


Creating Value

Vedanta Resources plc is a FTSE 100 global diversified natural resources company.

Value-Creating Growth

We have delivered production ramp-ups and cost control driving a 35% CAGR in EBITDA over nine years since our IPO, and remain well positioned to capitalise on emerging market growth.

p10-11 

Diversified Portfolio

We have a broad natural resources portfolio diversified across base metals, bulks and oil & gas and have delivered consistent EBITDA margins in excess of 30% since our IPO.

p12-13 

Efficient Capital Management

Our focus continues to be on generating shareholder returns through prudent capital allocation, with a focus on low-risk, phased projects with high returns.

p14-15 

Operating Sustainably

Our sustainability strategy is supported by an enhanced new sustainability framework which has been rolled out across the Group, and enables us to deliver on the three key pillars of our sustainability strategy: responsible stewardship, building strong relationships and adding and sharing value.

p16-17 



Where to find more information:
vedantaresources.com



Online Sustainability Report:
vedantaresources.com/sustainability

Vedanta at a Glance - p04

Chairman's Statement
p06

Strategic Framework - p22



Growth

Long-term
Value

Sustainability

Value

Operational Review - p50

**Strategic Report**

02	2013 Highlights
04	Vedanta at a Glance
06	Chairman's Statement
10	Value-creating Growth
12	Diversified Portfolio
14	Efficient Capital Management
16	Operating Sustainably
18	Market Overview
20	Business Model
22	Strategic Framework
24	Key Performance Indicators
26	Strategy Review
34	Principal Risks and Uncertainties
40	Financial Review
50	Operational Review
50	Zinc-Lead-Silver
54	Oil & Gas
58	Iron Ore
62	Copper
66	Aluminium
70	Power

Governance Report

72	Board of Directors
74	Senior Management Team
76	Corporate Governance Report
87	Audit Committee Report
91	Nominations Committee Report
93	Sustainability Committee Report
95	Directors' Remuneration Report
106	Directors' Report
111	Directors' Responsibilities

Financial Statements

112	Independent Auditor's Report
113	Consolidated Income Statement
114	Consolidated Statement of Comprehensive Income
115	Consolidated Balance Sheet
117	Consolidated Cash Flow Statement
118	Consolidated Statement of Changes in Equity
120	Notes to the Consolidated Financial Statements
184	Independent Auditor's Report

Additional Information

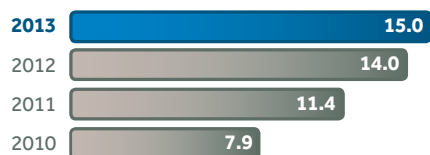
185	Five Year Summary
189	Production and Reserves Summary
194	Glossary and Definitions
200	Shareholder Information



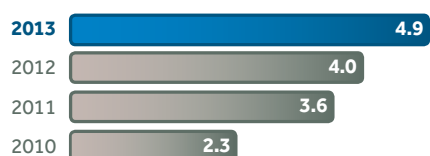
2013 Highlights

Financial

Revenue (US\$bn)



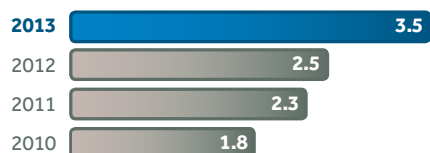
EBITDA (US\$bn)



Dividend per share (US cents)



Free Cash Flow (US\$bn)¹



- Revenue of US\$15.0 billion, up 7%
- EBITDA of US\$4.9 billion, up 21%; EBITDA margin of 45%²
- Underlying EPS³ of US\$1.33, down 6%
- Free cash flow of US\$3.5 billion before growth capex, and US\$1.5 billion after growth capex
- Net Debt reduced by US\$1.5 billion, gearing ratio reduced to 31% from 35%
- Strong balance sheet with Cash and Liquid Investments of US\$8.0 billion
- Final dividend of 37 US cents per share, up 6%

Financial Review - p40 

Consolidated Group Results

(in US\$ millions, except as stated)

