)	–	–	(0.6)	4.4
Foreign exchange differences	45.2	0.1	1.3	62.9	–	0.5	110.0
At 31 March 2011	**1,139.5**	**51.9**	**110.6**	**2,249.3**	**17.8**	**18.3**	**3,587.4**
Net book value							
At 1 April 2009	**1,805.8**	**73.4**	**250.9**	**3,046.9**	**4,129.9**	**41.5**	**9,348.4**
At 1 April 2010	**2,313.1**	**77.6**	**580.2**	**5,701.7**	**5,643.9**	**10.2**	**14,326.7**
At 31 March 2011	**2,476.8**	**79.4**	**917.1**	**7,172.0**	**6,492.8**	**51.4**	**17,189.5**

At 31 March 2011, land having a carrying value of US$144.3 million (31 March 2010: US$37.0 million) was not depreciated. At 31 March 2011, cumulative capitalised interest and foreign exchange gains or losses included within the table above was US$194.3 million (31 March 2010: US$254.9 million). Plant and equipment include refineries, smelters, power plants and related facilities. Other tangible fixed assets include office equipment and fixtures, and light vehicles.

Notes to the Consolidated Financial Statements continued

18. Financial Asset Investments

Financial asset investments are required to be classified and accounted for as either available-for-sale or fair value through profit or loss.

Available-for-sale investments	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
At 1 April	201.2	91.6
Additions/(disposals)	46.6	(4.5)
Movements in fair value	55.3	111.0
Exchange difference	1.1	3.1
At 31 March	**304.2**	**201.2**

Analysis of financial asset investments	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Quoted	265.2	178.7
Unquoted	39.0	22.5

Quoted investments represent investments in equity securities that present the Group with opportunity for return through dividend income and gains in value. These securities are held at fair value based on market prices.

Unquoted investments include mainly an investment in the equity share capital of the Andhra Pradesh Gas Power Corporation Limited which is held at cost as it is not quoted. The increase is related to unquoted investments held by BMM and Skorpion.

19. Other Non-current Assets

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Deposits, advances and other receivables due after one year	24.6	18.3
	24.6	**18.3**

20. Inventories

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Raw materials and consumables	1,011.9	636.5
Work-in-progress	690.9	478.2
Finished goods	221.8	145.9
	1,924.6	**1,260.6**

Inventories with a carrying amount of US$1,112.2 million (2010: US$761.2 million) have been pledged as security against certain bank borrowings of the Group.

21. Trade and Other Receivables

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Trade receivables	761.4	206.7
Amounts due from related parties (Note 36)	13.6	4.4
Prepayments	93.4	55.9
Deposits with government	141.9	189.8
Other receivables	318.3	466.8
	1,328.6	**923.6**

The credit period given to customers ranges from zero to 90 days. Other receivables primarily includes excise balances, customs balances, deposits with governments, advances to suppliers, claims receivables and other receivables.

22. Liquid Investments

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Bank deposits	1,929.0	1,301.4
Other investments	4,936.4	5,548.0
	6,865.4	**6,849.4**

Other investments include mutual fund investments and are fair valued through the income statement. Bank deposits are made for periods of between three months and one year depending on the cash requirements of the companies within the Group and earn interest at the respective deposit rates.

These do not qualify for recognition as cash and cash equivalents due to their maturity period and risk of change in value of the investments.

23. Cash and Cash Equivalents

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Cash at bank and in hand	238.5	74.7
Short-term deposits[1]	673.1	315.3
	911.6	**390.0**

1 Includes US$96.3 million (2010: US$2.5 million) of cash held in short-term deposit accounts that is restricted in use as it relates to unclaimed deposits, dividends, interest on debentures, share application money, closure costs and future redundancy payments.

Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

24. Borrowings

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Bank loans	5,654.9	3,597.4
Bonds	1,244.7	1,243.7
Other loans	581.4	554.7
Total	**7,481.0**	**5,395.8**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	3,045.1	1,012.6
In the second year	1,914.2	759.7
In two to five years	1,324.4	2,669.9
After five years	1,197.3	953.6
Total borrowings	**7,481.0**	**5,395.8**
Less: payable within one year	(3,045.1)	(1,012.6)
Medium- and long-term borrowings	**4,435.9**	**4,383.2**

At 31 March 2011, the Group had available US$3,407.6 million (2010: US$3,204.8 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group also had secured US$6,000.0 million acquisition facility to fund the proposed Cairn India acquisition in respect of which all conditions precedent had been met.

The principal loans held by Group companies at 31 March 2011 were as follows:

BALCO

Non-convertible Debentures

BALCO issued non-convertible debentures of US$112.0 million to the Life Insurance Corporation of India @12.25% per annum. The debentures are secured and have the pari passu charge on the movable and immovable properties, present and future tangible or intangible assets other than current assets of BALCO to the extent of 1.33 times of the issued amount. The above loan is repayable in three yearly equal instalments starting November 2013.

Project Buyers' Credit

As at 31 March 2011, BALCO has extended credit terms relating to the purchase of property, plant and equipment for its project of US$370.7 million at an average rate of LIBOR plus 247 basis points.

Notes to the Consolidated Financial Statements continued

24. Borrowings continued

VAL

Rupee Term Loan

VAL has taken an Indian rupee term loan of US$224.0 million from ICICI Bank at an interest rate of 10.5%. The loan is not secured. Repayment is in eight equal quarterly instalments starting from July 2011.

VAL has taken an Indian rupee term loan of US$168.0 million from Yes Bank at an interest rate of 11.5%. The loan is secured and has a subservient charge on present and future movable fixed asset already created.

Indian rupee term loan of US$168.0 million from Bank of Baroda at an interest rate of 10.5% has been taken which is secured by first charge by way of hypothecation of all present and future movables fixed assets for the project including but not limited to plant and machinery spares, tools and accessories, base stock funded by the facility of the project. The loan is payable on December 2011.

VAL has obtained term loan of US$1,119.8 million from State Bank of India at an interest rate of 7.5%. The loan is secured by the first pari passu charge on the moveable plant and machinery so as to provide fixed assets coverage ratio of 1.30. The loan is repayable in April 2011.

Non-convertible Debentures

VAL has issued non-convertible debentures of US$89.6 million to the Life Insurance Corporation of India at a rate of 11.50% per annum. The debentures are secured and have the first pari passu charge over the identified assets (including land and building) of the issuer to the extent of 1.33 times of the issued amount. Debentures are repayable in three yearly equal instalments starting October 2013.

External Commercial Borrowing

VAL has obtained external commercial borrowing loan from ICICI Bank, Singapore of US$100.0 million at an interest rate of LIBOR plus 240 basis points secured by negative lien undertaking on the assets of the Jharsuguda project of the Company, both present and future, excluding assets already charged in favour of ICICI Bank and other lenders. The repayment period is from February 2012 to August 2014.

Project Buyers' Credit

As at 31 March 2011, VAL had extended credit terms relating to purchases of property, plant and equipment for its projects amounting to US$846.6 million. These loans bear average interest at LIBOR plus 243 basis points. These are secured by all of the fixed assets of VAL, immovable or movable, present and future, on a pari passu basis with other term lenders and with priority over other creditors.

Sterlite Energy

Project Buyers' Credit

As at 31 March 2011, SEL has extended credit terms relating to the purchase of property, plant and equipment for its project of US$228.2 million at an average rate of LIBOR plus 199 basis points. The facility is unsecured.

Sterlite Industries

In February 2011 Sterlite Industries raised US$291.1 million through commercial papers at an interest rate of 9.73% and repayable in June 2011. The amount outstanding as at March 2011 is US$261.7 million.

Talwandi Sabo

Talwandi Sabo has issued non-convertible debentures of US$335.9 million to ICICI Bank at a rate of 9.8% per annum. First tranche of US$167.9 million was issued in December 2010 and second tranche of the balance amount was issued in January 2011. The debentures are secured by first pari passu charge on the assets of the Company both present and future, with a minimum asset cover of 1.25 times during the lifetime of the NCDs (including the Debt Service Reserve Account) and unconditional and irrevocable corporate guarantee by Sterlite Industries. Debentures have a tenure of 13 years repayable in 12 equal instalments after 10 years of allotment.

KCM

In 2009 KCM has obtained a loan of US$100 million from the Development Bank of Southern Africa (five year term) and US$191.7 million from Standard Chartered Bank (four year term). The interest rate is 2.8% over three month LIBOR and 5.5% over three month LIBOR respectively. Both the loans are repayable in 12 quarterly instalments starting from the third and second year, respectively.

24. Borrowings continued

Vedanta Resources plc

Long-term Bonds

In July 2008, Vedanta issued US$500.0 million, 8.75% bonds due January 2014, and US$750.0 million, 9.50% bonds due July 2018 in the United States of America ('USA') pursuant to Rule 144A of US Securities Act of 1933 ('Securities Act') and outside of the USA in Compliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard & Poor's, Ba2 by Moody's and BB+ by Fitch Ratings Limited.

Syndicated Bridge Term Loan

In April 2008, the Group refinanced the short-term syndicated bridge loan facility of US$1,100.0 million taken out to acquire Sesa Goa. The new facility is for US$1,000 million, fully drawn down at 31 March 2011, which bears interest at LIBOR plus 296 basis points. US$250.0 million is repayable in April 2012 and the remaining US$750 million is repayable in January 2013. The facility has been guaranteed by Vedanta and is subject to a pledge of the Group's shares in Sesa Goa Limited through its holding in Richter and Westglobe Limited.

Term Loan

In January 2010, the Group obtained a loan from Bank of Tokyo-Mitsubishi UFJ for US$373 million repayable in July 2011 and bears interest at USD LIBOR plus 425 basis points.

In December 2010, the Group obtained a loan from ICICI Bank for US$180 million repayable US$90 million in December 2014 and the balance US$90 million in December 2015 and bears interest rate three month GBP LIBOR plus 385 basis points.

In January 2011, the Group obtained a loan from ICICI Bank for US$150 million repayable US$75 million in January 2016 and the balance US$75 million in January 2017 and bears interest rate three month USD LIBOR plus 389 basis points.

Non-equity Non-controlling Interests

As at 31 March 2011, non-equity non-controlling interests remain of US$11.9 million, being deferred shares in KCM held by ZCM. The deferred shares have no voting rights or rights to KCM's dividends, but are entitled on a winding up to a return of up to US$0.99 per share once all of KCM's ordinary shares have received a distribution equal to their par value and any share premium created on their issue and which remains distributable to them.

The deferred shares are held at historic cost, being the fair value attributed to them at the time of initial acquisition of KCM in the year ended 31 March 2005. They are classified as non-current liabilities as they are repayable only on the winding up of the Company, for an amount different than the pro rata share of net assets upon liquidation. The shares have been valued at US$0.99 per share, which is the maximum amount payable to the deferred shareholders. These deferred shares have not been discounted as the effect would not be material.

25. Movement in Net Debt[1]

			Debt due within one year		Debt due after one year		
US$ million	Cash and cash equivalents	Liquid investments	Debt carrying value	Debt-related derivatives[2]	Debt carrying value	Debt-related derivatives[2]	Total net debt
At 1 April 2009	**380.5**	**4,532.1**	**(1,298.5)**	**8.4**	**(3,816.4)**	**(6.9)**	**(200.8)**
Cash flow	258.8	1,663.4	360.6	–	(2,859.0)	–	(576.2)
Acquisition of subsidiaries	–	–	(12.4)	–	–	–	(12.4)
Other non-cash changes[3]	–	27.6	25.0	(9.3)	(351.7)	(5.1)	(313.5)
Foreign exchange differences	(249.3)	626.3	(87.3)	–	(133.9)	–	155.8
At 1 April 2010	**390.0**	**6,849.4**	**(1,012.6)**	**(0.9)**	**(7,161.0)**	**(12.1)**	**(947.2)**
Cash flow	(108.2)	(178.4)	(1,863.2)	–	(161.6)	–	(2,311.4)
Net cash flows arising on acquisition of a subsidiary	388.6	37.3	(29.4)	–	–	–	396.5
Other non-cash changes[3]	–	78.8	(96.1)	0.9	635.6	17.3	636.5
Foreign exchange differences	241.2	78.3	(43.8)	–	(20.4)	–	255.3
At 31 March 2011	**911.6**	**6,865.4**	**(3,045.1)**	**–**	**(6,707.4)**	**5.2**	**(1,970.3)**

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$462.4 million (2010: US$326.7 million) of project buyers credit obtained from banks, for which there is no cash movement as it represents the refinancing of amounts previously owed to suppliers and excluded from debt. It also includes US$59.1 million (2010 US$27.6 million) of fair value movement in investments. A movement of US$18.2 million (2010: US$14.4 million) which pertains to fair value of debt related derivatives is also included in other non-cash changes. (5)

Notes to the Consolidated Financial Statements continued

26. Trade and Other Payables

(a) Current Trade Payables

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Trade payables	1,969.0	1,390.1
Bills of exchange payable	816.6	771.7
Accruals and deferred income	272.5	72.7
Other trade payables	349.4	324.7
	3,407.5	**2,559.2**

Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms. Bills of exchange are interest-bearing and are normally payable within 180 days. The fair value of trade and other payables is not materially different from the carrying values presented.

Bills of exchange payable comprise of credit availed from financial institutions for direct payment to suppliers for raw materials purchased. The arrangements are interest-bearing and are normally payable within 180 days,

(b) Non-current Trade Payables

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Other trade payables	148.1	306.4
	148.1	**306.4**

Other trade payables primarily comprise the amounts withheld as retentions, payable to suppliers of capital projects after satisfactory completion of contractual commissioning period, which are generally payable after a year.

27. Convertible Bonds

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
A. VRJL	968.2	931.3
B. VRJL II	651.8	881.1
C. FCCB – SIIL & Sesa	651.5	965.4
	2,271.5	**2,777.8**

A. Vedanta Resource Jersey Limited ('VRJL') issued 5.5% US$1,250 million guaranteed convertible bonds on 13 July 2009. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 24 August 2009 to 6 July 2016. The loan notes are convertible at US$36.48 per share at an average rate of GBP: USD of 1.6386.

If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 28 July 2012 subject to certain conditions, or be redeemed at the option of the bondholders on or after 13 July 2014.

The net proceeds of the convertible issue have been split between the liability element and equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Opening liability	931.3	1,234.8
Equity component	–	(327.9)
Imputed liability on issue date	–	906.9
Unwinding of effective interest rate	105.8	73.7
Coupon interest paid/accrued	(68.9)	(49.3)
Closing liability	**968.2**	**931.3**

The interest charged for the year is calculated by applying an effective interest rate of 11.4% (March 2010: 11.2%).

The fair value of the convertible bond as at 31 March 2011 is US$1,304.9 million.

27. Convertible Bonds continued

B. Vedanta Resource Jersey II Limited ('VRJL – II') issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017. The loan notes are convertible at US$51.9251 per share at an average rate of USD: GBP of 1.4965.

If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on or after 29 April 2013 to 30 March 2015.

At the inception the net proceeds of the convertible issue was split between the liability element and a derivative component, representing the fair value of the embedded option to convert the liability into equity of the Company. The latter was not been recorded within equity due to the existence of partial cash settlement terms within the bond which prevent the adoption of compound financial instrument accounting. During the period US$44.8 million was debited to the value of the derivative liability with a corresponding credit taken to the income statement. This represents the movement in the fair value of the embedded option to convert to equity from the 1 April 2010 to 28 July 2010, the date of removal of cash settlement option. US$211.6 million calculated as the fair value of the conversion option was reclassified to the convertible bond reserve at that date representing the value attributable to the right to convert the liability into equity of the Company.

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Opening liability	**881.1**	**875.8**
Equity component	(211.6)	
Effective interest cost	62.4	0.2
Coupon interest paid/accrued	(35.3)	(0.1)
(Decrease)/Increase in fair value of derivative component	(44.8)	5.2
Closing liability	**651.8**	**881.1**

The interest charged for the year is calculated by applying an effective interest rate of 9.3% (2010: 6.93%).

