Vedanta Resources Limited
30 Berkeley Square
London, W1J 6EX
Tel: +44 (0) 20 7499 5900
Fax: +44 (0) 20 7491 8440
www.vedantaresources.com

5th January 2021

Vedanta Resources Limited
Interim results for the six months ended 30 September 2020

Financial highlights

- Revenue for the period decreased by 20% to US$ 4,875 million (H1 FY2020: US$ 6,132 million). This was mainly driven by lower commodity prices, lower volumes at Zinc International, Oil & Gas, Aluminium and power business, partially offset by higher volumes at Zinc India business.
- EBITDA at US$ 1,440 million, up 3% y-o-y (H1 FY2020: US$ 1,395 million)
- Operating Profit before special items at US$ 0.9 billion, up 33% y-o-y (H1 FY2020: US$ 0.7 billion) primarily driven by lower input commodity price environment and lower depreciation charge partially offset by lower volumes amidst COVID disruption.
- Adjusted EBITDA margin[2] of 34% (H1 FY2020: 26%)
- ROCE at 11.9% in H1 FY2021 (H1 FY2020: 9.4%)
- Profit after tax from continuing operation at US$ 78 million (H1 FY2020: US$ 310 million) primarily driven by higher tax expense, partially offset by lower depreciation and net interest cost.
- Consequent to the declaration of dividend (including from accumulated profits) by the subsidiaries, the unabsorbed depreciation as per tax laws have been utilized by the Company leading to a deferred tax charge of US$ 171 million in the half year ended 30 September 2020.
- The free cash flow (FCF) post-capex for the period was US$ (146) million (H1 FY2020: US $ 814 million). This was driven by working capital movements, capital expenditure and tax outflow.
- Gross debt increased to US$ 17.6 billion (FY2020: $15.1 billion) and net debt to US$ 10.7 billion (FY2020: US$ 10.0 billion), mainly due to temporary borrowing for the purpose of VEDL delisting and increase in borrowings at Zinc India.
- Proactive management of average debt maturity, maintained at c. three years for the entire debt portfolio
- Strong liquidity position with cash and liquid investments of US$ 6.9 billion (H1 2020: US$ 5.1 billion)
- On 21 September 2020, the Company acquired control over Ferro Alloys Corporation Limited ("FACOR"). FACOR was admitted under Corporate insolvency resolution process in terms of the Insolvency and Bankruptcy Code, 2016 of India. The National Company Law Tribunal (NCLT) vide its order dated 30 January 2020 approved the resolution plan for acquiring controlling stake in FACOR. Pursuant to the approved resolution plan, FACOR will be wholly owned subsidiary of the Company. FACOR holds 90% in its subsidiary, Facor Power Limited (FPL).

Business highlights

Zinc India

- Mined metal production at 440kt, up 2% y-o-y
- Refined metal production at 439kt, up 2% y-o-y
- Silver production at 10.3 million ounces, up 9% y-o-y

Zinc International

- Lower cost of production at $1,349/ton, down 18% y-o-y

Oil & Gas

- Average gross operated production of 162 kboepd, down 10% y-o-y due to impact of COVID-19 on growth projects completion and natural field decline
- Key growth projects update:
  - Construction of new gas processing terminal to complete in Q3 (incremental sales of ~100 mmscfd)
  - Aishwariya Barmer Hill well hook up & surface facility completion in Q3
  - Liquid handing capacity upgradation by 30% on track for completion
  - Ravva drilling program completed; ~11 kboepd of incremental volumes
- Early drilling opportunities being evaluated in Rajasthan, Assam & Cambay regions. First well KW-2-Udip spudded on 14th November.

Aluminium

- Alumina production from Lanjigarh refinery at 938 kt, up 10% y-o-y
- Aluminium production at 941 kt, down 1% y-o-y
- Hot metal production cost stood at US$ 1,278 per tonne, down by 29% y-o-y

Power

- The 1,980MW Talwandi Sabo power plant achieved 89% availability in H1 FY2021
- The 600 MW Jharsuguda IPP operated at plant load factor (PLF) of 61% in H1 FY2021
- The 300 MW BALCO IPP operated at a PLF of 68% in H1 FY2021

Iron Ore

- Iron ore sales at 2.5 million tonnes in H1 FY2021, down 5% y-o-y
- Continuously engaging with State and Central governments for the resumption of mining in Goa

Steel

- Hot metal production 577kt, down 10% y-o-y
- EBITDA margin at $ 67 per tonne, with strong Q2 FY 2021 margin of $ 94 per tonne.