	FY 2012–13	FY 2011–12	% change
Revenue	14,989.8	14,005.3	7.0
EBITDA	4,888.3	4,026.2	21.4
EBITDA margin	32.6%	28.7%	—
EBITDA margin excluding custom smelting (%) ²	44.9%	40.6%	—
Operating profit	2,512.0	2,387.7	5.2
Attributable profit	157.4	59.8	163.2
Underlying attributable profit ³	363.3	387.2	(6.2)
Basic earnings per share (US cents)	57.7	21.9	163.6
Earnings per share on underlying profit (US cents) ³	133.1	142.0	(46.0)
ROCE (excluding project capital work in progress)	17.5%	11.3%	—
Total dividend (US cents per share)	58.0	55.0	5.5

1 Free cash flow after sustaining capex but before growth capex.

2 Excludes custom smelting at Copper and Zinc India operations.

3 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).

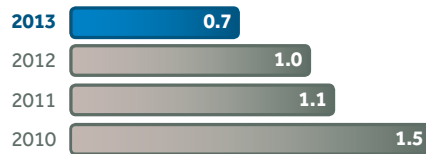
Business

- Significant production growth across the portfolio
 - Record production of mined zinc-lead and integrated silver at Zinc India
 - Record oil & gas production driven by 32% higher output at Rajasthan block
- Strong cost performance despite industry-wide inflationary trends
- Recommended oil & gas exploration drilling in Rajasthan and achieved a successful discovery in April 2013
- Mine life extensions at Zinc India, Copper and Iron Ore operations
- Karnataka iron ore mining restrictions lifted in April; continued state-wide restriction on mining in Goa
- Group simplification received approval from High Court of Bombay at Goa; Madras High Court Order awaited

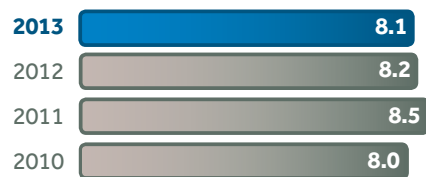
Operational Review - p50 

Sustainability

LTFIR (million man hours)



Women in workforce (%)



CSR footprint (million beneficiaries)



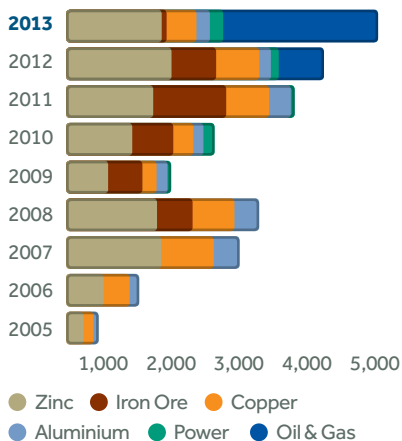
- LTFIR rate reduced by 62% over the last 5 years
- Over the past year, invested \$47 million in community programmes benefiting 3.7 million people

Sustainability - p32 

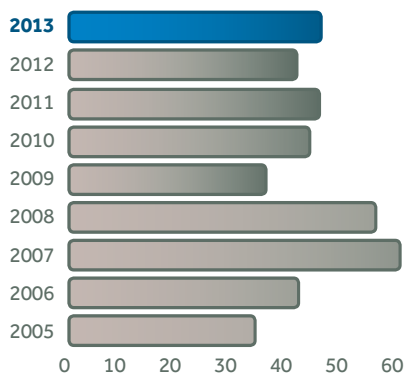
Diversified portfolio delivering growth and consistent margins

EBITDA (US\$m)