The fair value of the convertible bond as at 31 March 2011 was US$907.6 million.

C. Sterlite Industries (India) Limited ('SIIL') issued 4% US$500 million convertible senior notes (denominated in US dollars) on 29 October 2009 which are due on 30 October 2014. The bonds are convertible into American Depository Share ('ADS') to be issued by SIIL. The bondholders have the option to convert at any time before 29 October 2014 at a conversion ratio of 42.8688 for every US$1,000 of principal which is equal to a conversion price of USD 23.33 per ADS. SIIL has the option (subject to the terms of the bond) to redeem the convertible bond at any time after 4 November 2012.

Sesa Goa Limited ('Sesa') issued 5% US$500 million convertible bonds (denominated in US dollars) on 30 October 2009 and due 31 October 2014. The bonds are convertible into ordinary shares of Sesa. The bondholders have the option to convert at any time after 10 December 2009 and before 24 October 2014 at a conversion ratio of 13837.6384 for every US$100,000 principal. Sesa has the option (subject to certain conditions) to redeem the convertible bond at any time after 30 October 2012.

As the functional currency of SIIL and Sesa is INR, the conversion of the convertible bonds (which are denominated in US dollars) would not result in the settlement and exchange of a fixed amount of cash in INR terms, for a fixed number of SIIL's and Sesa's shares respectively. Accordingly, the convertible bond must be separated into two component elements: a derivative component consisting of the conversion option (carried at fair value) and a liability component consisting of the debt element of the bonds. Further details of the accounting for such instruments are provided in the Group accounting policies (Note 2a).

The following table shows the movements in the SIIL and Sesa bonds during the year on an aggregated basis:

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Opening liability	**965.4**	**991.8**
Effective interest cost	71.6	39.4
Coupon interest paid	(34.4)	(19.3)
Conversion of bonds into equity of subsidiaries	(207.7)	(76.0)
Increase/(decrease) in fair value of derivative component	(143.4)	29.5
Closing liability (including derivative component of US$126.2 million, March 2010: US$386.8 million)	**651.5**	**965.4**

Notes to the Consolidated Financial Statements continued

27. Convertible Bonds continued

The interest charged for the year is calculated by applying an effective interest rate of 9.9% (March 2010: 12.7%) for SIIL convertible notes and 10.1% (March 2010: 23.4%) for Sesa convertible notes.

The fair value of the convertible bonds as at 31 March 2011 was US$751.6 million (March 2010: US$1,114 million).

28. Financial Instruments

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Financial assets		
At fair value through profit or loss		
– Held for trading	6,865.4	6,849.4
– Other financial assets (derivatives)	140.3	54.1
Cash and cash equivalents	911.6	390.0
Loan and receivables		
– Trade and other receivables	1,328.6	867.7
– Other non-current assets	24.6	18.3
Available-for-sale investments		
– Financial asset investments held at fair value	265.2	178.7
– Financial asset investments held at cost	39.0	22.4
Total	**9,574.7**	**8,380.6**
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	(103.5)	(83.2)
Designated into fair value hedge		
– Borrowings[1]	(126.2)	(643.0)
Financial liabilities at amortised cost		
– Trade and other payables	(3,555.6)	(2,865.6)
– Borrowings[2]	(9,626.3)	(7,530.6)
Total	**(13,411.6)**	**(11,122.4)**

1 Includes embedded derivative liability portion of convertible bonds US$126.2 million (2010: US$643.1 million)
2 Includes amortised cost liability portion of convertible bonds US$2,145.3 million (2010: US$2,134.6 million)

IFRS 7 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The below table summarises the categories of financial assets and liabilities measured at fair value:

	As at 31 March 2011 US$ million	
	Level 1	Level 2
Financial assets		
At fair value through profit or loss		
– Held for trading	6,865.4	–
– Other financial assets (derivatives)	–	140.3
Available-for-sale investments	–	
– Financial asset investments held at fair value	265.2	–
Total	**7,130.6**	**140.3**
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	–	(103.5)
Designated into fair value hedge		
– Borrowings	–	(126.2)
Total	**–**	**(229.7)**

28. Financial Instruments continued

There were no transfers between Level 1 and Level 2 during the year. No financial assets or liabilities were measured by Level 3 Fair Value Measurement.

The fair value of borrowings is US$10,011.2 million (2010: US$8,379.4 million). For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The fair value of financial asset investments represents the market value of the quoted investments and other traded instruments. For other financial assets the carrying value is considered to approximate fair value.

The fair value of financial liabilities is the market value of the traded instruments, where applicable. Otherwise fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate fair value.

The fair value of the embedded derivative liability of convertible bond has been calculated using the binomial and Black-Scholes models with market assumptions.

Derivatives Instruments and Risk Management

The Group's businesses are subject to several risks and uncertainties including financial risks.

The Group's documented risk management policies act as an effective tool in mitigating the various financial risks to which the businesses are exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, credit risk and capital management.

Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers at both the corporate and individual subsidiary level. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated. The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Group's Audit Committee. Key business decisions are discussed at the monthly meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

Treasury Management

Treasury management focuses on capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the subsidiary companies are managed by their respective finance teams within the framework of the overall Group treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a central team while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Group has a strong system of internal control which enables effective monitoring of adherence to Group policies. The internal control measures are effectively supplemented by regular internal audits.

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and interest rate and currency swaps and these are subject to the Group guidelines and policies. Interest rate swaps are taken to achieve a balance between fixed and floating rates (as described below under 'Interest risk') and currency swaps are taken primarily to convert the Group's exposure to non-US dollar currencies to US dollar currencies.

Commodity Risk

The Group is exposed to the movement of base metal commodity prices on the LME. Any decline in the prices of the base metals that the Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. As much as possible, the Group tries to mitigate price risk through favourable contractual terms. The Group undertakes hedging activity in commodities to a limited degree. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the subsidiaries.

Whilst the Group aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

Notes to the Consolidated Financial Statements continued

28. Financial Instruments continued

Copper

The Group's custom smelting copper operation at Tuticorin is benefited by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate margins from TC/RCs, minimising conversion cost, generating a premium over LME on sale of finished copper, sale of by-products and from achieving import parity on domestic sales. Hence, mismatches in quotational periods are actively managed to ensure that the gains or losses are minimised. The Group hedges this variability of LME prices and tries to make the LME price a pass-through cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price. The Company also benefits from the difference between the amounts paid for quantities of copper content received and recovered in the manufacturing process, also known as 'free copper'. The Group hedges on a selective basis the free copper and revenue from variable margins on the purchases of copper concentrates by entering into future contracts.

The Group's Australian mines in Tasmania supply approximately 7% to 8% of the requirement of the custom copper smelter at Tuticorin. Hence, TC/RCs are a major source of income for the Indian copper smelting operations. Fluctuations in TC/RCs are influenced by factors including demand and supply conditions prevailing in the market for mine output. The Group's copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

KCM is largely an integrated copper producer and hence the strategy to protect the Company from price fluctuations in copper is to focus on controlling KCM's costs.

For the mining assets in Australia and Zambia, part of the production may be hedged to secure cash flows on a selective basis.

Aluminium

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Group does not hedge any aluminium production.

Zinc and Lead

The sales prices are linked to the LME prices. The Group has some long-term volume contracts with some customers where the prices are linked to prevailing LME prices at the time of shipment. The Group hedged part of the exports from India through forward contracts or other instruments.

Iron Ore

The Group sells some portion of its iron ore production on quarterly price contracts and the balance on the basis of prevailing market prices.

Provisionally Priced Financial Instruments

On 31 March 2011, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US$411.8 million (2010: liability of US$274.8 million). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning 1 April 2011.

Set out below is the impact of 10% increase in LME prices on profit for the year and total equity as a result of changes in value of the Group's commodity financial instruments as at 31 March 2011:

Commodity Price Sensitivity	**Closing LME as at 31 March 2011 (US$)**	**Effect on profit of a 10% increase in the LME 31 March 2011 (US$ million)**	**Effect on total equity of a 10% increase in the LME 31 March 2011 (US$ million)**
Copper	9,400	4.6	4.6
Zinc	2,319	4.5	4.5
Lead	2,720	3.4	3.4

Commodity Price Sensitivity	Closing LME as at 31 March 2010 (US$)	Effect on profit of a 10% increase in the LME 31 March 2010 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2010 (US$ million)
Copper	7,830	(6.1)	(6.1)
Zinc	2,360	0.3	0.3
Lead	2,120	0.1	0.1

28. Financial Instruments continued

The above sensitivities are based on volumes, costs, exchange rates and other variables and provide the estimated impact of a change in LME prices on profit and equity assuming that all other variables remain constant.

Further, the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchase at Sterlite custom smelting operations is US$37.3 million (2010: US$25.5 million), which is pass through in nature and as such will not have any impact on the profitability.

Financial Risk and Sensitivities

The Group's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Group does not engage in speculative treasury activity but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

(a) Liquidity

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short-term as well as in the long-term. Anticipated future cash flows and undrawn committed facilities of US$9,407.6 million (including US$6,000 million for Cairn Acquisition), together with cash and liquid investments of US$7,777.0 million as at 31 March 2011, 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 and Ba1 respectively (2010: BB and Ba1 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 maturity profile of the Group's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group (excludes interest):

At 31 March 2011 (in US$ million)

Payment due by period	< 1 year	1–2 years	2–5 years	> 5 years	Total
Trade and other payables	3,407.5	148.1	–	–	3,555.6
Bank and other borrowings	3,045.1	1,914.2	1,324.4	1,197.3	7,481.0
Convertible bonds	–	–	651.5	1,620.0	2,271.5
Derivative liabilities	9.3	–	94.2	–	103.5
Total	**6,461.9**	**2,062.3**	**2,070.1**	**2,817.3**	**13,411.6**

At 31 March 2010 (in US$ million)

Payment due by period	< 1 year	1–2 years	2–5 years	> 5 years	Total
Trade and other payables	2,559.2	306.4	–	–	2,865.6
Bank and other borrowings	1,012.6	759.7	2,669.9	953.6	5,395.8
Convertible bonds	–	–	924.5	2,133.0	3,057.5
Derivative liabilities	38.5	–	44.7	–	83.2
Total	**3,610.3**	**1,066.1**	**3,639.1**	**3,086.6**	**11,402.1**

At 31 March 2011, the Group had access to funding facilities of US$19,160.1 million of which US$9,407.6 million was not yet drawn, as set out below.

Funding facilities	Total facility (US$ million)	Drawn (US$ million)	Undrawn (US$ million)
Less than 1 year[1]	10,946.8	3,045.1	7,901.7
1–2 years	3,336.3	1,914.2	1,422.1
2–5 years and above	4,877.0	4,793.2	83.8
Total	**19,160.1**	**9,752.5**	**9,407.6**

1 Includes US$6,000.0 million, which the Group has secured as the acquisition facility for the proposed Cairn India acquisition in respect of which all conditions precedent had been met. This is repayable between one to five years in different tranches.

Notes to the Consolidated Financial Statements continued

28. Financial Instruments continued

At 31 March 2010, the Group had access to funding facilities of US$11,378.4 million of which US$3,204.8 million was not yet drawn, as set out below.

Funding facilities	Total facility (US$ million)	Drawn (US$ million)	Undrawn (US$ million)
Less than 1 year	2,843.9	996.2	1,847.7
1–2 years	516.9	516.9	–
2–5 years and above	8,017.6	6,660.5	1,357.1
Total	**11,378.4**	**8,173.6**	**3,204.8**

(b) Foreign Currency

The Group's presentation currency is the US dollar. The majority of the assets are located in India and the Indian Rupee is the functional currency for the Indian operating subsidiaries.

Foreign currency exposures are managed through the Group-wide hedging policy, which is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns. Longer term exposures are unhedged. Stop losses and take profit triggers are implemented to protect entities from adverse market movements at the same time enabling them to encash in favourable market opportunities. Vedanta has hedged some of its US dollar borrowings into other foreign currency borrowings by entering into cross-currency swaps.

The carrying amount of the Group's financial assets and liabilities in different currencies are as follows:

	At 31 March 2011		At 31 March 2010	
US$ million	Financial assets	Financial liabilities	Financial assets	Financial liabilities
USD	884.6	8,849.2	1,618.9	9,314.0
INR	7,959.4	4,260.9	6,508.4	1,690.6
Kwacha	44.4	27.5	59.2	22.8
JPY	93.5	8.7	–	(1.0)
AUD	5.6	23.1	15.7	14.3
CAD	249.2	–	169.0	–
Euro	134.9	116.4	0.9	71.0
ZAR	62.3	63.5	–	–
NAD	129.3	45.7	–	–
Others	11.5	16.6	8.5	10.7
Total	**9,574.7**	**13,411.6**	**8,380.6**	**11,122.4**

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with US dollar being the major foreign currency exposure of the Group's main operating subsidiaries. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

	31 March 2011		
US$ million	Closing exchange rate	Effect of 10% strengthening of US dollar on net earnings	Effect of 10% strengthening of US dollar on total equity
INR	44.65	(167.7)	(190.3)
AUD	0.9680	0.9	0.9
Kwacha	4,770	1.5	1.5

	31 March 2010		
US$ million	Closing exchange rate	Effect of 10% strengthening of US dollar on net earnings	Effect of 10% strengthening of US dollar on total equity
INR	45.14	(131.5)	(193.9)
AUD	1.0922	1.4	1.4
Kwacha	4,820	3.3	3.3

The sensitivities are based on financial assets and liabilities held at 31 March 2011 where balances are not denominated in the functional currency of the respective subsidiaries. The sensitivities do not take into account the Group's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

28. Financial Instruments continued

(c) Interest Risk

At 31 March 2011, the Group's net debt of US$1,970.3 million (2010: US$947.1 million net debt) comprises of cash, cash equivalents and liquid investments of US$7,777.0 million (2010: US$7,239.4 million) offset by debt of US$9,752.5 million (2010: US$8,186.5 million).

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. As at 31 March 2011, 59.3% (2010: 57.7%) of the total debt was at a fixed rate and the balance was at a floating rate. The floating rate debt is largely linked to US dollar LIBOR. The Group also aims to minimise its average interest rates on borrowings by opting for a higher proportion of long-term debt to fund growth projects. The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying asset. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Group's financial assets to interest rate risk is as follows:

	At 31 March 2011				At 31 March 2010			
	Floating rate financial assets	Fixed rate financial assets	Equity Investments	Non-interest bearing financial assets	Floating rate financial assets	Fixed rate financial assets	Equity Investments	Non-interest bearing financial assets
Financial assets	5,091.9	2,362.4	278.2	1,701.9	5,783.7	1,235.2	201.2	1,106.4
Derivative assets	–	–	–	140.3	–	–	–	54.1
Total financial assets	**5,091.9**	**2,362.4**	**278.2**	**1,842.2**	**5,783.7**	**1,235.2**	**201.2**	**1,160.5**

The exposure of the Group's financial liabilities to interest rate risk is as follows:

	At 31 March 2011			At 31 March 2010		
US$ million	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	3,820.6	6,363.4	3,124.1	4,339.6	4,890.2	1,809.4
Derivative liabilities	–	–	103.5	–	–	83.2
Total financial liabilities	**3,820.6**	**6,363.4**	**3,227.6**	**4,339.6**	**4,890.2**	**1,892.6**

The weighted average interest rate on the fixed rate financial liabilities is 7.4% (2010: 6.7%) and the weighted average period for which the rate is fixed is 3.4 years (2010: 5.6 years).

Considering the net debt position as at 31 March 2011 and the investment in bank deposits and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

The below table illustrates the impact of a 0.5% to 2.0% decrease in interest rate of borrowings on profit and equity and represents management's assessment of the possible change in interest rates.

