

Delivering  
**Growth**  
**Long-term value**  
**Sustainability**

# 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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### Corporate Governance

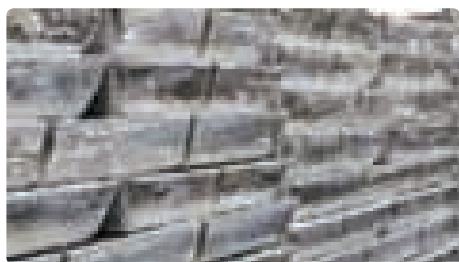
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## 02 Business Summary



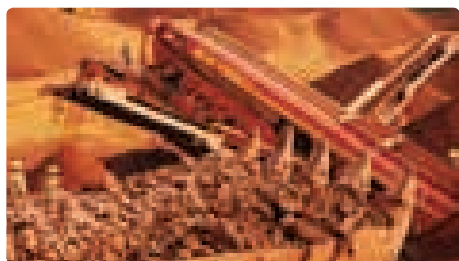
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### Zinc-Lead/Silver

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.

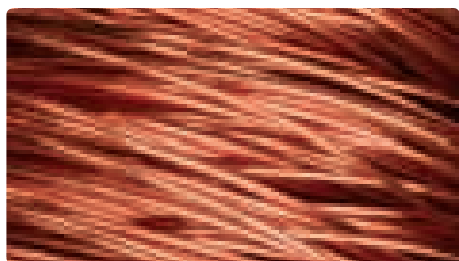


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### Iron Ore

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.



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### 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.

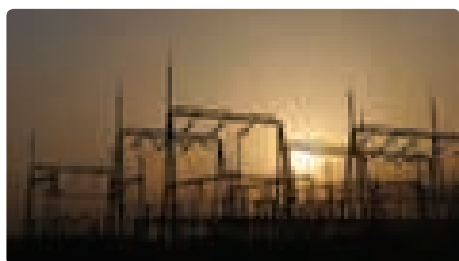


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### Aluminium

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.



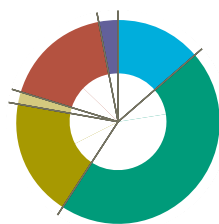
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### Commercial Energy

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.

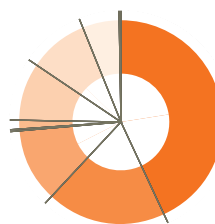
## Revenue by division



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

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

## Revenue by geography



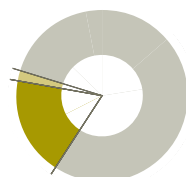
**US\$11,427.2m**  
(10: US\$7,930.5m)