By segment

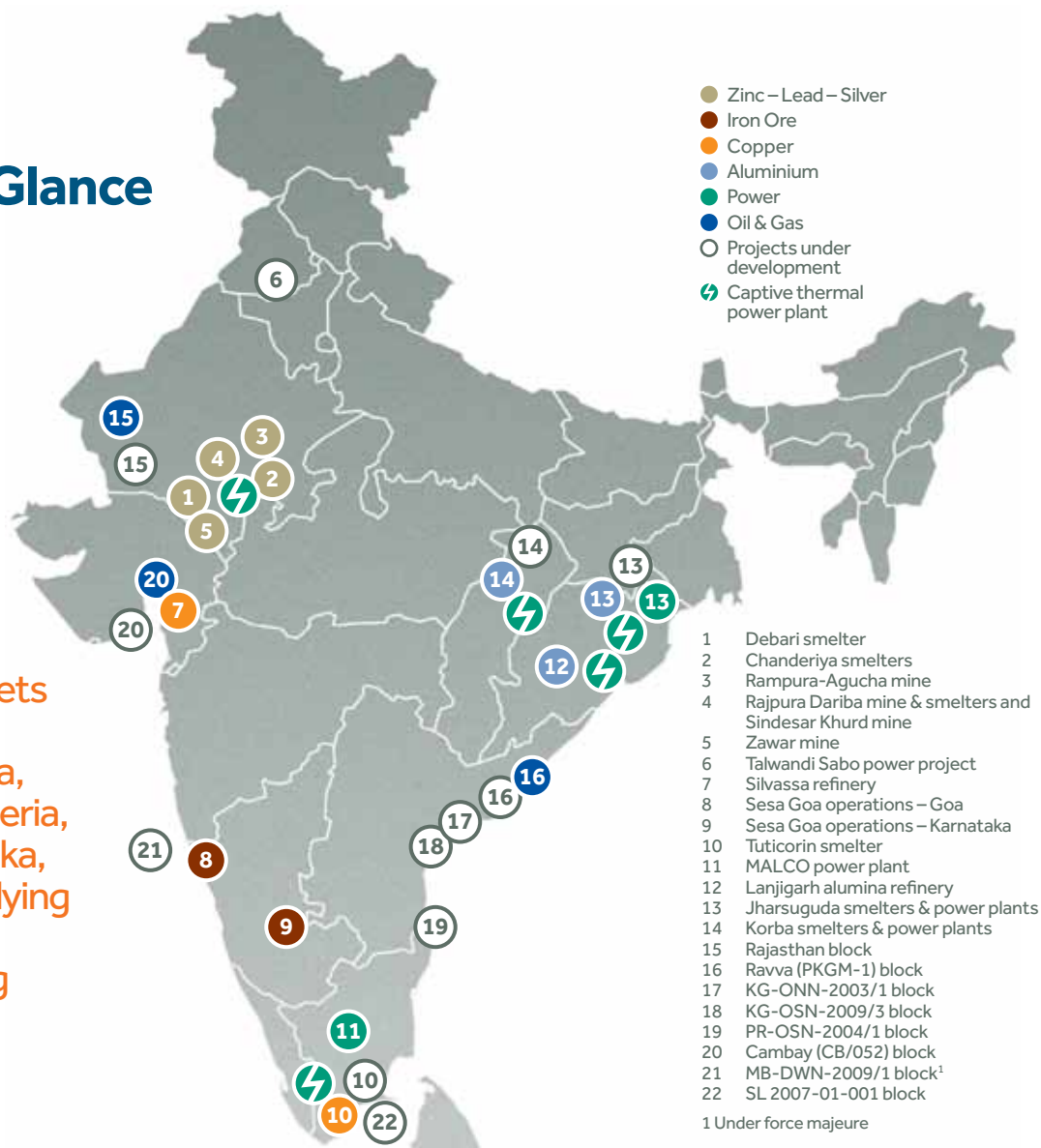


EBITDA margin (%)²



Vedanta at a Glance

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



Zinc-Lead-Silver p50

We are the world's largest integrated zinc-lead producer with operations in India, Namibia, South Africa and Ireland. We are 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
- Silver-rich ore from the Sindesar Khurd lead-zinc mine in India

1,227kt

Production volumes (Zinc-lead)

13.1moz

Production volumes (Silver)

US\$1,460m

EBITDA

Oil & Gas p54

Cairn India is the fastest growing Asian E&P company (winning the Platts Top 250 Energy Company Awards 2012) and ranks among the top 20 independent E&P companies globally. It contributes to over 25% 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 – 26th discovery in the Rajasthan basin achieved recently

205kboepd

Production volumes

US\$2,440m

EBITDA

Iron Ore p58

We are India's largest private sector producer of iron ore¹.