At 31 March 2011

Decrease in interest rates	Effect on net earnings (in US$ million) US dollar interest rate	Effect on total equity (in US$ million) US dollar interest rate
0.5%	12.7	12.7
1.0%	25.3	25.3
2.0%	50.7	50.7

Notes to the Consolidated Financial Statements continued

28. Financial Instruments continued

At 31 March 2010

Decrease in interest rates	Effect on net earnings (in US$ million) US dollar interest rate	Effect on total equity (in US$ million) US dollar interest rate
0.5%	10.9	10.9
1.0%	21.7	21.7
2.0%	43.4	43.4

(d) Credit Risk

The Group is exposed to credit risk from trade receivables, liquid investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. Cash and liquid investments are held primarily in mutual funds and banks with good credit ratings. Defined limits are in place for exposure to individual counterparties in case of mutual fund houses and banks.

The large majority of receivables due from third parties are secured. Moreover, given the diverse nature of our businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of the Group's net sales or for any of the Group's primary businesses during the year ended 31 March 2011 and in the previous year. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum exposure to credit risk at 31 March 2011 is US$9,574.7 million (2010: US$8,380.6 million).

Of the year end trade and other receivable balance the following were past due but not impaired as at 31 March 2011.

US$ million	**2011**	2010
Less than 1 month	14.2	200.2
Between 1–3 months	6.1	68.2
Between 3–12 months	8.7	31.3
Greater than 12 months	17.0	8.9
Total	**46.0**	**308.6**

Derivative Financial Instruments

The fair value of all derivatives is separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. In addition, the derivative component of certain convertible bonds is shown as part of the overall convertible bond liability (see Note 27). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Embedded Derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts, when their risks and characteristics are not closely related to those of their host contracts.

Cash Flow Hedges

The Group also enters into forward exchange and commodity price contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement.

28. Financial Instruments continued

The fair value of the Group's open derivative positions at 31 March 2011, recorded within other financial assets (derivatives) and other financial liabilities (derivatives) is as follows:

	As at 31 March 2011 US$ million		As at 31 March 2010 US$ million	
	Liability	Asset	Liability	Asset
Current				
Cash flow hedges				
– Commodity contracts	–	–	–	–
– Forward foreign currency contracts	(0.2)	8.1	(10.2)	3.9
– Interest rate swap (floating to fixed)	–	–	–	–
Fair value hedges				
– Commodity contracts	(3.3)	0.2	(0.8)	–
– Forward foreign currency contracts	–	0.3	(6.3)	3.9
– Interest rate swap	–	–	–	–
– Others (foreign currency swap)	–	–	(12.1)	–
Non-qualifying hedges				
– Commodity contracts	(5.0)	3.1	(1.0)	2.6
– Forward foreign currency contracts	(0.8)	29.2	(8.1)	–
Total	**(9.3)**	**40.9**	**(38.5)**	**10.4**
Non-current				
Fair value hedges				
– Forward foreign currency contracts	–	–	–	–
– Interest rate swap	–	–	–	–
– Others (foreign currency swap)	(94.2)	99.4	(44.7)	43.7
Total	**(94.2)**	**99.4**	**(44.7)**	**43.7**
Grand total	**(103.5)**	**140.3**	**(83.2)**	**54.1**

The majority of cash flow hedges taken out by the Group during the year comprise forward foreign currency contracts for firm future commitments.

Non-qualifying Hedges

The majority of these derivatives comprise copper sale and purchase contracts at Sterlite custom smelting operations which are economic hedges but which do not fulfil the requirements for hedge accounting of IAS 39 Financial Instruments: Recognition and Measurement.

Fair Value Hedges

The fair value hedges relate to forward covers taken to hedge currency exposure on purchase of raw materials and capital imports.

Hedging Reserves Reconciliation

	Hedging reserves US$ million	Non-controlling interests[1] US$ million	Total US$ million
At 1 April 2009	**(39.6)**	**(1.3)**	**(40.9)**
Amount recognised directly in equity	40.7	6.1	46.8
Amount charged to income statement	28.4	9.2	37.6
Exchange difference	(1.7)	0.9	(0.8)
At 1 April 2010	**27.8**	**14.9**	**42.7**
Amount recognised directly in equity	7.7	(3.9)	3.7
Amount charged to income statement	2.3	(3.3)	(1.1)
Exchange difference	0.4	0.0	0.4
At 31 March 2011	**38.2**	**7.7**	**45.7**

1 Cash flow hedges attributable to non-controlling interests.

Notes to the Consolidated Financial Statements continued

29. Provisions

	Restoration, rehabilitation and environmental US$ million	KCM Copper Price Participation US$ million	Other US$ million	Total US$ million
At 1 April 2009	**37.0**	**115.7**	**19.7**	**172.4**
(Credited)/charged to income statement	(14.9)	13.7	(4.9)	(6.1)
Unwinding of discount	0.2	3.9	0.2	4.3
Cash paid	0.6	(7.9)	0.5	(6.8)
Exchange differences	2.4	–	2.3	4.7
At 1 April 2010	**25.3**	**125.4**	**17.8**	**168.5**
Acquisition	121.2	–	19.3	140.5
(Credited)/charged to income statement	2.2	(0.9)	1.1	2.4
Unwinding of discount	0.7	6.6	0.7	7.9
Cash paid	0.1	–	3.9	4.0
Exchange differences	0.9	–	–	0.9
At 31 March 2011	**150.4**	**131.1**	**42.8**	**324.3**
Current 2011	–	–	22.8	22.8
Non-current 2011	150.4	131.1	20.0	301.5
	150.4	**131.1**	**42.8**	**324.3**
Current 2010	–	–	0.9	0.9
Non-current 2010	25.3	125.4	16.9	167.6
	25.3	**125.4**	**17.8**	**168.5**

Restoration, Rehabilitation and Environmental

The provisions for restoration, rehabilitation and environmental liabilities represent the Directors' best estimate of the costs which will be incurred in the future to meet the Group's obligations under existing Indian, Australian, Zambian, Namibian, South African and Irish law and the terms of the Group's mining and other licences and contractual arrangements. These amounts become payable on closure of mines and are expected to be incurred over a period of three to 20 years.

KCM Copper Price Participation

KCM Copper Price Participation relates to provision in respect of a price participation agreement in Zambia which requires KCM to pay ZCCM an agreed annual sum when copper price exceeds specified levels and specific triggers. The timing of the outflow is dependent on future copper prices as well as dividends paid.

Other

Other includes provision on post-retirement medical benefits and insurance claim receivables.

30. Deferred tax

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of capital expenditure and the depreciation on mining reserves created on acquisitions, net of losses carried forward by KCM.

The amounts of deferred taxation on temporary differences, provided and not provided, in the accounts are as follows:

Provided – Liabilities/(Assets)

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Accelerated capital allowances	1,773.9	1,639.0
Unutilised tax losses	(377.3)	(406.9)
Other temporary differences	(66.7)	(31.7)
	1,329.9	**1,200.4**
Recognised as:		
Deferred tax liability provided	1,348.1	1,209.3
Deferred tax asset recognised	(18.2)	(8.9)
	1,329.9	**1,200.4**

30. Deferred Tax continued

Unrecognised Deferred Tax Assets

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
Unutilised tax losses	(252.0)	(128.4)

The above relates to the tax effect of US$356.9 million (2010: 190.2 million) of unutilised tax losses of the Company and VRHL which have no expiry period and US$490.8 million (2010: 223.5 million) of unutilised tax losses and capital allowances for VAL. No benefit has been recognised for these items on the grounds that their successful application against future profits is not probable in foreseeable future.

Deferred Tax Asset

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
At 1 April	**8.9**	**11.2**
Credited/(Charged) to income statement	17.3	(2.2)
Charged directly to equity	(8.3)	–
Foreign exchange differences	0.3	(0.1)
At 31 March	**18.2**	**8.9**

The Group has US$1,234.9 million of unutilised tax losses at KCM (2010: US$1,356.3 million) which expire in the period 2016 to 2019 and have been offset against accelerated capital allowances at the same entity.

Deferred Tax Liability

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
At 1 April 2010	**1,209.3**	**1,010.6**
Addition due to acquisition	195.9	160.6
Credited to income statement	(62.6)	(101.2)
Charged directly to equity	2.3	8.5
Foreign exchange differences	14.1	124.6
Prior year adjustments	(10.9)	6.2
At 31 March 2011	**1,348.1**	**1,209.3**

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$3,966.1 million (2010: US$3,076.6 million).

31. Share-based Payments

Employee Share Schemes

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three employee share schemes were approved by shareholders on Listing. The Board has no present intention to introduce any further share schemes.

The Vedanta Resources Long-Term Incentive Plan (the 'LTIP')

The LTIP is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group. The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 100% of annual salary. In respect of Messrs Navin Agarwal and MS Mehta, salary means the aggregate of their salary payable by Vedanta and their gross salary payable by Sterlite. The maximum value of shares that can be awarded to members of the wider management group is calculated by reference to the base salary, share-based remuneration already received and consistent with local market practice.

The performance condition attaching to outstanding awards under the LTIP is that the Company's performance, measured in terms of Total Shareholder Return ('TSR') (being the movement in a company's share price plus reinvested dividends), is compared over the performance period with the performance of the companies as defined in the scheme from the date of grant. The extent to which an award vests will depend on the Company's TSR rank against a group of peer companies ('Adapted Comparator Group') at the end of the performance period. The vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounding down to the nearest whole share.

Notes to the Consolidated Financial Statements continued

31. Share-based Payments continued

Vedanta's TSR Performance against Adapted Comparator Group

	% of award vesting
Below median	–
At median	40
At or above upper quartile	100

The performance condition will be measured by taking the Company's TSR over the four weeks immediately preceding the date of grant and over the four weeks immediately preceding the end of the performance period, and comparing its performance with that of the comparator group described above. The information to enable this calculation to be carried out on behalf of the Remuneration Committee (the 'Committee') will be provided by the Company's advisers. The Committee considers that this performance condition, which requires that the Company's total return has out-performed a group of companies chosen to represent the mining sector, provides a reasonable alignment of the interests of the Executive Directors and the wider management group with those of the shareholders.

No awards will vest unless the Committee is satisfied that the Company's TSR performance reasonably reflects the Company's underlying financial performance.

Initial awards under the LTIP were granted on 26 February 2004 with further awards being made on 11 June 2004, 23 November 2004, 1 February 2006, 1 February 2007, 14 November 2007, 1 February 2009, 1 August 2009, 1 January 2010, 1 April 2010, 1 July 2010, 1 October 2010 and 1 January 2011. The exercise price of the awards is 10 US cents per share and the performance period is one year for the February 2007 awards and three years for all other awards, with no re-testing being allowed. The exercise period is six months from the date of vesting. Further details on the LTIP are found in the Remuneration Report on pages 69 to 75.

Year of grant	Exercise date	Exercise price US cents per share	Options outstanding 1 April 2010	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding at 31 March 2011
2007	14 November 2010–14 May 2011	10	1,302,649	–	44,200	460,339	735,088	63,022
2009	1 February 2012–1 August 2012	10	11,200	–	11,200	–	–	–
2009	1 August 2012–1 February 2013	10	2,348,150	–	189,800	21,027	3,160	2,134,163
2010	1 January 2013–1 July 2013	10	14,000	–	–	–	–	14,000
2010	1 April 2013–1 September 2013	10	–	4,000	4,000	–	–	–
2010	1 July 2013–1 December 2013	10	–	7,500	–	–	–	7,500
2010	1 October 2013–1 March 2014	10	–	6,700	–	–	–	6,700
2011	1 January 2014–1 July 2014	10	–	2,700	–	–	–	2,700
			3,675,999	**20,900**	**249,200**	**481,366**	**738,248**	**2,228,085**

As at 31 March 2011 all the options granted on 1 February 2009 and 1 April 2010, were lapsed and all the remaining unexercised options granted on 14 November 2007, 1 August 2009, 1 January 2010, 1 July 2010, 1 October 2010 and 1 January 2011 remain unexercised. The weighted average share price for the share options exercised during the year was £23.86.

All share-based awards of the Group are equity-settled as defined by IFRS 2 Share-based Payment. The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using the Monte Carlo model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modelled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Monte Carlo simulation of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six weeks after vesting.

31. Share-based Payments continued

The assumptions used in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

	LTIP April 2010	LTIP July 2010	LTIP October 2010	LTIP January 2011
Date of grant	1 Apr 10	1 Jul 10	1 Oct 10	1 Jan 11
Number of instruments	4,000	7,500	6,700	2,700
Exercise price	US$0.10	US$0.10	US$0.10	US$0.10
Share price at the date of grant	£27.76	£21.25	£21.65	£25.17
Contractual life	3 Years	3 Years	3 Years	3 Years
Expected volatility	70%	70%	70%	70%
Expected option life	3.2 Years	3.2 Years	3.2 Years	3.2 Years
Expected dividends	1.4% pa	1.4% pa	1.4% pa	1.4% pa
Risk free interest rate	2.3% pa	2.3% pa	2.3% pa	2.3% pa
Expected annual forfeitures	13.5% pa	13.5% pa	13.5% pa	13.5% pa
Fair value per option granted	£18.925	£14.487	£14.760	£17.160

The Group recognised total expenses of US$18.4 million and US$15.6 million related to equity settled share-based payment transactions in the year ended 31 March 2011 and 31 March 2010 respectively.

32. Retirement Benefits

The Group operates pension schemes for the majority of its employees in India, Australia, Africa and Ireland.

(a) Defined Contribution Schemes

Indian pension schemes.

Central Provident Fund

The Central Provident Fund relates to all full time Indian employees of the Group. The amount contributed by the Group is a designated percentage of 12% of basic salary less contributions made as part of the Pension Fund (see below), together with an additional contribution of 12% of salary made by the employee.

The benefit is paid to the employee on their retirement or resignation from the Group.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. Certain companies hold policies with the Life Insurance Corporation of India ('LIC'), to which they contribute a fixed amount relating to superannuation, and the pension annuity is met by the LIC as required, taking into consideration the contributions made. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Pension Fund

The Pension Fund was established in 1995 and is managed by the Government. The employee makes no contribution to this fund but the employer makes a contribution of 8.33% of salary each month subject to a specified ceiling per employee. This must be provided for every permanent employee on the payroll.

At the age of superannuation, contributions cease and the individual receives a monthly payment based on the level of contributions through the years, and on their salary scale at the time they retire, subject to a maximum ceiling of salary level. The Government funds these payments, thus the Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

Australian Pension Scheme

The Group also operates defined contribution pension schemes in Australia. The contribution of a proportion of an employee's salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes 9% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12% of the basic remuneration for all other employees, into the employee's fund of choice. All employees have the option to make additional voluntary contributions.

Zambian Pension Scheme

The KCM Pension Scheme is applicable to full time permanent employees of KCM (subject to the fulfilment of certain eligibility criteria). The management of the scheme is vested in the trustees consisting of representatives of the employer and the members. The employer makes a monthly contribution to the KCM Pension Scheme of an amount equal to 11% of that month's pensionable salary and the member makes monthly contributions to the fund of an amount equal to 5% of that month's pensionable salary.

Notes to the Consolidated Financial Statements continued

32. Retirement Benefits continued

All contributions to the KCM Pension Scheme in respect of a member cease to be payable when the member attains normal retirement age of 55 years, or upon leaving the service of the employer, or when the member is permanently medically incapable of performing duties in the service of the employer. Upon such cessation of contribution on the grounds of normal retirement, or being rendered medically incapable of performing duties, or early voluntary retirement within five years of retirement, the member is entitled to receive an immediate annual pension equal to his accrued pension. The member is allowed to commute his/her accrued pension subject to certain rules and regulations. The trustees of the KCM Pension Scheme may also allow the purchase of an annuity for the benefit of members from a life assurance company or other providers of annuities, subject to statutory regulations.

The Group has no additional liability beyond the contributions that it makes, regardless of whether the KCM Pension Scheme is in surplus or deficit. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Skorpion Zinc, Namibia Provident Fund

The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full time employees under the age of 60. Company contribution to the fund is a fixed percentage of 8% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

Normal retirement age is 60 years and benefit payable is the members fund credit which is equal to all employer and employee contributions plus interest. The same applies when an employee resigns from the Company. The Fund provides disability cover which is equal to the member's fund credit and a death cover of two times annual salary in the event of death before retirement. The latest actuarial value was performed at 28 February 2011. At that date the Fund was credit. Current membership total is 721.