Copper India

- Due legal process being followed to achieve a sustainable restart of operations

Health, Safety & Environment

- We are deeply saddened by the loss of three lives at our businesses during H1 FY2021. In order to mitigate the risk, company has doubled the efforts on monitoring of our safety culture and have taken various initiatives for HSE across businesses
- Launched a COVID taskforce for an effective group wide COVID response
- 16.65% reduction in GHG emissions intensity from 2012 baseline; ~10 million TCO_2e in avoided emissions
- Contributed ₹ 101 crores to PM Cares. Set-up ₹ 100 cr. corpus for daily workers, preventive healthcare & welfare of employees & contract partners.
- Contributed ₹ 17.25 crore to Rajasthan, Odisha, Tamil Nadu, Karnataka, Goa and Punjab Government.
- Balco Hospital has set isolation ward and 100 bed hospital in Korba to deal with COVID cases.

Consolidated Group results

(US$ million, unless stated)

	Six months to 30 September 2020	Six months to 30 September 2019	% change	Year ended 31 March 2020
Revenue[1]	4,875	6,132	(21%)	11,790
EBITDA[1]	1,440	1,395	3%	3,003
EBITDA margin[1]	30%	23%	-	25%
Adjusted EBITDA margin [2]	34%	26%	-	29%
Operating profit before special items[1]	911	684	32%	1,591
Profit/(loss) attributable to equity holders of the parent	(195)	(743)	-	(1,568)
Underlying attributable profit/(loss)[3]	(156)	(9)	-	(171)
ROCE %	11.9%	9.4%	-	10.3%

1. Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019
2. Excludes custom smelting at Copper India, and Zinc India Operations.
3. Previous period figures have been regrouped or re-arranged wherever necessary to conform to current period's presentation except ROCE

STRATEGIC OVERVIEW

Over the last few years, our strategic priorities have remained consistently focussed on delivering growth and long-term value to our stakeholders while upholding operational excellence and sustainable development through our diversified portfolio.

In FY2019, we invested in the next phase of growth and announced expansion projects in our Oil & Gas and Zinc business. We continued with these investments in FY2020. These projects in addition to the ramp-ups are already underway in other businesses, which will provide Vedanta with significant growth in its production capacities. At the same time, we continually strive to improve our operations to achieve benchmark performance, optimise costs and improve realisations. We are committed to achieving our objective of zero harm, zero wastage and discharge, thus creating sustainable value for all our stakeholders. The success of our existing operations and future projects are in part dependent on broad support and a healthy relationship with our respective local communities. Our BU teams proactively engage with communities and stakeholders through a proper and structured engagement plan, with the objective of working with them as partners.

Summary of strategic priorities:

Operational excellence:

We strive for all-round operational excellence to achieve benchmark performance across our business by debottlenecking our assets to enhance production, supported by improved digital and technology solutions. Our efforts are focused on enhancing profitability by optimising our cost and improving realisation through the right marketing strategies

Commitment to the larger purpose with focus on world-class ESG performance

We operate as a responsible business, focusing on achieving 'zero harm, zero wastage and zero discharge', and thus minimising our environmental impact. We promote social inclusion across our operations to promote inclusive growth. We establish management systems and processes in place to ensure our operations create sustainable value for all our stakeholders.

Optimise capital allocation and maintain a strong balance sheet:

Our focus is on generating strong business cash flows and maintaining strict capital discipline in investing in profitable high IRR projects. Our aim is to maintain a strong balance sheet through proactive liability management. We also review all investments (organic and inorganic) based on our strict capital allocation framework, with a view to maximising returns to shareholders.

Delivering on growth opportunities:

We are focused on growing our operations organically by developing brownfield opportunities in our existing portfolio. Our large, well-diversified, low-cost and long-life asset portfolio offers us attractive expansion opportunities, which are evaluated based on our return criteria for long-term value creation for all stakeholders.

Augment our reserves & resources (R&R) base:

We look at ways to expand our R&R base through targeted and disciplined exploration programmes. Our exploration teams aim to discover mineral and oil deposits in a safe and responsible way, to replenish the resources that support our future growth.

FINANCE REVIEW

Executive summary

We continued strong operational performance in H1 FY2021 despite of the challenging operating environment of low commodity prices and lower demand amidst the disruption caused by the pandemic. The company continues to focus on controllable factors such as cost optimisation, marketing initiatives & volume.

The first half of FY2021 saw a 3% increase in EBITDA (H1 FY2021: US$ 1.4 billion) with an EBITDA margin of 34% (H1 FY2020: US$ 1.4 billion, EBITDA margin: 26%).