Key Strengths

- Strong exploration success at India operations – net addition of 59mt taking R&R to 433mt
- Over 1 billion tonnes iron ore deposit at Liberia iron ore project assets, West Africa

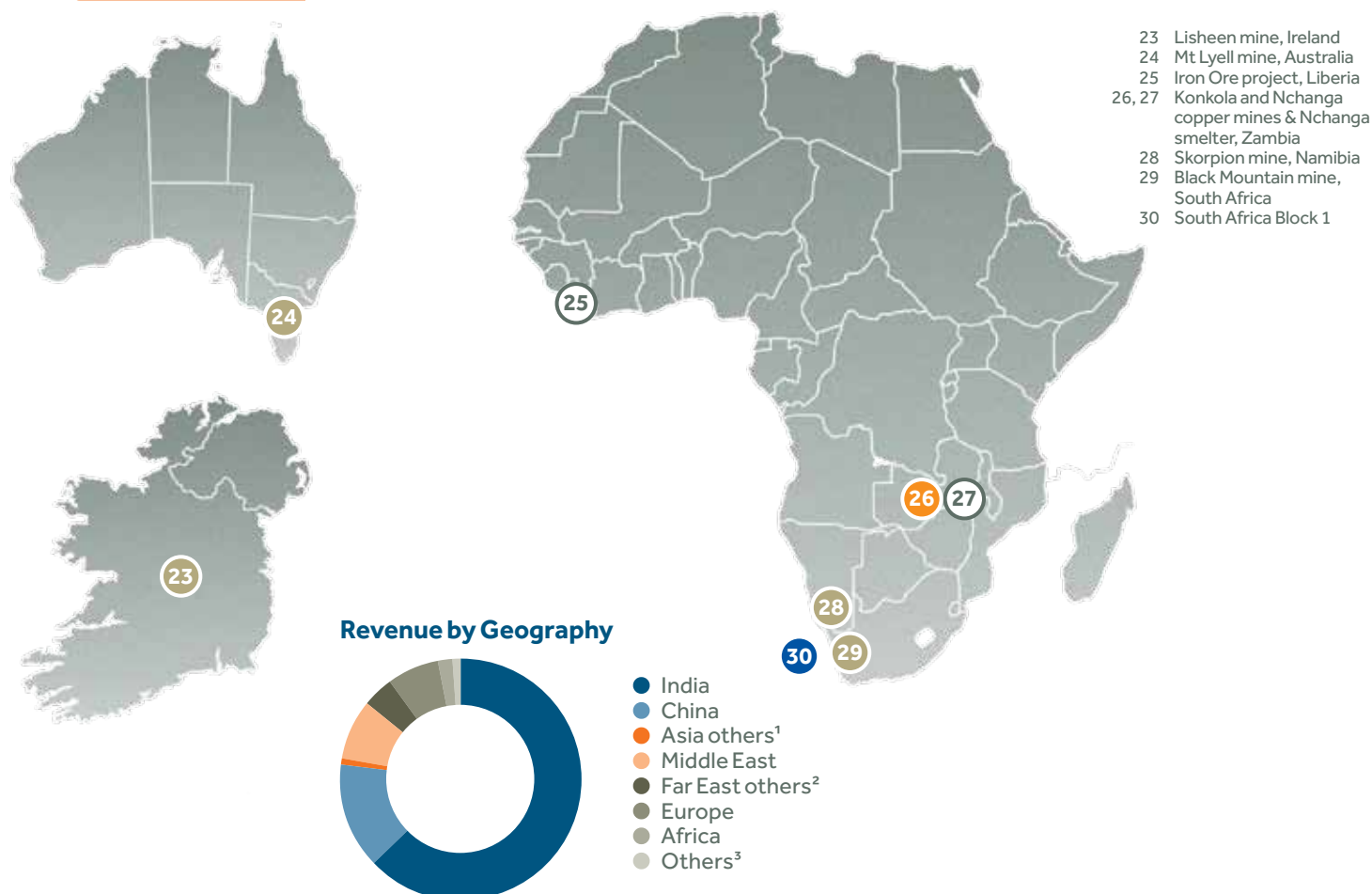
¹ Except FY2013, as operations were affected by state-wide restrictions on mining in Goa and Karnataka.