Black Mountain (Pty) Limited, South Africa Pension & Provident Funds

Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. Both funds form part of the Alexander Forbes umbrella fund and are defined contribution funds. The purpose of the funds is to provide retirement and death benefits to all eligible employees.

Lisheen Mine, Ireland Pension Funds

Lisheen Pension Plan is for all employees. Lisheen pay 5% and employees pay 5% with the option to contribute AVCs if desired. Executive contributions are 15% by the Company and 15% by the employee with the option to contribute AVCs if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and life cover ceases at 65.

(b) Defined Benefit Schemes

India

The Gratuity schemes are defined benefit schemes which are open to all Group employees in India who have a minimum of five years of service with their employing company. These schemes are funded by the Group in some subsidiaries. Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme. In case where there is no funding held by the scheme, full provision is recognised in the balance sheet. Under these schemes, benefits are provided based on final pensionable pay.

The assets of the schemes are held in separate funds and a full actuarial valuation of the schemes is carried out on an annual basis.

MALCO

MALCO contributes to the LIC Fund based on an actuarial valuation every year. MALCO's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2011 using the projected unit credit actuarial method. At that date the fund was in deficit.

BALCO

At BALCO, all employees who are scheduled to retire on or before 31 March 2011 are covered by the LIC and remaining contributions to the LIC have been made up to 31 March 2013 and have been accounted for on a defined contribution basis. The Gratuity scheme is accounted for as a defined benefit scheme for all employees scheduled to retire after 31 March 2013 and who are not covered by the LIC. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2011 using the projected unit actuarial method. At that date the fund was in deficit.

32. Retirement Benefits continued

HZL
HZL contributes to the LIC based on an actuarial valuation every year. HZL's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2011 using the projected unit actuarial method. At that date the fund was in deficit.

VAL
VAL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the balance sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for the Company. The latest actuarial valuation was performed as at 31 March 2011 using the projected unit actuarial method. At that date the fund was in deficit.

TSPL
TSPL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the balance sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for the Company. The latest actuarial valuation was performed as at 31 March 2011 using the projected unit actuarial method.

Sterlite
Sterlite does not contribute to the LIC. Liabilities with regard to the Gratuity scheme are fully provided in the balance sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for the Company. The latest actuarial valuation was performed as at 31 March 2011 using the projected unit actuarial method. At that date the fund was in deficit.

Sesa Goa
Sesa Goa contributes to the LIC based on actuarial valuation every year. Sesa Goa's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2011 using the projected unit actuarial method. At that date the fund was in deficit.

Zambia
Specified permanent employees of KCM are entitled to receive medical and retirement severance benefits. This comprises two months' basic pay for every completed year of service with an earliest service start date of 1 July 2004. Under this scheme, benefits are provided based on final pensionable pay and a full actuarial valuation of the scheme is carried out on an annual basis. The accruals are not contributed to any fund and are in the form of provisions in KCM's accounts.

On the death of an employee during service, a lump sum amount is paid to his dependants. This amount is equal to 60 months' basic pay for employees who joined before 1 April 2000 and 30 months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is 30 months' basic pay

As at 31 March 2011, membership of pension schemes across MALCO, BALCO, HZL, VAL, Sterlite, Sesa and KCM stood at 28,905 employees (31 March 2010: 29,637). The deficits, principal actuarial assumptions and other aspects of these schemes are disclosed in further detail in notes (d) and (e) below.

(c) Pension Scheme Costs
Contributions of US$41.2 million and US$nil million in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2011 (2010: US$36.7 million and US$nil million respectively).

Contributions to pension schemes in the year ending 31 March 2012 are expected to be around US$9.8 million.

Pension Scheme Costs	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Defined contribution pension schemes	22.3	17.7
Defined benefit pension schemes	29.3	20.5
	51.6	**38.2**

Notes to the Consolidated Financial Statements continued

32. Retirement Benefits continued

(d) Principal Actuarial Assumptions.

Principal actuarial assumptions used to calculate the defined benefit schemes' liabilities are:

	MALCO		BALCO		Sterlite		HZL		KCM		VAL		Sesa Goa	
Particulars	March 11	March 10	March 11	March 10	March 11	March 10	March 11	March 10	March 11	March 10	March 11	March 10	March 11	March 10
Discount rate	7.5%	7.5%	8.0%	7.5%	8.0%	7.5%	8.0%	7.5%	16.95%	18.6%	8.0%	7.5%	8.0%	8.0%
Salary increases	6.0%	6.0%	5.0% for office staff, 3.0% Non-office	5.0 % for office staff, 3.0% Non-office	5.5%	5.0%	5.5%	5.0%	5.0%	5.0%	5.5%	5.5%	5.0%–7.0%	5.0%–7.0%
Funding rate of return	–	–	9.4%	–	7.5%	7.5%	9.5%	9.0%	–	–	8.0%	7.5%	8.0%–9.4%	8.0%–9.3%
Number of employees	78	133	4,167	4,843	1,765	1,839	6,642	6,805	9,366	9,790	3,395	3,180	3,277	3,047

1 Assumptions regarding mortality for Indian entities are based on mortality table of LIC (1994–96) as subsequently modified.
2 Assumptions regarding mortality for KCM are based on World Health Organisation Life Tables for 1999 applicable to Zambia which has been taken as a reference point. Based on this a mortality table which is appropriate for the workers of Konkola Copper Mines plc has been derived.

(e) Balance Sheet Recognition

The amounts included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes are as follows:

	31 March 2011								31 March 2010							
US$ million	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Total	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Total
Fair value of pension scheme assets	0.2	1.7	2.3	25.8	–	1.3	8.0	39.3	–	–	1.9	22.9	–	0.3	7.5	32.6
Present value of pension scheme liabilities	–	(23.5)	(3.9)	(38.5)	(19.6)	(0.8)	(9.8)	(96.1)	(0.2)	(13.3)	(3.2)	(27.5)	(16.1)	(0.4)	(8.6)	(69.3)
Deficit in pension scheme recognised in balance sheet	**0.2**	**(21.8)**	**(1.6)**	**(12.7)**	**(19.6)**	**0.5**	**(1.8)**	**(56.8)**	**(0.2)**	**(13.3)**	**(1.3)**	**(4.6)**	**(16.1)**	**(0.1)**	**(1.1)**	**(36.7)**
Deferred tax	(0.1)	7.1	0.5	4.0	6.4	(0.1)	0.6	18.4	0.1	4.5	0.4	1.5	5.5	–	0.4	12.4
Net pension liability	**0.1**	**(14.7)**	**(1.1)**	**(8.7)**	**(13.2)**	**0.4**	**(1.2)**	**(38.4)**	**(0.1)**	**(8.8)**	**(0.9)**	**(3.1)**	**(10.6)**	**(0.1)**	**(0.7)**	**(24.3)**

32. Retirement Benefits continued

(f) Amounts Recognised in Income Statement in Respect of Defined Benefit Pension Schemes:

	31 March 2011								31 March 2010							
Particulars	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Total	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Total
Current service cost	0.1	0.5	0.4	1.6	1.6	0.2	0.5	4.9	–	0.5	0.3	1.2	2.5	0.2	0.4	5.1
Actuarial (gains)/ losses	0.1	5.2	0.3	11.0	2.6	0.2	1.0	20.4	(0.1)	1.9	0.7	3.4	5.1	–	0.3	11.3
Expected return on scheme assets	–	(0.2)	(0.1)	(2.2)	–	–	–	(2.5)	–	–	(0.1)	(1.7)	–	–	–	(1.8)
Interest cost of scheme liabilities	–	0.8	0.3	2.2	2.7	–	0.7	6.7	–	0.8	0.2	1.6	2.7	–	0.6	5.9
Total charge/ (credit) to income statement	**0.2**	**6.3**	**0.9**	**12.6**	**6.9**	**0.4**	**2.2**	**29.5**	**(0.1)**	**3.2**	**1.1**	**4.5**	**10.3**	**0.2**	**1.3**	**20.5**

(g) Movements in the Present Value of Defined Benefit Obligations

The movement during the year ended 31 March 2011 of the present value of the defined benefit obligation was as follows:

	31 March 2011								31 March 2010							
Particulars	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Total	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Total
At 1 April 10	**(0.2)**	**(13.3)**	**(3.2)**	**(27.5)**	**(16.1)**	**(0.4)**	**(8.6)**	**(69.3)**	**(0.5)**	**(12.0)**	**(2.0)**	**(19.3)**	**(13.9)**	**(0.2)**	**(5.0)**	**(52.9)**
At acquisition							–	–							(2.0)	(2.0)
Current service cost	(0.1)	(0.5)	(0.4)	(1.6)	(1.6)	(0.2)	(0.5)	(4.9)	–	(0.5)	(0.3)	(1.2)	(2.5)	(0.2)	(0.4)	(5.1)
Gratuity benefits paid	0.2	5.6	0.3	4.2	3.4	–	1.0	14.7	0.3	3.3	0.3	0.8	8.0	–	0.5	13.2
Interest cost of scheme liabilities	–	(0.8)	(0.3)	(2.2)	(2.7)	–	(0.7)	(6.7)	–	(0.8)	(0.2)	(1.6)	(2.7)	–	(0.6)	(5.9)
Actuarial gains/ (losses)	(0.1)	(5.2)	(0.3)	(11.0)	(2.6)	(0.2)	(1.0)	(20.4)	0.1	(1.9)	(0.7)	(3.4)	(5.1)	–	(0.3)	(11.3)
Exchange difference	0.2	(9.3)	–	(0.4)	–	–	–	(9.5)	(0.1)	(1.5)	(0.3)	(2.8)	–	–	(0.8)	(5.5)
At 31 March 11	**–**	**(23.5)**	**(3.9)**	**(38.5)**	**(19.6)**	**(0.8)**	**(9.8)**	**(96.1)**	**(0.2)**	**(13.3)**	**(3.2)**	**(27.5)**	**(16.1)**	**(0.4)**	**(8.6)**	**(69.3)**

Notes to the Consolidated Financial Statements continued

32. Retirement Benefits continued

(h) Movements in the Fair Value of Scheme Assets

	As at 31 March 2011 US$ million	As at 31 March 2010 US$ million
At 1 April	**32.6**	**23.4**
Acquisition	–	2.4
Contributions received	11.5	15.5
Benefits paid	(14.7)	(13.2)
Expected return on plan asset	2.6	1.8
Foreign exchange differences	7.3	2.7
At 31 March	**39.3**	**32.6**

(i) Five Year History

Defined Benefit Pension Plan

	As at 31 March 11 US$ million	As at 31 March 10 US$ million	As at 31 March 09 US$ million	As at 31 March 08 US$ million	As at 31 March 07 US$ million
Experience (losses)/gains arising on scheme liabilities	(20.4)	(11.3)	7.8	1.4	2.9
Difference between expected and actual return on plan assets	–	–	0.1	–	(0.1)
Fair value of pension scheme assets	39.3	32.6	23.6	26.8	17.0
Present value of pension scheme liabilities	(96.1)	(69.3)	(52.9)	(69.3)	(52.3)
Deficits in the schemes	(56.8)	(36.7)	(29.3)	(42.5)	(35.3)

33. Share Capital

	At 31 March 2011		At 31 March 2010	
Authorised	**Number**	**US$ million**	Number	US$ million
Ordinary shares of 10 US cents each	400,000,000	40.0	400,000,000	40.0
Deferred shares of £1 each	50,000	0.0	50,000	0.0
	400,050,000	**40.0**	**400,050,000**	**40.0**

Ordinary shares issued and fully paid	**Number**	**US$ million**	Number	US$ million
Ordinary shares of 10 US cents each	296,845,751	29.7	296,101,246	29.6
Deferred shares of £1 each	50,000	–	50,000	–
	296,895,751	**29.7**	**296,151,246**	**29.6**

During the year ended 31 March 2011, the Company issued 738,248 shares to the employees pursuant to the LTIP scheme (2010: 418,532 shares).

The holders of deferred shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares have no rights to dividends and, on a winding-up or other return of capital, entitle the holder only to the payment of the amounts paid on such shares after repayment to the holders of ordinary shares of the nominal amount paid up on the ordinary shares plus the payment of £100,000 per ordinary share. Of the 50,000 deferred shares, one deferred share was issued at par and has been fully paid, and 49,999 deferred shares were each paid up as to one-quarter of their nominal value.

During the year ended 31 March 2011, the Company continued its share buy-back programme and purchased 3,126,133 of its own shares (2010: 11,502,873) which are held in treasury. At 31 March 2011, the total number of shares held in treasury was 24,206,816 (2010: 21,080,683).

34. Business Combinations

On 3 December 2010 Vedanta Resources plc through its subsidiary THL Zinc Limited, acquired 100% equity of Anglo Base Namibia Holdings (Pty) Ltd which is the holding company of the Skorpion Namibian assets for a total consideration of US$706.7 million. The operating and financial results of Skorpion Zinc, Namibia have been consolidated effective from 3 December 2010, which was the date of acquisition. Skorpion Zinc, Namibia is involved in mining and smelting of zinc.

The fair values and business combination accounting set out in this annual report are provisional for the 12 month period from the date of acquisition.

The fair value of the identifiable assets and liabilities of Skorpion Zinc, Namibia as at the date of the acquisition were estimated as follows:

US$ million	Fair value
Assets	
Non-current assets	
Property, plant and equipment	628.2
Financial assets investments	3.0
	631.2
Current assets	
Inventories	53.3
Trade and other receivables	3.9
Cash and cash equivalents	119.5
	176.7
Liabilities	
Current liabilities	
Trade and other payables	(21.7)
Current tax liabilities	(0.2)
	(21.9)
Non-current liabilities	
Deferred tax liabilities	(30.6)
Provisions	(48.7)
	(79.3)
Net assets	**706.7**
Satisfied by:	
Cash consideration paid	706.7

Since the date of acquisition, Skorpion Zinc has contributed US$112.2 million to the revenue and US$18.6 million to the net profit of the Group for the year ended March 2011. If Skorpion Zinc had been acquired at the beginning of the year, the revenue of the Group would have been US$342.2 million higher and the net profit of the Group would have been US$80.4 million higher.

Acquisition costs related to Skorpion Zinc, charged to income statement is US$1.93 million.

Notes to the Consolidated Financial Statements continued

34. Business Combinations continued

On 4 February 2011 Vedanta Resources plc through its subsidiary THL Zinc Limited, acquired 74% equity of Black Mountain Mining (Pty) Ltd for a total consideration of US$260.2 million. Shareholder's loan from Anglo to Black Mountain Mines was taken over by Vedanta of amount US$87.7 million. The operating and financial results of Black Mountain Mines, South Africa have been consolidated effective from 4 February 2011, which was the date of acquisition. Black Mountain Mines, South Africa holds two key assets, which includes Black Mountain mine and the Gamsberg exploration project.

The fair value of the identifiable assets and liabilities of Black Mountain Mines as at the date of the acquisition were provisionally estimated as follows:

US$ million	Fair value
Assets	
Non-current assets	
Intangibles	162.1
Property, plant and equipment	297.5
Financial assets investments	10.8
	470.4
Current assets	
Inventories	34.8
Trade and other receivables	29.9
Cash and cash equivalents	31.6
	96.3
Liabilities	
Current liabilities	
Borrowings	(117.1)
Trade and other payables	(12.4)
Current tax liabilities	(8.9)
	(138.4)
Non-current liabilities	
Deferred tax liabilities	(124.8)
Provisions	(29.9)
	(154.7)
Net assets	**273.6**
Less: Non-controlling recognised on acquisition	(13.4)
	260.2
Satisfied by:	
Cash consideration paid	260.2

Since the date of acquisition, Black Mountain Mines has contributed US$55.3 million to the revenue and US$4.9 million to the net profit of the Group for the year ended March 2011. If Black Mountain Mines had been acquired at the beginning of the year, the revenue of the Group would have been US$230.5 million higher and the net profit of the Group would have been US$53.8 million higher.

