

Vedanta Resources plc is a global FTSE 100 natural resources company with an industry leading growth profile.



### Diversification

Our portfolio of Tier-1 assets is diversified across zinc, lead, silver, copper, iron ore, aluminium, power and oil & gas, with an operational footprint covering four continents.



### Scale

We are one of the largest and fastest growing natural resources companies in the world. Our portfolio of large, low-cost, long-life and scalable world-class assets are supported by a strong pipeline of organic growth projects.



### Expertise

Our people have the knowledge, skills and experience to explore, develop and efficiently operate our assets and have demonstrated a strong track record of successfully doing so.



### Sustainability

Sustainable development is fundamental to our operations and future growth; it is a core component of our strategy and underpins our licence to operate.

### Where to Find More Information



**Online Annual Report**  
[www.vedantaresources.com](http://www.vedantaresources.com)



**Online Sustainability Report**  
[www.vedantaresources.com/sustainability](http://www.vedantaresources.com/sustainability)

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## Sustainability

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# Highlights 2012

## Financial

US\$14BN +23%

Revenue FY 2012

US\$4.0BN +13%

EBITDA FY 2012

55.0US¢ +5%

Total Dividend FY 2012

US\$2.5BN +8%

Free Cash Flow FY 2012

- > Revenue of US\$14 billion, up 23%
- > EBITDA of US\$4.0 billion, up 13%; EBITDA margin excluding custom smelting of 41%
- > Underlying EPS<sup>1</sup> of US\$1.42, down 46%, due to lower attributable profit from subsidiaries
- > Total dividend for the year of 55 US cents per share, up 5%
- > Free cash flow of US\$2.5 billion before growth capex, up 8%
- > Invested US\$2.4 billion in organic growth programme during the year
- > Strong balance sheet with cash and liquid investments of US\$6.9 billion

<sup>1</sup> Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and minority interest effects (refer to Note 13 of the Consolidated financial statements).

## Consolidated Group Results

(in US\$ million, except as stated)

	FY 2011–12	FY 2010–11	% change
Revenue	14,005.3	11,427.2	22.6
EBITDA	4,026.3	3,566.8	12.9
EBITDA margin	28.7%	31.2%	–
EBITDA margin excluding custom smelting (%)	40.6%	44.7%	–
Operating profit	2,387.7	2,534.3	(5.8)
Attributable profit	59.8	770.8	(92.2)
Underlying attributable profit <sup>1</sup>	387.2	715.3	(45.9)
Basic earnings per share (US cents)	21.9	283.2	(92.3)
Earnings per share on underlying profit (US cents)	142.0	262.8	(46.0)
ROCE (excluding project capital work in progress)	7.7%	21.0%	–
Total dividend (US cents per share)	55.0	52.5	4.8

<sup>1</sup> Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and minority interest effects (refer to Note 13 of the Consolidated financial statements).

### Business

- > Group consolidation and simplification announced – on track for completion in CY 2012
- > Integrated Cairn India – Rajasthan production now at 175,000bopd; basin potential of 300,000bopd
- > Acquired Liberia Iron Ore assets with over 1 billion tonnes Reserves and Resources; first shipment expected in FY 2014
- > Increased Reserves and Resources in zinc, iron ore and oil & gas
- > Significant production growth in silver, alumina, aluminium, power and oil & gas
- > Commissioned new silver refinery, increasing silver capacity to 16moz p.a.
- > Three units of 2,400MW Jharsuguda power plant operational, fourth unit under trial run