As demonstrated in the consolidated operating profit variance analysis, softening of input commodity prices, favourable currency movements, higher volume at Zinc India contributed positively to EBITDA. This was partially offset by lower input commodity prices and premia, lower volume at Oil & Gas, Zinc International, Aluminium, Steel and power business.

Favourable Regulatory factors resulted in an increase in EBITDA by US$ 114 million compared to H1 FY2020.

The adjusted EBITDA margin for H1 FY2020 was higher at 34% mainly on account of a change in profit mix across businesses.

In light of the volatile commodity prices and the disruption caused by the pandemic, the Group has focused on preserving margins through operational efficiencies, cost optimisation and rationalising capex, in order to maximise cash flows.

Gross debt stood at US$ 17.6 billion as on 30 September 2020 (FY2020: US$ 15.1 billion) and Net Debt stood at US$ 10.7 billion as on 30 September 2020 (FY2020: US$ 10.0 billion). The increase was mainly due to temporary borrowing for the purpose of VEDL delisting and increase in borrowings at Zinc India.

At a Group level, we have been proactively managing our debt maturities by refinancing at Vedanta Resources Limited and the various operating entities and have been able to maintain the average maturity period of c. three years for the entire debt portfolio.

The balance sheet of Vedanta Limited, the Indian-listed subsidiary of Vedanta Resources, continues to remain strong with cash and liquid investments of c.US$ 4.8 billion and net debt to EBITDA ratio at 1.2x. (H1 FY2020: 0.9x)

Consolidated operating profit before special items

Operating profit before special items increased by US$ 227 million to US$ 911 million in H1 FY2021. This was primarily driven by lower input commodity price environment and lower depreciation charge partially offset by lower volumes amidst COVID disruption.

Consolidated operating profit summary before special items

(US$ million, unless stated)

Consolidated operating profit before special items[1]	H1 FY2021	H1 FY2020	% change	FY2020
Zinc	467	479	(3%)	875
-India	441	480	(8%)	911
-International	25	(1)	-	(36)
Oil & Gas	33	249	(87%)	466
Aluminium	285	(109)	-	48
Power	77	74	4%	151
Iron Ore	46	26	76%	83
Steel	21	14	52%	49
Copper India/Australia	(16)	(34)	-	(61)
Others	(1)	(15)	-	(20)
Total Group operating profit before special items	**911**	**684**	**33%**	**1,591**

[1]Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019.

Consolidated operating profit bridge before special items

(US$ million)

Operating profit before special items for H1 FY2020[1]		**684**
Market and regulatory: US$ (198) million		
a)	Prices, premium/discount	(533)
b)	Direct raw material inflation	208
c)	Foreign exchange movement	87
d)	Profit petroleum to GOI at Oil & Gas	(74)
e)	Regulatory changes	114
Operational: US$ 175 million		
f)	Volume	(27)
g)	Cost & Marketing	202
Others		68
Depreciation and amortisation		**182**
Operating profit before special items for H1 FY2021[1]		**911**

1.Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019.

a) Prices

Operating profit before special items has been significantly impacted by subdued commodity price across Vedanta's businesses. These negative impacts totalled US$ 533 million.

Aluminium: Average aluminium LME prices were down 10% y-o-y to US$ 1,604 per tonne in H1 FY2021, combined with lower premia reduced operating profit by US$ 182 million.

Zinc, Lead & Silver: Average Zinc LME prices were down 15% y-o-y to US$ 2,154 per tonne in H1 FY2021. Lead LME prices were down 9% y-o-y to US$ 1,776 per tonne, and silver was up 28% y-o-y. Together these reduced operating profits by US$ 85 million.

Oil & Gas: Average Brent price for H1 FY2021 was US$ 36.1 per barrel, lower by 45% y-o-y. This was partially offset by lower discount on Brent during the period (H1 FY2021: 1.4%; H1 FY2020: 5.6%). Together, this negatively impacted operating profit by US$ 209 million.

b) Direct raw material inflation

Prices of key raw materials such as alumina, thermal coal, carbon were favourable during the H1 FY2021, which contributed US$ 208 million to operating profit.

c) Foreign exchange fluctuation

Most of our operating currencies depreciated against the US dollar during H1 FY2021. Stronger dollar is favourable to the Group, given the local cost base. This resulted in a positive impact on operating profit of US$ 87 million.