3.7mt

Production volumes

US\$84m

EBITDA



1 Asia others includes Sri Lanka, Bangladesh, Nepal and Pakistan.

2 Far East others includes a number of countries, primarily Korea, Thailand, Singapore and Mauritius.

3 Others include the United States, Australia, New Zealand and a number of countries that are not classified in the other available categories.

Copper p62

Our Zambia operations have one of the highest-grade large copper mines in the world. In India, we operate one of the lowest cost 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 Deepes
- One of the lowest cost copper custom smelters in the world at Tuticorin, India

569kt

Production volumes

US\$219m

EBITDA (Copper India/Australia)

US\$257m

EBITDA (Copper Zambia)

Aluminium p66

We are the largest Aluminium producer in India, with strategically located large-scale assets including smelters, captive power plants and mines.

Key Strengths

- Efficient assets operating in the lower half of the global cost curve with purchased alumina and bauxite
- Operations located in the bauxite and coal rich regions in Eastern India

774kt

Production volumes

US\$214m

EBITDA

Power p70

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

Key Strengths

- 2,400MW power plant at Jharsuguda, India ramping-up
- Near-term growth from the new 1,980MW Talwandi Sabo plant in India

8,888m kWh

Production volumes (units sold)

US\$215m

EBITDA



Chairman's Statement

Anil Agarwal

"We have a proven track record of consistently growing our reserves and resources ('R&R') organically in our mining operations and this year our exploration activities resulted in the addition of significant R&R in our Zinc India, Copper and Iron Ore operations.

Following Government approval to allow exploration in development areas, we recommenced drilling at our Rajasthan oil & gas operations to realise its basin potential of 300,000 bopd, and already achieved an early discovery in April, the 26th in the block."

Vedanta has delivered a set of strong results driven by production ramp-ups and continued cost control across our well-diversified portfolio of Tier-1 assets against a backdrop of challenging economic conditions and volatile commodity prices. With growth in free cash flow generation to US\$3.5 billion, and positive free cash flow after capex, we reduced our net debt by US\$1.5 billion and maintained a progressive dividend. We also achieved exploration success during the year and our focus remains to consistently create long-term value for shareholders.

Strong position in growth markets

Global growth and commodity demand remains volatile and emerging markets continue to be the key drivers of growth. Vedanta is well positioned to capitalise on emerging market growth with a significant portion of its assets in India and Africa. For example, India imports over 80% of its crude oil requirements, and we are currently the largest private sector producer of crude oil in India. With significant production growth since the Cairn India acquisition and a balanced portfolio of oil & gas assets that have exploration upside, we are well positioned to drive production growth in oil & gas. Similarly, with favourable demographics and urbanisation driving consumption growth in India, we are well placed to meet the growing demand as India's largest domestic producer across our remaining commodities.

A strong operating and financial performance

We achieved record production of mined zinc-lead and silver at Zinc India and an impressive 32% increase in oil & gas production driven by higher output at the Rajasthan block.

Despite industry-wide inflationary pressures, we have reduced or maintained unit costs across the majority of our operations. Whilst we are not immune to cost inflationary pressures, we continued to control costs and have demonstrated a track record of implementing operational improvements and maintaining our relatively new asset base at low sustaining capex costs.