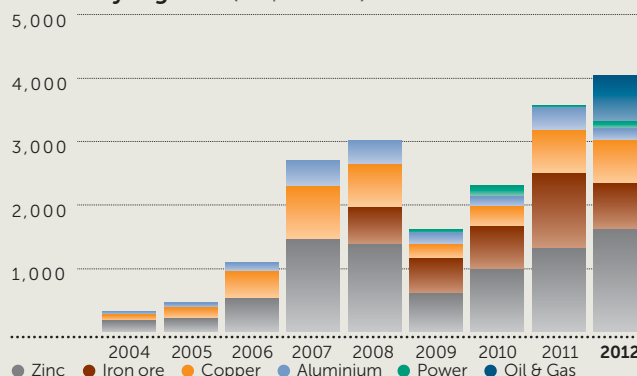
### Sustainability

- > New Sustainability Framework rolled out
- > LTIFR reduced by 10% over last year
- > Doubled water recycling across the Group to 55.72 million cubic metres from 27.91 million cubic metres last year
- > Community programmes covering 3.1 million people

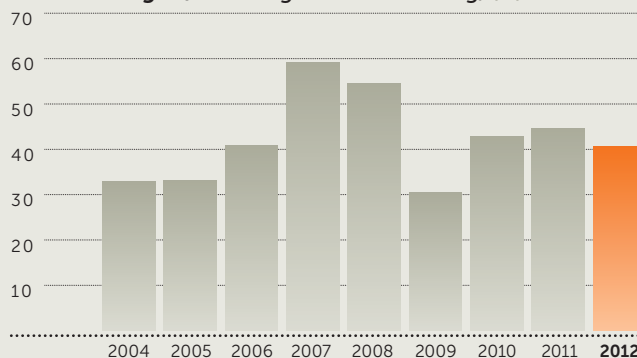
### Industry Leading Growth

- > World-class diversified portfolio of large, structurally low-cost assets with long mine-life
- > Strong cash flow growth driven by substantially invested projects
- > Recent acquisitions provide additional growth options
- > Scalable assets in close proximity to high-growth markets

EBITDA by segment (US\$ million)



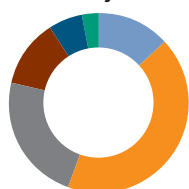
EBITDA margin (excluding custom smelting) (%)



# Vedanta at a Glance

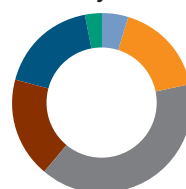
## A Diversified Portfolio

Revenue by Business



Aluminium  
Copper  
Zinc  
Iron Ore

EBITDA by Business



Oil & Gas<sup>1</sup>  
Power

1. Post completion of acquisition of Cairn India on 8 December 2011.

### Zinc-Lead-Silver

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We are the world's largest integrated zinc-lead producer with operations in India, Namibia, South Africa and Ireland and one of the leading silver producers globally.

#### Key Strengths

- > The world's largest zinc-lead mine, the Rampura Agucha Mine in India
- > One of the largest undeveloped zinc deposits in the world at Gamsberg, South Africa (186mt)
- > Silver-rich ore from the Sindesar Khurd lead-zinc mine in India

#### Key Statistics

- > Current capacity: Zinc-Lead: 1.5mtpa; Silver: 16moz
- > No. of employees: 8,300

### Iron Ore

p42

We are India's largest privately-owned producer of iron ore, and the largest exporter. We are on course to be one of the major iron ore producing companies in the world.

#### Key Strengths

- > Strong exploration success at India operations – Net addition to R&R of 2.4x mined-out since acquisition
- > Over 1 billion tonnes iron ore deposit at Liberia iron ore project assets, West Africa

#### Key Statistics

- > Current capacity: India Iron ore: 21mtpa (DMT)
- > No. of employees: 4,700

### Copper

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Our Zambia operations have one of the highest-grade large copper mines in the world. In India, we are among the top two producers, with one of the lowest cost ISA-smelt custom smelters in the world. Our Australian mines supply a part of the concentrate requirements of our Indian operations.

#### Key Strengths

- > One of the largest high grade copper mines in the world at Konkola Deeps (3.6% average grade)
- > One of the lowest cost copper custom smelters in the world at Tuticorin, India

#### Key Statistics

- > Current capacity: Zambia (copper smelting): 300+ ktpa; India (copper smelting): 400ktpa
- > No. of employees: 10,000

### Aluminium

p50

We are the largest Aluminium producer in India, with smelters, captive power plants and mines, and remain committed to an integrated aluminium strategy.