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

## Key statistics

**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\$1,651.7m)  
**21%**

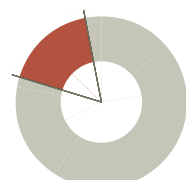
## Group EBITDA contribution

**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

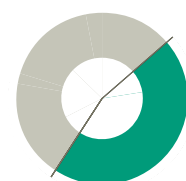


**US\$1,979.5m**  
(10: US\$1,222.5m)  
**17%**

**US\$1,174.1m**  
(10: US\$673m)  
**33%**

**4,346**

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

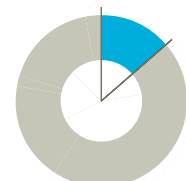


**US\$5,253.2m**  
(10: US\$3,825.1m)  
**45%**

**US\$681.4m**  
(10: US\$317.7m)  
**19%**

**10,976**

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

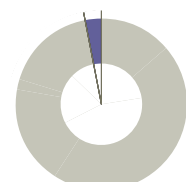


**US\$1,571.6m**  
(10: US\$915.8m)  
**14%**

**US\$258.2m**  
(10: US\$154.9m)  
**7%**

**8,168**

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

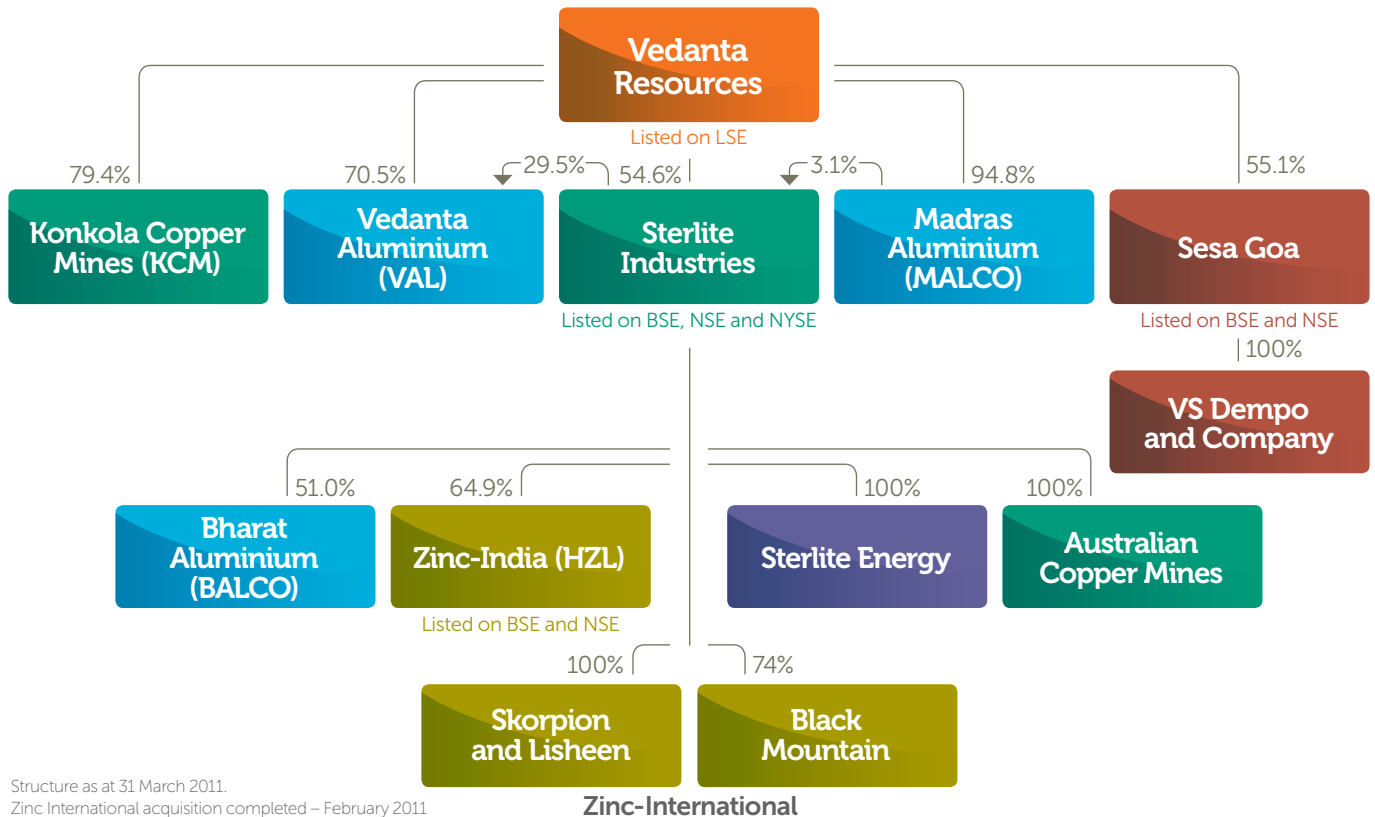


**US\$338.7m**  
(10: US\$330.7m)  
**3%**

**US\$137.8m**  
(10: US\$170.7m)  
**4%**

**220**

## 04 Group Structure



### 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.

### 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

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



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.



## 06 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.

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.

**“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.”**

### 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

## 08 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.