Non-controlling interest has been measured on a cost basis. Acquisition costs related to Black Mountain Mines, charged to income statement is US$0.86 million.

34. Business Combinations continued

On 15 February 2011 Vedanta Resources plc through its subsidiary THL Zinc Holding BV, acquired 100% equity of Anglo Americal Lisheen Finance Limited for a total consideration of US$546.2 million. The operating and financial results of Lisheen Mines, Ireland have been consolidated effective from 15 February 2011, which was the date of acquisition. Lisheen Mines, Ireland is mainly involved in mining and production of zinc concentrate.

The fair value of the identifiable assets and liabilities of Lisheen mines as at the date of the acquisition were estimated as follows:

US$ million	Fair value
Assets	
Non-current assets	
Property, plant and equipment	278.9
	278.9
Current assets	
Inventories	18.2
Trade and other receivables	14.8
Cash and cash equivalents	325.2
Liquid investments	37.3
	395.5
Liabilities	
Current liabilities	
Trade and other payables	(22.8)
Current tax liabilities	(3.0)
	(25.8)
Non-current liabilities	
Deferred tax liabilities	(40.5)
Provisions	(61.9)
	(102.4)
Net assets	**546.2**
Satisfied by:	
Cash consideration paid	546.2

Since the date of acquisition, Lisheen Mines has contributed US$51.4 million to the revenue and US$11.2 million to the net profit of the Group for the year ended March 2011. If Lisheen Mines had been acquired at the beginning of the year, the revenue of the Group would have been US$291.9 million higher and the net profit of the Group would have been US$101.4 million higher.

Acquisition costs related to Lisheen mines, charged to income statement is US$5.7 million.

35. Commitments, Guarantees and Contingencies

Commitments

The Group has a number of continuing operational and financial commitments in the normal course of business including:

> Exploratory mining commitments;
> Mining commitments arising under production sharing agreements; and
> Completion of the construction of certain assets.

	As at 31 March 2011 US$ million	As at 1 March 2010 US$ million
Capital commitments contracted but not provided	3,737.1	4,065.4

Commitments at 31 March 2011 primarily related to the expansion projects at HZL US$144.2 million (2010: US$85.6 million), KCM US$127.4 million (2010: US$180.0 million), VAL US$538.7 million (2010: US$1,013.6 million), SEL US$121.9 million (2010: US$258.6 million), BALCO US$516.6 million (2010: US$512.8 million) and Talwandi Sabo US$1,818.4 million (2010: US$1,589.4 million).

Notes to the Consolidated Financial Statements continued

35. Commitments, Guarantees and Contingencies continued

Guarantees

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

A summary of the most significant guarantees is set out below:

As at 31 March 2011, US$240.0 million of guarantees were advanced to banks in the normal course of business (2010: US$133.3 million). The Group has also entered into guarantees advanced to the customs authorities in India of US$1,077.2 million relating to the export of iron ore and payment of import duties on purchases of raw material (2010: US$908.3 million).

Export Obligations

The Indian entities of the Group have export obligations of US$5,691.7 million (2010: US$5,091.2 million) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under Advance Licence Scheme for import of raw material laid down by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US$711.6 million (2010: US$723.0 million), reduced in proportion to actual exports. This liability is backed by bonds executed in favour of the customs department amounting to US$1,710.5 million (2010: US$958.2 million).

Guarantees to Suppliers

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

Environmental and Terminal Benefits ('ETB') Cash Reserve Account – KCM

Pursuant to the terms of the shareholders' agreement between VRHL and ZCI dated 5 November 2004, KCM is expected to contribute a minimum of US$10 million (with a maximum of US$18.0 million) in any financial year to ensure that the amount of ETB liabilities are covered by a cash reserve when the life of the Konkola Ore Body comes to an end. The ETB liabilities refer to KCM's obligations in relation to the environment and any terminal benefits payable to its employees. As at 31 March 2011, ETB liabilities provided for were US$86.0 million (2010: US$76.0 million), although these liabilities are likely to fluctuate at each future reporting date.

Contingencies

The Company has the following significant contingencies. With regard to the claims against Group companies included below, unless stated, no provision has been made in the financial statements as the Directors believe that it is not probable that the claim will give rise to a material liability.

MALCO Claims with Tamil Nadu Electricity Board ('TNEB')

TNEB is claiming US$22.6 million from MALCO for an electricity self-generation levy for the period from May 1999 to June 2003. This claim has arisen since the commissioning of MALCO's captive power plant in 1999. The Company has sought an exemption from the application of this levy from the Government of Tamil Nadu. The application is under consideration. Meanwhile, the Madras High Court has in its recent order, remitted back the case to the State of Tamil Nadu, to take a decision afresh on the representation for grant of tax exemption on consumption of electricity and directed to pass a detailed speaking order.

HZL: Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totalling US$74 million. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim becoming an obligation of the Company is unlikely and thus no provision has been made in the financial statements. HZL has filed writ petitions in the High Court of Rajasthan in Jodhpur and has obtained a stay in respect of these demands.

RICHTER: Income Tax

The Indian tax authorities have served a show cause notice on an indirect subsidiary of Vedanta Resources plc, Richter Holdings Ltd ('Richter'), for alleged failure to deduct withholding tax on capital gain on the alleged indirect acquisition of shares in Sesa Goa Ltd in April 2007. Richter has applied to the larger bench of the Karnataka High Court to seek to quash the notice in view of the established legal position. The Court has granted stay of proceedings for two months from 19 April 2011. Vedanta believes that neither Richter nor any other member of the Group is liable for such withholding tax and intends to defend this position vigorously.

Miscellaneous Disputes – Sterlite, HZL, MALCO and BALCO

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

The approximate value of claims against the companies total US$583.5 million (2010: US$380.4 million), of which US$6.4 million (2010: US$10.4 million) is included as a provision in the balance sheet as at 31 March 2011. In the view of the Directors, there are no significant unprovided liabilities arising from these claims.

36. Related Party Transactions

The information below sets out transactions and balances between the Group and various related parties in the normal course of business for the year ended 31 March 2011.

Sterlite Technologies Limited ('STL')

	31 March 2011 US$ million	31 March 2010 US$ million
Sales to STL	137.8	165.0
Reimbursement of expenses	–	0.1
Purchases	5.3	–
Net interest received	0.2	0.1
Net amounts receivable at year end	13.3	4.4

Sterlite Technologies Limited is related by virtue of having the same controlling party as the Group, namely Volcan. Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and STL, the Company and Sterlite provide various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2011, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL in this year amounted to US$nil (2010: US$27,154).

Vedanta Foundation (formerly Sterlite Foundation)

During the year US$1.7 million was paid to the Vedanta Foundation (2010: US$1.1 million).

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

Sesa Goa Community Foundation Limited

Following the acquisition of Sesa Goa, the Sesa Goa Community Foundation Limited, a charitable institution, became a related party of the Group on the basis that key management personnel of the Group have significant influence on the Sesa Goa Community Foundation Limited. During the year ended 31 March 2011, US$0.7 million (2010: US$0.7 million) was paid to the Sesa Goa Community Foundation Limited.

The Anil Agarwal Foundation

During the year, US$0.4 million (2010: US$0.6 million) was received from the Anil Agarwal Foundation towards reimbursement of administrative expenses. The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

Henry Davis York

	31 March 2011 US$ million	31 March 2010 US$ million
Consultancy services	1.2	0.4

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

Sterlite Iron and Steel Limited

	31 March 2011 US$ million	31 March 2010 US$ million
Reimbursement of expenses	0.1	0.1
Receivable at year end	0.3	–

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

Sterlite Shipping Venture Limited

	31 March 2011 US$ million	31 March 2010 US$ million
Reimbursement of expenses	–	0.01

Sterlite Shipping Venture Limited is controlled by members of the Agarwal family.

Notes to the Consolidated Financial Statements continued

36. Related Party Transactions continued

Vedanta Medical Research Foundation

	31 March 2011 US$ million	31 March 2010 US$ million
Donation	9.5	–
Loan balance receivable	–	3.5
Other amount receivable at year end	–	4.5

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

Vedanta University

	31 March 2011 US$ million	31 March 2010 US$ million
Reimbursement of expenses	–	(0.1)

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

Volcan Investments Limited

	31 March 2011 US$ million	31 March 2010 US$ million
Reimbursement of expenses	0.2	–

Remuneration of Key Management Personnel

The remuneration of the Directors and the key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 31 March 2011 US$ million	Year ended 31 March 2010 US$ million
Short-term employee benefits	8.8	8.7
Post-employment benefits	0.6	0.5
Share-based payments	5.0	9.4
	14.4	**18.6**

37. Share Transactions

BALCO Option

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

37. Share Transactions continued

HZL Option

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

Share Purchases

During financial year 2011, the Group increased its holding in certain of its subsidiaries through open market purchases. The details of such purchases are as follows:

a) 5,344,702 shares of Sterlite Industries (India) Limited accounting for 0.64% of SIIL's total equity.
b) 2,045,000 shares of Sesa Goa accounting for 0.25% of Sesa's total equity.
c) 250,364 shares of MALCO accounting for 0.22% of MALCO's total equity.

The aggregate amount on these transactions of US$62.9 million was recorded within equity.

38. Subsequent Events

Subsequent to the balance sheet date of 31 March 2011 the Group through its subsidiary Sesa Goa acquired 200 million shares amounting to 10.4% stake in Cairn India Limited from Petronas International Corporation Ltd ('Petronas') at a price of INR 331 per share, resulting in total cash consideration of approximately US$1.5 billion.

On 30 April 2011, the Open Offer by Sesa Goa Limited with respect to the acquisition of shares in Cairn India Limited closed. Sesa Goa Limited received acceptances for circa 8.1% of the total shares of Cairn India Limited, at a total cost of US$1.2 billion.

Notes to the Consolidated Financial Statements continued

39. Principal Subsidiaries

The consolidated financial statements comprise the financial statements of the following principal subsidiaries:

		The Company's economic percentage holding				Immediate percentage holding	
Subsidiaries	Principal activities	31 March 2011	31 March 2010	Country of incorporation	Immediate holding company	31 March 2011	31 March 2010
Direct Subsidiaries of the Parent Company							
Vedanta Resources Holding Limited ('VRHL')	Holding company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Resources Jersey Limited ('VRJL')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Resources Jersey II Limited ('VRJL-II')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Finance (Jersey) Limited ('VFJL')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Resources Investments Limited ('VRIL')	Financing company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Jersey Investments Limited	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Indirect Subsidiaries of the Parent Company							
Bharat Aluminium Company Limited ('BALCO')	Aluminium mining and smelting	29.34%	29.01%	India	Sterlite	51.00%	51.00%
Copper Mines of Tasmania Pty Limited ('CMT')	Copper mining	57.53%	56.88%	Australia	MCBV	100.00%	100.00%
Fujariah Gold	Gold and silver processing	57.53%	56.88%	UAE	CMT	100.00%	100.00%
Hindustan Zinc Limited ('HZL')	Zinc mining and smelting	37.35%	36.93%	India	SOVL	64.92%	64.92%
The Madras Aluminium Company Limited ('MALCO')	Energy generation	94.76%	94.54%	India	Twin Star	78.76%	94.54%
Monte Cello BV ('MCBV')	Holding company	57.53%	56.88%	Netherlands	Sterlite	100.00%	100.00%
Monte Cello Corporation NV (MCNV')	Holding company	100.00%	100.00%	Netherlands	Twin Star	100.00%	100.00%
Konkola Copper Mines PLC ('KCM')	Copper mining and smelting	79.40%	79.40%	Zambia	VRHL	79.40%	79.40%
Sterlite Energy Limited ('SEL')	Energy generation	57.53%	56.88%	India	Sterlite	100.00%	100.00%
Sesa Goa Limited ('Sesa Goa')	Iron ore	55.13%	57.41%	India	Finsider	46.20%	48.32%
Sesa Industries Limited[1]	Iron ore	–	50.64%	India	Sesa Goa	–	88.25%
Sesa Resources Limited (formerly V S Dempo)	Iron ore	55.13%	57.41%	India	Sesa Goa	100.00%	100.00%
Sesa Mining Corporation Private Limited (formerly DMCL)	Iron ore	55.13%	57.41%	India	Sesa Resources Limited	100.00%	100.00%
Goa Maritime Private Limited	Iron ore	27.56%	28.71%	India	Sesa Resources Limited	50.00%	50.00%
Sterlite Industries (India) Limited ('Sterlite')	Copper smelting	57.53%	56.88%	India	Twin Star	54.64%	54.00%
Sterlite Opportunities and Venture Limited ('SOVL')	Holding company	57.53%	56.88%	India	Sterlite	100.00%	100.00%
Sterlite Infra Limited ('SIL') (Earlier Sterlite Paper Limited)	Non-trading	57.53%	56.88%	India	Sterlite	100.00%	100.00%
Thalanga Copper Mines Pty Limited ('TCM')	Copper mining	57.53%	56.88%	Australia	MCBV	100.00%	100.00%
Twin Star Holdings Limited ('Twin Star')	Holding company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
Vedanta Aluminium Limited ('VAL')	Alumina mining, aluminium refining and smelting	87.47%	87.28%	India	Twin Star	45.50%	45.50%
Richter Holding Limited ('Richter')	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%

39. Principal Subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding 31 March 2011	The Company's economic percentage holding 31 March 2010	Country of incorporation	Immediate holding company	Immediate percentage holding 31 March 2011	Immediate percentage holding 31 March 2010
Westglobe Limited	Financing company	100.00%	100.00%	Mauritius	Richter	100.00%	100.00%
Finsider International Company Limited	Financing company	100.00%	100.00%	Great Britain	Richter	100.00%	100.00%
Vedanta Resources Finance Limited ('VRFL')	Financing company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Vedanta Resources Cyprus Limited ('VRCL')	Financing company	100.00%	100.00%	Cyprus	VRFL	100.00%	100.00%
Welter Trading Limited	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Lakomasko BV	Financing company	100.00%	100.00%	Netherlands	VRHL	100.00%	100.00%
THL Zinc Ventures Limited (formerly THL KCM Limited)	Financing company	100.00%	100.00%	Mauritius	Sterlite Infra	100.00%	100.00%
Twin Star Energy Holdings Limited (formerly THL Aluminium)	Financing company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
THL Zinc Limited (former KCM Holdings Limited)	Financing company	100.00%	100.00%	Mauritius	THL Zinc Ventures Ltd	100.00%	100.00%
Sterlite (USA) Inc.	Financing company	57.53%	56.88%	USA	Sterlite	100.00%	100.00%
Talwandi Sabo Power Limited	Energy generation	57.53%	56.88%	India	SEL	100.00%	100.00%
Allied Port Services Pvt Ltd	Port service	87.47%	87.28%	India	VAL	100.00%	100.00%
Konkola Resources Plc	Holding company	100.00%	–	Great Britain	VRHL	100.00%	–
Vizag General Cargo Berth Pvt. Limited	Infrastructure	42.58%	–	India	Sterlite	74.00%	–
Twin Star Mauritius Holdings Limited ('TMHL')	Holding company	100.00%	–	Mauritius	Twin Star Energy Holdings Ltd.	100.00%	–
THL Namibia Holdings (Pty) Limited ('VNHL)	Mining and exploration	57.53%	–	Namibia	Sterlite Infra	100.00%	–
Skorpion Zinc (Pty) Limited ('SZPL')	Acquisition of immovable and movable properties	57.53%	–	Namibia	VNHL	100.00%	–
Namzinc (Pty) Limited ('SZ')	Mining	57.53%	–	Namibia	SZPL	100.00%	–
Skorpion Mining Company (Pty) Limited ('NZ')	Mining	57.53%	–	Namibia	SZPL	100.00%	–
Amica Guesthouse (Pty) Ltd	Accommodation and catering services	57.53%	–	Namibia	SZPL	100.00%	–
Roshkor Township (Pty) Limited	Development of town and delivering of utilities	28.77%	–	Namibia	SZPL	50.00%	–
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	36.82%	–	Namibia	SZPL	64.00%	–
Black Mountain Mining (Pty) Ltd	Mining	42.58%	–	South Africa	THL Zinc Ltd	74.00%	–
THL Zinc Holding BV	Financing company	57.53%	–	Netherlands	Sterlite Infra	100.00%	–
Lisheen Mine Partnership	Mining partnership firm	57.53%	–	Ireland	Vedanta Base Metals (Ireland) Ltd	100.00%	–
THL Zinc Holding Cooperative U.A	Non-trading company	57.53%	–	Netherlands	THL Zinc Ltd	100.00%	–
Pecvest 17 Properietory. Ltd.	Investment company	57.53%	–	South Africa	THL Zinc Ltd	100.00%	–