#### Key Strengths

- > Efficient assets operating in the lower half of the cost curve with third party bauxite
- > Operations located in the bauxite and coal rich regions in Eastern India

#### Key Statistics

- > Current capacity: Aluminium smelting: 745kt smelting capacity with near-term growth to 2.3mtpa
- > Captive power: 1.8GW with near-term growth to 4.5GW
- > No. of employees: 7,500

### Power

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We are one of the largest independent power producers in India and one of the largest wind power producers in the country.

#### Key Strengths

- > A significant part of our 3.9GW capacity is already operational and ramping-up
- > Near-term growth from the new plant at Talwandi Sabo, India

#### Key Statistics

- > Current capacity: 2.4GW, with near-term growth to 3.9GW (including 274MW wind power capacity)
- > No. of employees: 300

### Oil & Gas

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Cairn India is the fastest growing Asian E&P company (Platts 2011) and ranks among the top 20 independent E&P companies globally. It contributes to over 20% of India's current domestic crude production.

#### Key Strengths

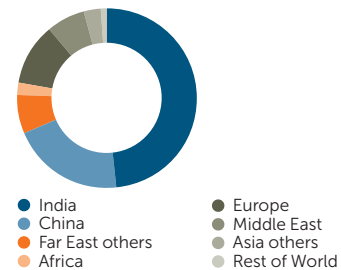
- > The Rajasthan block is the largest onshore discovery in India in 20 years and has an estimated 7.3 billion boe in place and a basin potential to support 300,000bopd
- > Strong track record of exploration – nearly 50% exploration success ratio and interest in 10 exploration blocks

#### Key Statistics

- > Current capacity: 175,000boepd at Rajasthan, with near term growth to significant part of 240,000boepd in CY 2013 (subject to approvals)
- > No. of employees: 1,100

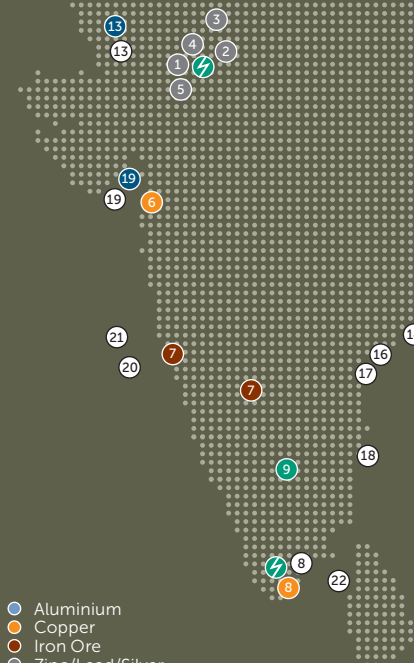
# Global Operations

Revenue by Geography



## India

Our world-class assets are located in India, Zambia, South Africa, Namibia, Ireland, Liberia, Australia and Sri Lanka, supplying commodities to a number of emerging markets.



- 1 Debari smelter
- 2 Chanderiya smelters
- 3 Rampura-Agucha mine
- 4 Rajpura Dariba mine and smelters and Sindesar Khurd mine
- 5 Zawar mine
- 6 Silvassa refinery
- 7 Sesa Goa operations
- 8 Tuticorin smelter
- 9 MALCO power plant
- 10 Lanjigarh alumina refinery
- 11 Jharsuguda smelters and power plants
- 12 Korba smelters and power plants
- 13 Rajasthan block
- 14 Ravva PKGM(1) block
- 15 KG-DWN-98/2 block
- 16 KG-ONN-2003/1 block
- 17 KG-OSN-2009/3 block\*
- 18 PR-OSN-2004/1 block
- 19 Cambay (CB/052) block
- 20 KK-DWN-2004/1 block\*
- 21 MB-DWN-2009/1 block\*
- 22 SL 2007-01-001 block

- Aluminium
- Copper
- Iron Ore
- Zinc/Lead/Silver
- Commercial Power
- Oil & Gas
- Projects under development
- Captive power plant

\* under force majeure  
Note: 13–22 are Oil & Gas blocks

## Australia

- 1 Mt Lyell mine.