Robust Results

Driven by a robust operating performance, we delivered 21% growth in EBITDA to US\$4.9 billion and a 45% EBITDA margin¹ despite lower LME prices. We achieved positive free cash flows after growth capital expenditure of around US\$1.5 billion, and remain focused on deleveraging. Our balance sheet remains strong with cash and liquid investments of US\$8 billion.

On behalf of the Board, I would like to thank our 31,000 employees across the world for their contribution to these results. Their commitment and efforts, combined with the strength of our management team, continue to drive our performance.

Robust execution of our strategy Long-term value

We have a proven track record of consistently growing our reserves and resources ('R&R') organically in our mining operations and this year our exploration activities resulted in the addition of significant R&R in our Zinc India, Copper and Iron Ore operations.

Following Government approval to allow exploration in development areas, we recommenced drilling at our Rajasthan oil & gas operations to realise its basin potential of 300,000bopd, and already achieved an early discovery in April, the 26th in the block.

¹ Excludes custom smelting at Copper and Zinc India operations.

Last year we initiated a Group structure consolidation exercise to simplify our Group structure, create a more efficient capital structure with better alignment of debt and cash flows across the Group, deliver significant synergies and unlock value for shareholders. This exercise has received shareholder approvals and various regulatory approvals including the approval of the High Court of Bombay at Goa, and we now await the final approval of the High Court of Madras.

Organic growth and selective M&A

We delivered production ramp-up across the portfolio during the year, and remained focused on capital allocation to low-risk brown field projects with attractive returns. We successfully integrated the oil & gas operations of Cairn India, and ramped up production at our Rajasthan operations by 40% to c.175,000bopd since completing the acquisition in December 2011. One of the significant milestones was recommencing exploration at Rajasthan, and we achieved a discovery in April. With potential for further upside at the proven Rajasthan block, we plan to invest c.80% of our US\$3 billion oil & gas capex programme on the Rajasthan block over the next three years. At our cost-efficient Zinc India business, we plan to grow mined metal capacity by 20% to 1.2mtpa driven primarily by brown field expansion projects over the next six years.



Top: Switchyard of 540 MW CPP at BALCO.



Bottom: Engineer verifying cathodes at zinc smelter, Chanderiya.



Chairman's Statement continued

"We have progressively increased our dividend, delivering a 15% CAGR since listing in FY 2004."



Last year we acquired iron ore assets close to the coast in Liberia, including some brown field deposits. We rapidly ramped up exploration and completed drilling of 65,000 metres, which has yielded positive results and indicated c.1 billion of JORC² certified reserves and resources with substantial further upside. Further drilling is in progress and we are on track to deliver the first shipment by March 2014.

Recently, the Supreme Court lifted the ban on mining of iron ore in Karnataka and we are working towards resuming our mining operations in the region. Mining in Goa, however remains suspended and the Supreme Court process is in progress. Vedanta is India's largest private sector miner of iron ore and committed to responsible mining practices.

Sustainability

Following the development and group-wide roll-out of our business sustainability framework last year, we have consistently implemented this across the Group to enhance the value of our business, reduce our risks and preserve our licence to operate.

In addition to our c.31,000 strong workforce, we indirectly create employment for around 60,000 people through our contractors. We are one of the largest employers of mining engineers and geologists in India and one of the largest contributors to India's Exchequer.

In Zambia, we are both the largest private sector employer and largest contributor of taxes. Our community programmes benefit around 3.7 million people in India and Africa, across 2,200 villages, and I take great pride in the positive impact we are making across our communities.

We have made considerable progress on our five priority areas:

1. Embed sustainable development into every aspect of what we do.
2. Improve our health and safety performance for a safer, more secure and healthier environment.
3. Contribute further and in a more targeted way to local communities.
4. Continue to manage and minimise our impact on air, water and land.
5. Maintain a dialogue with stakeholders to help us further understand what is needed to help support a sustainable society and planet.

Further detail will be available in our comprehensive Sustainability Report for the year.

Left: Operator at pot room of 500ktpa smelter, VAL.

Right: Engineers inspecting benches at Goa mines, Sesa Goa.

² JORC stands for Joint Ore Reserves Committee.