Notes to the Consolidated Financial Statements continued

39. Principal Subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding 31 March 2011	The Company's economic percentage holding 31 March 2010	Country of incorporation	Immediate holding company	Immediate percentage holding 31 March 2011	Immediate percentage holding 31 March 2010
Vedanta Lisheen Finance Limited ('VLFL')	Investment company	57.53%	–	Ireland	THL Zinc Holding BV	100.00%	–
Vedanta Base Metals (Ireland) Limited	No operations	57.53%	–	Ireland	VLFL	100.00%	–
Vedanta Lisheen Mining Limited	Mining	57.53%	–	Ireland	VLFL	100.00%	–
Killoran Lisheen Mining Limited	Mining	57.53%	–	Ireland	VLFL	100.00%	–
Killoran Lisheen Finance Limited	Investment company	57.53%	–	Ireland	VLFL	100.00%	–
Lisheen Milling Limited	Manufacturing	57.53%	–	Ireland	VLFL	100.00%	–
Killoran Concentrates Limited	No operations	57.53%	–	Ireland	VLFL	100.00%	–
Killoran Lisheen Limited	No operations	57.53%	–	Ireland	VLFL	100.00%	–
Killoran Lisheen Holdings Limited	No operations	57.53%	–	Ireland	Killoran Lisheen Ltd.	100.00%	–
Azela Limited	No operations	57.53%	–	Ireland	Killoran Lisheen Ltd.	100.00%	–
Paradip Port Services Pvt Limited	Infrastructure	42.58%	–	India	Sterlite	74.00%	–
MALCO Power Company Limited	Investment company	57.53%	–	India	Sterlite	100.00%	–
Malco Industries Limited	Investment company	57.53%	–	India	Sterlite	100.00%	–

1 Now merged with Sesa Goa Ltd.

The Group owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list above, and the Group is able to govern its subsidiaries' financial and operating policies so as to benefit from their activities.

40. Ultimate Controlling Party

At 31 March 2011, the ultimate controlling party of the Group was Volcan, which is controlled by persons related to the Executive Chairman, Mr Anil Agarwal. Volcan is incorporated in the Bahamas, and does not produce Group accounts.

41. Company Balance Sheet

	Note	31 March 2011 US$ million	31 March 2010 US$ million
Fixed assets			
Tangible assets	43	0.1	0.2
Investments in subsidiaries	44	1,061.8	713.3
Investment in preference shares of subsidiaries	45	178.9	178.9
Financial asset investment	46	0.5	0.5
Derivative asset		6.0	0.0
		1,247.3	**892.9**
Current assets			
Debtors due within one year	47	323.2	587.8
Debtors due after one year	47	3,857.7	3,350.6
Current asset investments	48	262.0	199.1
Cash at bank and in hand		1.0	1.4
		4,443.9	**4,138.9**
Creditors: amounts falling due within one year			
Trade and other creditors	49	(33.7)	(78.0)
External borrowings	49	(370.6)	(186.2)
Loan from subsidiary	49	(188.4)	(180.4)
		(592.7)	**(444.6)**
Net current assets		**3,851.2**	**3,694.3**
Total assets less current liabilities		5,098.5	4,587.2
Creditors: amounts falling due after one year			
Loan from subsidiary	50	(1,669.4)	(1,224.9)
External borrowings	50	(2,420.4)	(2,592.7)
Derivative liabilities	50	–	(12.1)
		(4,089.8)	**(3,829.7)**
Net assets		**1,008.7**	**757.5**
Capital and reserves			
Called up share capital	51	29.7	29.6
Share premium account	51	196.8	196.8
Share-based payment reserve	51	20.5	25.6
Convertible bond reserve	51	453.3	305.9
Other reserves	51	(1.8)	(1.8)
Treasury shares	51	(490.6)	(428.9)
Profit and loss account	51	800.8	630.3
Shareholders' funds	**51**	**1,008.7**	**757.5**

Notes to the Consolidated Financial Statements continued

42. Company Accounting Policies

The Vedanta Resources plc (the 'Company') balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and UK company law ('UK GAAP'). The financial information has been prepared on an historical cost basis. As permitted by the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

Significant Accounting Policies

Investments in Subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investment in Preference Shares of Subsidiaries

Investments in preference shares of subsidiaries are stated at fair value. The fair value is represented by the face value of the preference shares as the investments are redeemable at any time for their face value at the option of the Company.

Currency Translation

Transactions in currencies other than the functional currency of the Company, being US dollars, are translated into US dollars at the spot exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into US dollars at year end exchange rates, or at a contractual rate if applicable.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Deferred Taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based Payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged to subsidiaries in respect of awards granted to employees of subsidiaries are recognised as intercompany debtors until repaid.

Borrowings

Interest bearing loans are recorded at the net proceeds received i.e. net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on accruals basis and charged to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Convertible Bonds

The convertible bonds issued by VRJL and VRJL-II (Note 50) are accounted for as a compound instrument. The gross proceeds (net of issue costs) were lent to the Company by VRJL and VRJL-II. The equity component has been recognised in a separate reserve of the Company and is not subsequently remeasured. The recognition of the equity component by the Company acts to reduce the payable to VRJL and VRJL-II which arises once the gross proceeds are borrowed. The liability component is held at amortised cost. The interest expensed on the liability component is calculated by applying an effective interest rate. The difference between this amount and interest paid is added to the carrying amount of the liability component.

The bonds are first convertible into preference shares of the issuer having a paid value of US$100,000 per preference share, which are exchanged immediately for ordinary shares of the Company.

Financial Instruments

The Company has elected to take the exemption provided in paragraph 3C (b) of FRS 25 in respect of these parent company financial statements. Full disclosures are provided in Note 28 to the consolidated financial statements of the Group for the period ended 31 March 2011.

Derivative Financial Instruments

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are remeasured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account. The hedged item is recorded at fair value and any gain or loss is recorded in the profit and loss account and is offset by the gain or loss from the change in the fair value of the derivative.

42. Company Accounting Policies continued

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Cash Flow Statement

The Company's individual financial statements are outside the scope of FRS 1 Cash Flow Statements because the Company prepares publicly available consolidated financial statements, which include a consolidated cash flow statement. Accordingly, the Company does not present an individual company cash flow statement.

Related Party Disclosures

The Company's individual financial statements are exempt from the requirements of FRS 8 Related Party Disclosures because its individual financial statements are presented together with its consolidated financial statements. Accordingly, the individual financial statements do not include related party disclosures.

Financial Guarantees

Guarantees issued by the Company on behalf of other Group companies are designated as 'Insurance Contracts'. Accordingly these are shown as contingent liabilities (Note 52).

43. Company Tangible Fixed Assets

	US$ million
Cost	
At 1 April 2010	1.2
Additions	0.0
At 31 March 2011	**1.2**
Accumulated depreciation	
At 1 April 2010	1.0
Charge for the period	0.1
At 31 March 2011	**1.1**
Net book value	
At 1 April 2010	0.2
At 31 March 2011	**0.1**

44. Investments in Subsidiaries

	US$ million
Cost	
At 1 April 2010	713.3
Additions	348.5
At 31 March 2011	**1,061.8**

At 31 March 2011, the Company held 144,538,524 shares in VRHL (2010: 139,559,950 shares), being 100% of VRHL's issued equity share capital. During the year the Company invested US$348.5 million to acquire 4,978,572 ordinary shares issued by VRHL for US$1 each at a premium of US$69 each. The Company also held one deferred share in VRHL (2010: one). At 31 March 2011, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (2010: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (2010: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (2010: two), two shares in Vedanta Jersey Investment Limited ('VJIL') (2010: two), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in England and Wales. VFJL, VRJL and VRJL-II are companies established to raise funds for the Vedanta Group via convertible bond issue and are incorporated in Jersey.

A detailed list of subsidiary investments held indirectly by the Company can be seen in Note 39.

Notes to the Consolidated Financial Statements continued

45. Investment in Preference Shares of Subsidiaries

	US$ million
Fair value	
At 1 April 2010	178.9
Additions	–
At 31 March 2011	**178.9**
As 1 April 2009	2.6
Additions	176.3
At 31 March 2010	178.9

As at 31 March 2011, the Company held 178,916,000 preference shares in VFJL (2010: 178,916,000). These shares entitle the holder to a dividend of 4.6% of their face value.

46. Financial Asset Investment

	US$ million
Fair value	
At 1 April 2010	0.5
Fair value movement in investment	0.0
At 31 March 2011	**0.5**
At 1 April 2009	0.2
Fair value movement in investment	0.3
At 31 March 2010	0.5

The investment relates to an equity investment of shares in Victoria Gold Corporation. At 31 March 2011, the investment in Victoria Gold Corporation was revalued.

47. Company Debtors

	31 March 2011 US$ million	31 March 2010 US$ million
Amounts due from subsidiary undertakings	4,176.2	3,938.0
Prepayments and accrued income	4.3	0.2
Other taxes	0.4	0.2
Total	**4,180.9**	**3,938.4**
Debtors due within one year	323.2	587.8
Debtors due after one year	3,857.7	3,350.6
Total	**4,180.9**	**3,938.4**

Amounts due from subsidiary undertakings

At 31 March 2011, the Company had loans due from VRHL of US$1,965.8 million (2010: US$1,894.4 million) which represented the downstreaming of funds to the subsidiaries. Out of the total loan, amount of US$579.3 million bears interest at US dollar six months LIBOR plus 350 basis points, US$500 million at 5.8%, US$250 million at 8.95%, US$200 million at 5.9%, US$182.0 million at 9.7%, US$156.4 million at 8.95% and US$98.1 million at 8.8%. In addition to the loans, the Company was owed US$269.4 million of accrued interest (2010: US$127.0 million).

At 31 March 2011, the Company had loan of US$892 million (2010: US$892 million), US$500 million (2010: US$500 million), US$500 million (2010: US$350 million) and US$16.3 million (2010: nil) receivable from Richter, Welter, KCM and TMHL respectively and US$32.3 million of other amounts due from subsidiary undertakings (2010: US$30.4 million).

48. Company Current Asset Investments

	31 March 2011 US$ million	31 March 2010 US$ million
Bank term deposits	261.0	197.6
Short-term unit trusts and liquid funds	1.0	1.5
Total	**262.0**	**199.1**

49. Company Creditors: Amounts Falling Due Within One Year

	31 March 2011 US$ million	31 March 2010 US$ million
Trade creditors	(1.7)	(44.2)
Accruals and deferred income	(32.0)	(33.8)
External borrowings	(370.6)	(186.2)
Loan from subsidiary	(188.4)	(180.4)
Total	**(592.7)**	**(444.6)**

The loan from ICICI Bank of US$186.2 million was repaid on its due date in June 2010.

The external borrowings above represent a loan taken from Bank of Tokyo-Mitsubishi UFJ Ltd ('BTMU') at an interest rate of USD LIBOR plus 425 basis points. The loan is short-term and repayable in July 2011.

50. Company Creditors: Amounts Falling Due After One Year

	31 March 2011 US$ million	31 March 2010 US$ million
Loan from subsidiary	(1,669.4)	(1,224.9)
Bond and loans	(2,420.4)	(2,592.7)
Derivative liability	–	(12.1)
Total	**(4,089.8)**	**(3,829.7)**

Loans from subsidiaries include a loan of US$981.2 million from VRJL relating to its issue of US$1.25 billion convertible bonds (bond issued in July 2009) and of US$688.2 million from VRJL-II related to its issue of US$883 million convertible bond (bond issued in March 2010). During 2011, interest was charged at the effective interest rate of 11.22% and interest rate of 9.79% respectively.

In December 2010 the Company obtained a loan from ICICI Bank for US$180 million at an interest rate of three month GBP LIBOR plus 385 basis points. Out of this US$90 million is repayable in December 2014 and remaining US$90 million is repayable in December 2015.

51. Company Reconciliation of Movement in Equity Shareholders' Funds

	Share capital US$ million	Share premium account US$ million	Share-based payment reserve US$ million	Convertible bond reserve US$ million	Treasury Shares US$ million	Profit and loss account US$ million	Other reserves US$ million	Total US$ million
Equity shareholders' funds at 1 April 2010	**29.6**	**196.8**	**25.6**	**305.9**	**(428.9)**	**630.3**	**(1.8)**	**757.5**
Profit for the year	–	–	–	–	–	212.7	–	212.7
Dividends paid	–	–	–	–	–	(129.9)	–	(129.9)
Issue of convertible bond	–	–	–	211.6	–	–	–	211.6
Exercise of LTIP awards	0.1	–	(23.5)	–	–	23.5	–	0.1
Recognition of share-based payments	–	–	18.4	–	–	–	–	18.4
Convertible bond reserve transfer	–	–	–	(64.2)	–	64.2	–	–
Movement in fair value of financial investments (Note 43)	–	–	–	–	–	–	–	–
Purchase of Treasury Shares	–	–	–	–	(61.7)	–	–	(61.7)
Equity shareholders' funds at 31 March 2011	**29.7**	**196.8**	**20.5**	**453.3**	**(490.6)**	**800.8**	**(1.8)**	**1,008.7**

52. Company Contingent Liabilities

a. The Company has guaranteed US$1,250 million convertible bonds issued by VRJL (2010: US$1,250 million). See Note 27 to the Group financial statements for further details on the convertible bonds.
b. The Company has given corporate guarantee to Vedanta Aluminium Ltd for an amount of US$3,310 million up to 31 March 2011.
c. The Company also has issued other guarantees of US$220 million supplied to concentrate suppliers.
d. The Company has given corporate guarantee to Konkola Copper Mines for an amount of US$400 million up to 31 March 2011.
e. The Company has guaranteed US$883 million convertible bonds issued by VRJL-II (2010: US$883 million). See Note 27 to the Group financial statements for further details on the convertible bonds.

53. Company Share-based Payment

The Company had certain LTIP awards outstanding as at 31 March 2011. See Note 31 to the Group financial statements for further details on these share-based payments.

Independent Auditor's Report to the Members of Vedanta Resources plc

We have audited the financial statements of Vedanta Resources plc for the year ended 31 March 2011 which comprise the Company balance sheet and the related Notes 41 to 53. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the parent Company financial statements for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the parent company financial statements:

> give a true and fair view of the parent Company's affairs as at 31 March 2011;
> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
> have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion:

> the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
> the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

> adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
> the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
> certain disclosures of Directors' remuneration specified by law are not made; or
> we have not received all the information and explanations we require for our audit.

Other Matter

We have reported separately on the Group financial statements of Vedanta Resources plc for the year ended 31 March 2011.