## Ireland

- 1 Lisheen mine.

## Africa

- 1 Konkola and Nchanga copper mines and Nchanga smelter.
- 2 Skorpion mine.
- 3 Black Mountain mine.
- 4 Liberia Iron Ore project.

Maps not to scale

# Chairman's Statement

## Anil Agarwal

### A Transformational Year



"Vedanta has made significant progress in the execution of its strategy this year, delivering production growth and increasing Reserves and Resources across the portfolio, completing two acquisitions and announcing a consolidation and simplification of the Group."

#### Overview

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

#### Robust Financial Results

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

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

#### Strong Operational Performance

Record production of refined zinc, lead including silver, power, aluminium, alumina and increased contributions from our recent acquisitions of Zinc-International and Cairn India assets were the key drivers of our strong operational performance as our growth projects started to yield results. The ramp up of the silver-rich Sindesar Khurd mine and the new silver refinery delivered an impressive 35% increase in silver production for the year, with production reaching a new high of 7.8moz and a US\$210 million contribution to EBITDA.



The commissioning of the 2,400MW Jharsuguda power plant and lead smelter at Dariba significantly boosted our power generation and lead production, respectively.

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

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

### Market Conditions

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

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

Vedanta is a significant contributor to the Indian economy and government exchequer. We meet 82% of India's zinc consumption and approximately 40% of its aluminium, copper and lead requirements.

The Group contributes 20% of India's crude oil production, reducing the requirement for imports and foreign currency expenditure. In this financial year, we contributed US\$4.4 billion, including US\$2.4 billion of Cairn for the full year, to the Indian exchequer towards direct and indirect taxes, royalty, cess on oil etc.

### Key Strategic Developments Growth

We continued to focus on extending our existing resources and growing our assets organically, investing in projects that expand our high quality asset base and increase our production volumes. During the year, we invested US\$2.4 billion in our organic growth programme, increasing production of zinc-lead, silver, copper, aluminium, power and oil & gas.

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

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

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

### Long-term Value

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

To ensure the long-term future of the Group, we aim to grow our Reserves and Resources ('R&R') at a faster rate than we deplete them, through exploration and acquisitions. Exploration focus yielded excellent results during the year particularly for zinc, oil & gas and iron ore.

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

# Chairman's Statement continued

"Our significant capital investment programme, which has largely been invested, will deliver near-term production growth across our portfolio, in turn driving strong cash flow growth."

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

## Sustainability

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

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

- > Improve our health and safety performance for a safer, more secure and healthier environment for every employee and contractor
  - We work in an inherently risky industry and it is with great regret that I have to report 22 fatalities this year. Our efforts to eliminate unsafe conditions and unsafe behaviour are starting to yield results. Our quarterly figures show good progress and our lost time injury rate continues to fall, reducing by 10% year on year.

- > Contribute further and in a more targeted way to local communities
  - We are passionately committed to making a difference to our local communities, contributing US\$38 million this year to community development projects, benefiting over 3 million people.
- > Continue to manage and minimise our impact on air, water and land
  - Our environmental focus on reducing specific consumption of energy and water is making sound progress with most of our operations yielding significant positive results.
- > Maintain a dialogue with Stakeholders to help us understand and respond to their material issues
  - So far over 1,000 people have received training in the new Sustainability Framework and implementation is continuing.

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

## Dividends

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

## Looking Forward

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

Anil Agarwal  
Chairman  
16 May 2012