Andrew Kelly (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Five Year Summary

Summary Consolidated Income Statement	Year ended 31 March 11 US$ million	Year ended 31 March 10 US$ million	Year ended 31 March 09 US$ million	Year ended 31 March 08 US$ million	Year ended 31 March 07 US$ million
Revenue	**11,427.2**	**7,930.5**	**6,578.9**	**8,203.7**	**6,502.2**
EBITDA	**3,566.8**	**2,295.9**	**1,612.2**	**3,010.4**	**2,703.0**
Depreciation	(869.0)	(563.0)	(473.2)	(429.1)	(195.4)
Exceptional/special items	(163.5)	(67.3)	(31.9)	11.1	(1.7)
Operating profit	**2,534.3**	**1,665.6**	**1,107.0**	**2,592.4**	**2,505.9**
Share of (loss)/profit in associate	–	–	–	–	(1.3)
Non-operating exceptional/special items	–	–	–	–	–
Profit before interest and taxation	**2,534.3**	**1,665.6**	**1,107.0**	**2,592.4**	**2,504.6**
Net finance (costs)/investment revenues	149.0	176.0	74.0	170.8	(20.2)
Profit before taxation	**2,683.3**	**1,841.6**	**1,181.0**	**2,763.2**	**2,484.4**
Taxation	(649.5)	(330.4)	(280.5)	(757.7)	(672.7)
Profit after taxation	**2,033.8**	**1,511.2**	**900.5**	**2,005.5**	**1,811.7**
Equity non-controlling interests	1,263.0	908.9	681.1	1126.5	877.5
Profit attributable to equity shareholders in parent	**770.8**	**602.3**	**219.4**	**879.0**	**934.2**
Dividends	(129.9)	(117.9)	(118.8)	(104.3)	(84.3)
Retained profit	**640.9**	**484.4**	**100.6**	**774.7**	**849.9**
Basic EPS (US cents per share)					
Profit for the financial year	283.2	219.6	76.4	305.4	325.6
Underlying profit for the financial year	262.8	199.2	109.3	303.9	327.0
Dividend per share (US cents per share)	52.5	45.0	41.5	36.5	29.3

Five Year Summary continued

Summary Consolidated Balance Sheet	31 March 2011 US$ million	31 March 2010 US$ million	31 March 2009 US$ million	31 March 2008 US$ million	31 March 2007 US$ million
Goodwill	12.2	12.2	12.2	13.3	12.1
Intangible assets	162.1	–	–	–	–
Property, plant and equipment	17,189.5	14,326.7	9,348.4	8,354.5	3,838.0
Fixed asset investments/associate	304.2	201.2	91.6	30.0	34.6
Total fixed assets	**17,668.0**	**14,540.1**	**9,452.2**	**8,397.8**	**3,884.7**
Stocks	1,924.6	1,260.6	909.3	1,298.8	879.7
Debtors	1,328.6	1,019.9	902.4	1,232.8	1,122.1
Cash and Liquid Investments	7,777.0	7,239.4	4,912.6	5,106.7	2,185.2
Total current assets	**11,030.2**	**9,519.9**	**6,724.3**	**7,638.3**	**4,187.0**
Short-term borrowings	(3,045.1)	(1,012.6)	(1,298.5)	(1,417.2)	(249.1)
Other current liabilities	(3,485.0)	(2,670.3)	(2,136.8)	(2,102.5)	(1,336.8)
Total current liabilities	**(6,530.1)**	**(3,682.9)**	**(3,435.3)**	**(3,519.7)**	**(1,585.9)**
Net current assets/(liabilities)	**4,515.4**	**5,837.0**	**3,289.0**	**4,118.6**	**2,601.1**
Total assets less current liabilities	**22,168.1**	**20,377.1**	**12,741.2**	**12,516.4**	**6,485.8**
Long-term borrowings	(6,707.4)	(7,161.0)	(3,816.4)	(1,556.9)	(1,477.7)
Other long-term liabilities	(247.3)	(351.1)	(136.1)	(83.9)	(106.4)
Provisions	(1,706.4)	(1,413.5)	(1,205.4)	(1,608.5)	(690.9)
Total long-term liabilities	**(8,656.1)**	**(8,925.6)**	**(5,157.9)**	**(3,249.3)**	**(2,275.0)**
Equity non-controlling interests	(8,030.1)	(6,729.1)	(4,458.7)	(5,360.6)	(1,824.5)
Non-equity non-controlling interest	(11.9)	(11.9)	(11.9)	(59.4)	(59.4)
Net assets attributable to the equity holders of the parent	**5,648.9**	**4,710.5**	**3,112.6**	**3,847.1**	**2,326.9**

Turnover

	2011 US$ million	2010 US$ million	2009 US$ million	2008 US$ million	2007 US$ million
Aluminium	1,570.1	914.2	906.6	1,140.2	993.4
Copper	5,169.5	3,812.2	3,311.0	4,221.9	3,569.3
India/Australia	3,428.2	2,741.4	2,537.9	3,118.8	2,553.4
Zambia	1,741.3	1,070.8	773.1	1,103.1	1,015.9
Zinc	2,371.7	1,651.7	1,209.1	1,941.5	1,888.1
India	2,152.8	1,651.7	1,209.1	1,941.5	1,888.1
International	218.9	–	–	–	–
Iron ore	1,977.9	1,221.7	1,070.4	888.9	–
Energy	338.0	330.7	51.3		
Other	–	–	–	11.3	51.4
Group	**11,427.2**	**7,930.5**	**6,548.4**	**8,203.7**	**6,502.2**

EBITDA

	2011 US$ million	2010 US$ million	2009 US$ million	2008 US$ million	2007 US$ million
Aluminium	258.2	154.9	177.4	380.7	415.4
Copper	681.4	317.7	222.9	667.3	833.9
India/Australia	241.5	165.9	293.7	327.2	365.6
Zambia	439.9	151.8	(70.8)	340.1	468.3
Zinc	1,321.5	982.8	603.3	1380.1	1,453.9
India	1,220.2	982.8	603.3	1380.1	1,453.9
International	101.3	–	–	–	–
Iron ore	1,174.1	673.0	557.1	585.6	–
Energy	137.8	170.7	53.3	–	–
Other	(6.2)	(3.2)	(1.8)	(3.3)	(0.2)
Group	**3,566.8**	**2,295.9**	**1,612.2**	**3,010.4**	**2,703.0**

EBITDA Margin

	2011 %	2010 %	2009 %	2008 %	2007 %
Aluminium	16.4	16.9	20.9	33.4	42.4
Copper	13.2	13.8	6.7	15.8	23.3
India/Australia	7.0	6.1	11.6	10.5	36.9
Zambia	25.3	14.2	(9.2)	30.8	18.2
Zinc	55.7	59.5	50.1	71.1	78.1
India	56.7	59.5	50.1	71.1	78.1
International	46.3	–	–	–	–
Iron ore	59.4	55.1	52.1	65.9	–
Energy	40.8	51.6	–	–	–
Group	**31.2**	**29.0**	**24.5**	**36.7**	**41.8**

Production

	2011 000's mt	2010 000's mt	2009 000's mt	2008 000's mt	2007 000's mt
Aluminium	641	533	462	396	351
BALCO	255	268	357	358	313
MALCO	–	–	23	38	38
VAL JHARSUGUDA	386	264	82	–	–
Copper	521	507	446	489	455
Sterlite	304	334	313	339	313
KCM	217	173	133	150	142
Iron Ore (WMT)	21,075	21,412	15,986	11,469	–
Zinc	712	578	552	426	348

Cash Costs of Production

	2011 US cents/lb	2010 US cents/lb	2009 US cents/lb	2008 US cents/lb	2007 US cents/lb
Aluminium – BALCO Plant-I	–	–	85.6	82.7	68.5
Aluminium – BALCO Plant-II	80.9	69.6	73.6	75.9	76.5
BALCO (Other than Alumina)	45.7	39.1	39.0	36.5	33.6
Aluminium – MALCO	–	–	121.5	102.4	75.5
Aluminium-VAL JHARSUGUDA	82.6	77.2	99.0	–	–
Copper – Sterlite[1]	4.0	10.4	3.1	1.8	6.1
Copper – KCM	197.5	184.4	258.4	191.5	173.6
Zinc including royalty	44.9	38.6	32.2	40.1	39.1
Zinc without royalty	36.7	31.7	27.6	31.1	27.5

1 Only smelting cost.

Cash Costs of Production in INR

	2011 INR/mt	2010 INR/mt	2009 INR/mt	2008 INR/mt	2007 INR/mt
Aluminium – BALCO Plant-I	–	–	86,626	73,369	68,389
Aluminium – BALCO Plant-II	81,299	72,717	74,517	67,336	76,376
BALCO (Other than Alumina)	45,898	40,868	39,772	32,382	33,545
Aluminium – MALCO	–	–	123,001	90,846	75,378
Aluminium-VAL JHARSUGUDA	82,958	80,710	100,182	–	–
Copper – Sterlite[1]	4,062	10,872	3,138	1,597	6,090
Zinc including royalty	45,119	40,319	32,621	35,575	39,037
Zinc without royalty	36,831	33,073	27,973	27,591	27,455

1 Only smelting cost.

Five Year Summary continued

Capital Expenditure

	2011 US$ million	2010 US$ million	2009 US$ million	2008 US$ million	2007 US$ million
Sustaining	239.5	184.4	306.3	256.9	259.9
Expansion	2,471.3	3,679.6	3,021.3	1,997.7	869.0
Total capital expenditure	**2,710.8**	**3,864.0**	**3,327.6**	**2,254.6**	**1,128.9**

Net Cash/(Debt)

	2011 US$ million	2010 US$ million	2009 US$ million	2008 US$ million	2007 US$ million
Aluminium	(3,145.3)	(2,320.2)	(1,931.2)	(1,171.2)	(229.6)
Copper	146.3	996.9	1,341.4	1,934.4	179.4
India/Australia	396.0	1,288.2	1,545.9	1,976.2	106.4
Zambia	(249.7)	(291.3)	(204.5)	(41.6)	73.0
Zinc	3,779.5	2,628.6	1,891.6	1,925.2	1067.7
India	3,403.4	2,628.6	1,891.6	1,925.2	1067.7
International	376.1	–	–	–	–
Iron ore	1,983.2	96.6	(372.8)	(459.5)	–
Energy	(433.5)	(270.8)	–	–	–
Other	(4,300.4)	(2,078.3)	(1,129.8)	(86.2)	(584.8)
Group	**(1,970.3)**	**(947.2)**	**(200.8)**	**2,142.7**	**432.7**

	2011 %	2010 %	2009 %	2008 %	2007 %
Gearing	**12.6**	**7.5**	**2.6**	**–**	**–**

	2011 US$ million	2010 US$ million	2009 US$ million	2008 US$ million	2007 US$ million
Group free cash flow	**2,423.2**	**1,814.3**	**1,733.8**	**2,216.9**	**1,504.2**

Summary Consolidated Balance Sheet	2011 US$ million	2010 US$ million	2009 US$ million	2008 US$ million	2007 US$ million
Capital employed	**15,649.3**	**12,373.6**	**7,772.1**	**7,064.8**	**3,718.7**

	2011 %	2010 %	2009 %	2008 %	2007 %
ROCE	**21.0**	**19.9**	**24.4**	**45.6**	**78.5**

Production and Reserves Summary

Copper

Copper Production Summary

Facility	Product	Year ended 31 March 2011 mt	Year ended 31 March 2010 mt
Tuticorin	Copper anode	304,964	333,924
	Sulphuric acid	968,760	1,036,353
	Phosphoric acid	154,232	205,844
	Copper cathode	141,281	154,177
	Copper rods	54,006	55,893
Silvassa	Copper cathode	162,710	180,024
	Copper rods	133,886	140,989
KCM	Copper cathode	216,499	172,828

Copper Mining Summary

		Ore mined		Copper concentrate		Copper in concentrate	
Mine	Type of mine	31 March 2011 mt	31 March 2010 mt	31 March 2011 mt	31 March 2010 mt	31 March 2011 mt	31 March 2010 mt
Mt Lyell (CMT)	Underground	1,976,177	1,875,970	83,940	84,227	22,929	23,777
Konkola (KCM)	Underground	9,976,599	8,365,571	269,130	241,882	89,751	78,905

Copper Mine Resource and Reserve Summary

		Resources				Reserves	
Mine	Type of mine	Measured and indicated million mt	Copper grade %	Inferred million mt	Copper grade %	Proved and probable reserves million mt	Copper grade %
Mt Lyell (CMT)	Underground	4.1	1.2	24.1	1.1	9.7	1.2
Konkola (KCM)[1]	Underground	100.8	1.6	219.6	2.7	385.6	1.6

Resources are additional to Reserves

1 Included within Konkola reserves in 2011 is the Chingda Refectory ore of 148 MT. At present the company does not have plant capable of processing this ore but plans to implement such plant in the short term in order to process these reserves.

Aluminium, Alumina and Bauxite

Aluminium Production Summary

Company	Year ended 31 March 2011 mt	Year ended 31 March 2010 mt
BALCO	255,298	268,425
MALCO	–	–
VAL	385,363	264,315

Alumina Production Summary

Company	Year ended 31 March 2011 mt	Year ended 31 March 2010 mt
BALCO	–	42,896
MALCO	–	–
VAL	706,640	762,195

Bauxite Production Summary

Company	Year ended 31 March 2011 mt	Year ended 31 March 2010 mt
BALCO – Mainpat	564,608	486,429
BALCO – Bodai Daldali	506,108	300,000
MALCO	–	–

Production and Reserves Summary continued

Bauxite Mine Resource and Reserve Summary

Mine	Resources				Reserves	
	Measured and indicated million mt	Aluminium grade %	Inferred million mt	Aluminium grade %	Proved and probable reserves million mt	Aluminium grade %
BALCO						
Manipat	–	–	5.0	48.1	2.4	46.8
Bodai-Daldali	–	–	2.0	48.0	3.0	45.8
Pandrapat	–	–	8.0	48.0	–	–
Jamirapat	–	–	15.7	50.5	–	–
Total BALCO	**–**	**–**	**30.7**	**49.3**	**5.4**	**46.3**
MALCO						
Kolli Hills	1.3	44.0	1.3	44.0	0.11	44.0

Resources are additional to Reserves

Zinc and Lead

Zinc and Lead Production Summary:

Company	**Year ended 31 March 2011 mt**	Year ended 31 March 2010 mt
HZL		
Zinc	712,471	578,411
Lead	57,294	64,319

Zinc and Lead Mining Summary:

a) Metal mined & metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate	
		31 March 2011 mt	31 March 2010 mt	**31 March 2011 mt**	31 March 2010 mt	**31 March 2011 mt**	31 March 2010 mt
Rampura Agucha	Open cut	6,149,165	5,135,625	1,319,245	1,155,849	117,272	89,205
Rajpura Dariba	Underground	496,234	501,282	40,246	36,865	7,937	7,456
Sindesar Khurd	Underground	654,050	444,715	53,118	38,007	18,959	13,372
Zawar	Underground	240,550	1,020,250	–	–	–	–
Total		**7,539,999**	**7,101,872**	**1,412,609**	**1,230,721**	**144,168**	**110,033**

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc in concentrate		Lead in concentrate	
		31 March 2011 mt	31 March 2010 mt	**31 March 2011 mt**	31 March 2010 mt
Rampura Agucha	Open cut	677,426	612,937	68,773	55,098
Rajpura Dariba	Underground	23,193	21,960	5,220	5,345
Sindesar Khurd	Underground	26,695	19,753	10,415	8,036
Zawar	Underground	24,810	28,122	3,521	17,368
Total		**752,125**	**682,772**	**87,928**	**85,847**

Zinc and Lead Mine Resource and Reserve Summary

Zinc India

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Rampura Agucha	21.0	14.7	1.9	23.6	11.8	1.9	69.7	14.3	2.0
Rajpura Dariba	7.9	7.3	2.1	32.5	7.8	2.1	9.1	6.8	1.8
Zawar	25.2	5.0	1.8	32.7	4.9	2.6	7.8	3.7	2.0
Kayar	6.3	10.8	1.5	4.3	9.8	1.8	–	–	–
Sindesar Khurd	17.0	5.7	3.7	40.8	4.9	3.1	10.1	4.9	2.8
Bamnia Kalan	1.7	5.3	1.8	3.4	5.0	3.8	–	–	–
Total	79.1	8.4	2.2	137.3	6.92	2.5	96.7	11.7	2.0

Resources are additional to Reserves

Zinc International

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Skorpion	0.1	7.4	–	1.2	8.9	–	6.4	10.2	–
BMM									
– Deeps	9.5	2.9	3.8	9.6	2.8	2.6	6.8	3.0	3.2
– Broken Hill	0.2	2.4	2.0	–	–	–	–	–	–
– Swartberg	16.4	0.7	2.9	31.9	0.7	2.7	–	–	–
– Gamsberg	100.8	6.7	–	85.6	7.1	–	–	–	–
Lisheen	–	–	–	0.6	7.1	2.8	5.8	11.0	1.8

Resources are additional to Reserves

Zinc Production Summary:

Company	Year ended 31 March 2011 mt
Skorpion	49,698

Zinc and Lead Mining Summary:
a) Metal mined & metal concentrate

Mine	Type of mine	Ore mined 31 March 2011 mt	Zinc concentrate 31 March 2011 mt	Lead concentrate 31 March 2011 mt
Skorpion	Underground	486,102	–	–
BMM and Gamsberg	Underground	246,947	15,259	13,183
Lisheen	Underground	158,440	42,661	6,562
Total		**891,489**	**57,920**	**19,745**

No comparatives have been provided for the Anglo Zinc assets, which were acquired during the year.

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc concentrate 31 March 2011 mt	Lead concentrate 31 March 2011 mt
BMM and Gamsberg	Underground	7,593	9,324
Lisheen	Underground	22,775	3,913
Total		**30,368**	**13,237**

Previous year numbers are not provided since Anglo Zinc assets were acquired during 2010-11

Production and Reserves Summary continued

Iron ore

Iron Ore Production Summary

Company	Year ended 31 March 2011 mt	Year ended 31 March 2010 mt
Sesa Goa		
Saleable Iron Ore	21.1	21.4
– Goa	11.6	12.0
– Karnataka	3.3	4.0
– Orissa	1.5	1.9
– Dempo	4.6	3.6

Iron Ore Resource and Reserve Summary

	Resources				Reserves	
Mine	Measured and indicated million mt	Iron ore grade %	Inferred million mt	Iron ore grade %	Proved and probable reserves million mt	Iron ore grade %
Ore:	92.9	51.9	37.74	52.0	175.6	56.6

Comprises mines that Sesa owns or has rights to.

Resources are additional to Reserves

Source Of information:

In respect of all businesses, the information has been certified by in house geologist on behalf of Group management.

Basis of Preparation

Ore reserves and mineral resources reported herein comply with the 'Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves', other than those relating to Konkola Copper Mines plc ('KCM') which complies with the South African Code for Reporting of Mineral Reserves and Mineral Resources (the 'SAMREC Code'). The former code is prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia, and is commonly referred to as the 'JORC Code'. As at the date of this document, the editions of the JORC and SAMREC Codes in force are dated December 2004 and March 2000, respectively. The JORC and SAMREC Codes recognise a fundamental distinction between resources and reserves.

The terms and definitions in the SAMREC Code are consistent with those used in the JORC Code with minor differences in terminology – the JORC Code uses the term Ore Reserve whilst the SAMREC Code uses the term Mineral Reserve. For the purposes of ore and mineral resources reported herein, the term ore resources have been used throughout.

Mineral resources are based on mineral occurrences quantified on the basis of geological data and an assumed cut-off grade, and are divided into Measured, Indicated and Inferred categories reflecting decreasing confidence in geological and/or grade continuity. The reporting of resource estimates carries the implication that there are reasonable prospects for eventual economic exploitation. An Ore or Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource. It includes the effect of dilution and losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, need to have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors.

These assessments demonstrate at the time of reporting that extraction could be reasonably justified. Ore Reserves are sub-divided in order of decreasing confidence into Proved Ore Reserves and Probable Ore Reserves.

The Measured and Indicated mineral resources have been reported as being inclusive of those mineral resources modified to produce the ore reserves, in addition to the ore reserves. The resource and reserve estimates provided herein comply with the resource and reserve definitions of the JORC Code, other than those relating to KCM which comply with the SAMREC Code.

Glossary and Definitions

5S
A Japanese concept laying emphasis on housekeeping and occupational safety in a sequential series of steps as Sort (Seiri); Set in Order (Seiton); Shine (Selso); Standardise (Seiketsu); and Sustain (Shitsuke)

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

AGM or Annual General Meeting
The annual general meeting of the Company which is scheduled to be held at 3.00 pm, UK time, on 27 July 2011

AE
Anode effects

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

AIDS
Acquired Immune Deficiency Syndrome

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

Articles of Association
The articles of association of Vedanta Resources plc

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

BALCO
Bharat Aluminium Company Limited, a company incorporated in India

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 and the Zinc Business together

Capital Employed
Net assets before Net (Debt)/Cash

Capex
Capital expenditure

Cash Tax Rate
Current taxation as a percentage of profit before taxation

CEO
Chief Executive Officer

CII
Confederation of Indian Industries

CLZS
Chanderiya lead and zinc smelter

CO_2
Carbon dioxide

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

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

Company or Vedanta
Vedanta Resources plc

Company Financial Statements
The audited financial statements for the Company for the year ended 31 March 2011 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 Jharsuguda 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

Glossary and definitions continued

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

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

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

EBITDA Margin
EBITDA as a percentage of turnover

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

E&OHSAS
Environment and occupational health and safety assessment standards

E&OHS
Environment and occupational health and safety management system

EPS
Earnings per ordinary share

ESOP
Employee share option plan

ESP
Electrostatic precipitator

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

Executive Directors
The Executive Directors of the Company

Expansion Capital Expenditure
Capital expenditure that increases the Group's operating capacity

Financial Statements or Group Financial Statements
The consolidated financial statements for the Company and the Group for the year ended 31 March 2011 as defined in the Independent Auditors' Report to the members of Vedanta Resources plc

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

FY
Financial year

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

GDP
Gross domestic product

Gearing
Net Debt as a percentage of Capital Employed

GJ
Giga joule

Government or Indian Government
The Government of the Republic of India

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

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

HSE
Health, safety and environment

HZL
Hindustan Zinc Limited, a company incorporated in India

IAS
International Accounting Standards

ICMM
International Council on Mining and Metals

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

KLD
Kilo litres per day

KPIs
Key performance indicators

Kwh
Kilo-watt hour

Kwh/d
Kilo-watt hour per day

LIBOR
London inter bank offered rate

LIC
Life Insurance Corporation

Listing or IPO (Initial Public Offering)
The listing of the Company's ordinary shares on the London Stock Exchange on 10 December 2003

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

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

LME
London Metals Exchange

London Stock Exchange
London Stock Exchange plc

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

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

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

MALCO
The Madras Aluminium Company Limited, a company incorporated in India

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

MAT
Minimum alternative tax

MIS
Management information system

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

Glossary and definitions continued

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)

Ordinary Shares
Ordinary shares of 10 US cents each in the Company

PBT
Profit before tax

PFC
Per fluorocarbons

PHC
Primary health centre

PPE
Personal protective equipment

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

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

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

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

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

RO
Reverse osmosis

SA 8000
Standard for Social Accountability based on international workplace norms in the International Labour Organisation ('ILO') conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child

SEL
Sterlite Energy Limited, a company incorporated in India

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

SO_2
Sulphur dioxide

SBU
Strategic Business Unit

SOTL
Sterlite Optical Technologies Limited, a company incorporated in India

SOVL
Sterlite Opportunities and Ventures Limited, a company incorporated in India

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

SPM
Suspended particulate matter. Fine dust particles suspended in air

Sterling, GBP or £
The currency of the United Kingdom

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

Sterlite Energy Limited (SEL)
Sterlite Energy Limited, a company incorporated in India

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

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

Sustaining Capital Expenditure
Capital expenditure to maintain the Group's operating capacity

TCM
Thalanga Copper Mines Pty Limited, a company incorporated in Australia

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

TGS
Tail gas scrubber

TGT
Tail gas treatment

TLP
Tail leaching plant

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

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

Shareholder Information

Shareholder interests as at 31 March 2011

Number of shareholders:	3,702 (2010: 2,893)
Number of shares in issue:	296,845,751 (2010: 296,101,246)

By size of holding

	Shareholders %		Shares %	
	2011	2010	2011	2010
500 and under	**56.29**	45.98	**0.16**	0.11
501 to 1,000	**12.75**	15.00	**0.12**	0.11
1,001 to 10,000	**18.23**	22.05	**0.76**	0.74
10,001 to 100,000	**8.73**	11.41	**4.10**	4.03
100,001 to 1,000,000	**3.40**	4.42	**12.86**	13.20
Over 1,000,000	**0.60**	1.14	**82.00**	81.81
	100.00	100.00	**100.00**	100.00

Annual General Meeting
The AGM will be held on 27 July 2011 at 3pm. The Notice of Meeting and the Form of Proxy are enclosed with this Report.

Company Website
Vedanta Resources plc half year and annual reports and results announcements are available via the internet on our website at www.vedantaresources.com. Shareholders can also access the latest information about the Company and press announcements as they are released, together with details of future events and who to contact for further information.

Registrars
For information about the AGM, shareholdings and dividends and to report changes in personal details, shareholders should contact:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
United Kingdom

Telephone: +44 (0) 870 707 1388
Email: web.queries@computershare.co.uk

Computershare provide a free self-service website, Investor Centre, through which you can view your share balance, change your address, view your dividend payment and tax information and update your payment instructions. For further information, visit www.investorcentre.co.uk.

Currency Option and Dividend Mandate
Shareholders wishing to receive their dividend in UK pounds sterling should complete and return to the Registrar a Currency Election Form by 15 July 2011.

The Registrar can also arrange for the dividend to be paid directly into a shareholder's UK bank account. To take advantage of this facility, please contact the Registrar who will provide a Dividend Mandate Form. Please complete and return the form to the Registrar by 8 July 2011. This arrangement is only available in respect of dividends paid in UK pounds sterling. Consequently, you may only take advantage of this arrangement if you have also completed a Currency Election Form and returned it to the registrar by 15 July 2011. If you have already completed and returned a Currency Election Form and/or a Dividend Mandate Form, you need take no further action. Currency election and dividend mandate forms are also available online through the Investor Centre service www.investorcentre.co.uk.

Investor Relations

For investor enquiries, please contact:

Mr Ashwin Bajaj
Vice President, Investor Relations
Vedanta Resources plc
16 Berkeley Street
London W1J 8DZ
Telephone: +44 (0)20 7659 4732 (London)
+91 22 6646 1531 (Mumbai)
Email: investorrelations@vedanta.co.in

Financial Calendar

Dividend Payments	
Ex dividend date	6 July 2011
Record date	8 July 2011
2011 final ordinary dividend payable	3 August 2011
2012 half year ordinary dividend payable	January 2012

Other Dates	
Annual General Meeting	27 July 2011
2012 half year results announced	November 2011

Registered Office

Vedanta Resources plc
2nd Floor
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Company Secretary

Deepak Kumar

Head Office

16 Berkeley Street
London W1J 8DZ
Telephone: +44 (0)20 7499 5900
Fax: +44 (0)20 7491 8440

Registered Number

4740415

Auditors

Deloitte LLP
2 New Street Square
London EC4A 3BZ

Solicitors

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

Latham & Watkins LLP
99 Bishopsgate
London EC2M 3XF

Notes

Vedanta Resources plc Annual Report 2011

Where we operate

Our businesses are principally located in India, one of the fastest growing major economies in the world. In addition, we have assets and operations in Zambia, Namibia, South Africa, Australia and Ireland. We are primarily engaged in copper, zinc-lead-silver, aluminium, iron ore, and commercial power generation businesses.

Key

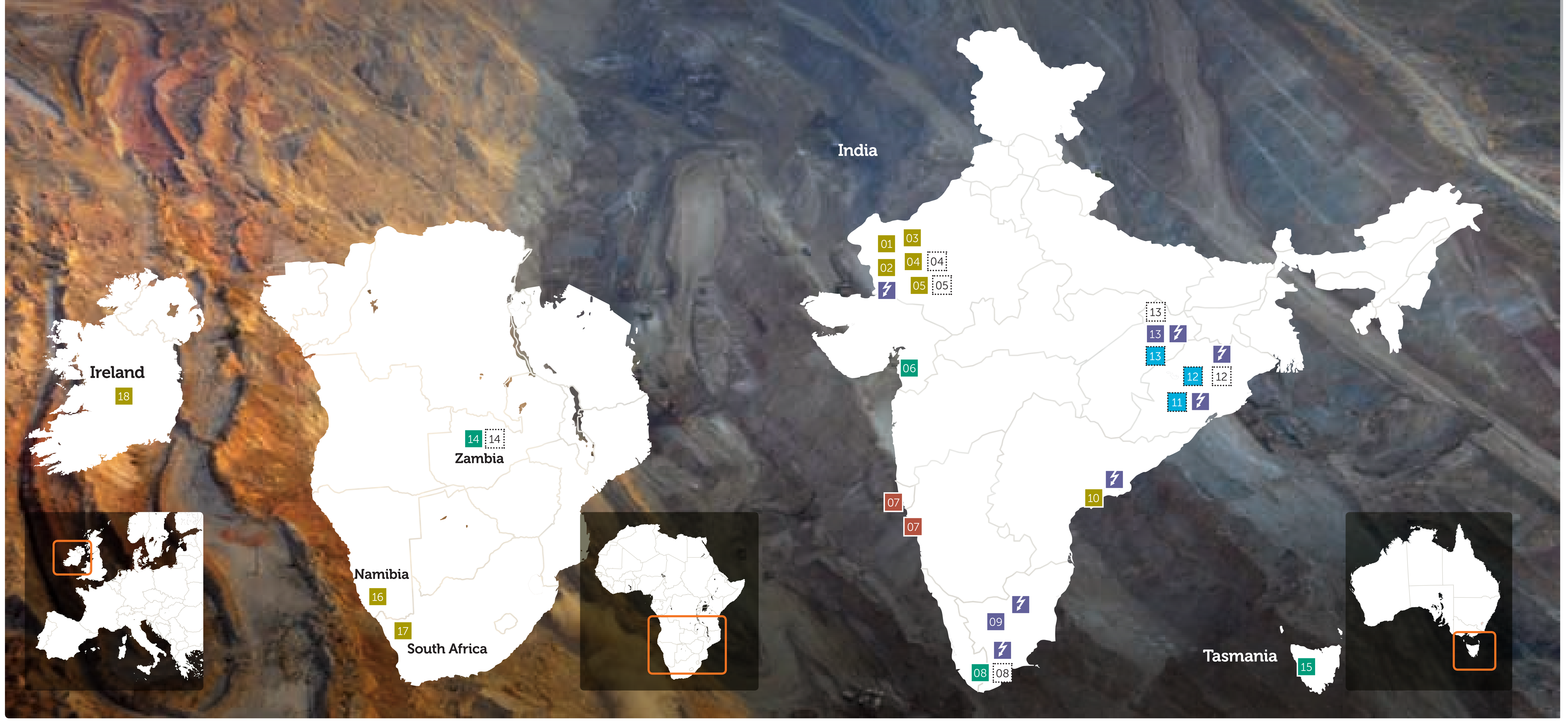
- Aluminium
- Copper
- Iron ore
- Zinc/Lead/Silver
- Power
- Projects under development
- Captive power plant

India

01 Debari smelter
02 Chanderiya smelters
03 Rampura-Agucha mine
04 Rajpura Dariba mine and smelter and Sindesar Khurd mine
05 Zawar mine
06 Silvassa copper refinery
07 Sesa Goa iron ore operations
08 Tuticorin copper smelter
09 MALCO power plant
10 Vizag zinc smelter
11 Lanjigarh alumina refinery
12 Jharsuguda Aluminium smelter and Commercial Power project
13 Korba smelters and power plants

Other locations

14 Konkola and Nchanga copper mines and Nchanga smelter
15 Mt Lyell mine
16 Skorpion mine
17 Black Mountain mine
18 Lisheen mine



Map not to scale.

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