Key exchange rates against the US dollar:

	Avg. half- year ended 30 September 2020	Avg. half-year ended 30 September 2019	% change	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020
Indian rupee	74.85	69.97	7%	73.63	70.50	74.81
South African rand	14.53	14.53	20%	16.83	15.16	17.89

d) Profit petroleum to GOI at Oil & Gas

The profit petroleum outflow to the Government of India (GOI), as per the production sharing contract (PSC), increase by US$ 74 million. The increase was primarily due to the lower cost recovery in H1 FY2021.

e) Regulatory

Regulatory levies such as renewable power obligation and others impacted operating profit positively by US$ 114 million in H1 FY2021.

f) Volumes

Lower volumes affected operating profit adversely by US$ 27 million. The key Group businesses that impacted operating profit:

Oil & Gas (negative US$ 74 million):

The oil & gas production stood at 162 kboepd, lower 10% y-o-y due to delay in execution of growth projects amidst COVID-19 restrictions and natural reservoir decline at the MBA fields which negatively impacted operating profit by US$ 74 million.

Zinc India (positive US$ 51 million):

Sales volume at Zinc India increased by 4% y-o-y, in line with the increase in production volume, positively impacting operating profit by US$ 51 million.

g) Cost & Marketing

During H1 FY2021, improved costs & other marketing/cost initiatives contributed US$202 million to operating Profit.

Depreciation and amortisation

Depreciation and amortisation decreased by US$ 182 million against the previous period. This was primarily driven by the impairment of assets at Oil & Gas business in Q4 FY2020 and Skorpion mine put under maintenance and care since April 2020.

Income statement[1]

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% change	FY 2020
Revenue	4,875	6,132	(21%)	11,790
EBITDA	1,440	1,395	3%	3,003
EBITDA margin (%)	30%	23%	-	25%
Adjusted EBITDA margin (%)	34%	26%	-	29%
Special items (Impairment reversal/charge - Net)	13	(72)	-	(2,065)
Depreciation and Amortisation	(529)	(711)	(26%)	(1,412)
Operating profit	924	612	51%	(474)
Operating profit without special items	911	684	(33%)	1,591
Net interest expense	(398)	(408)	(3%)	(797)
Interest income-related special items	(41)	12	-	12
-Other gains /(losses)	(11)	(41)	(73%)	(87)
Profit before taxation	474	175	-	(1,346)
Profit before taxation without special items	511	235	-	707
Income tax (expense)/credit	(392)	127	-	(411)
Income tax (expense)/credit (special items)	(4)	8	-	781
Effective tax rate (%)	83.5%	(77.1%)	-	27.5
Profit for the period from continuing operations	78	310	(75%)	(976)
Profit for the period/year from continuing operations before special items	119	362	(67%)	296
Profit for the year from discontinuing operations[1]	-	(738)	-	(771)
Profit for the period /year	78	(428)	-	(1,747)
Profit for the period /year without special items	119	362	(67%)	296
Non-controlling interest	273	315	(13%)	(179)
Non-controlling interest without special items	267	385	(31%)	498
Attributable profit/(loss)	(195)	(743)	-	(1,568)
Attributable profit/loss without special items	(148)	(23)	-	(202)
Underlying attributable profit/(loss) ◊	(156)	(9)	-	(170)

1. It excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019. [for more information, refer note set out in notes [3 (b)(iii)] of the financial statement].
2. Previous period figures have been regrouped or re-arranged wherever necessary to conform to current period's presentation

Consolidated revenue

Revenue for the period decreased by 20% to US$ 4,875 million (H1 FY2020: US$ 6,132 million). This was mainly driven by lower commodity prices, lower volumes at Zinc International, Oil & Gas, Aluminium and power business, partially offset by higher volumes at Zinc India business.

(US$ million, unless stated)

Consolidated revenue[2]	H1 FY2021	H1 FY2020	Net revenue % change	FY 2020
Zinc	1,382	1,569	(12%)	3,004
- India	1,248	1,324	(6%)	2,563
- International	134	245	(45)%	441
Oil & Gas	408	904	(55%)	1,787
Aluminium	1,662	1,917	(13%)	3,751
Power	385	479	(20%)	827
Iron Ore	203	222	(9%)	489
Steel	251	299	(16%)	604
Copper India/Australia	572	709	(19%)	1,278
Others [1]	12	33	(64%)	51
Revenue	4,875	6,132	(20)%	11,790

1. Includes port business and eliminations of inter-segment sales.
2. Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019.

Consolidated EBITDA[1]

The consolidated EBITDA by segment is set out below:

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% change	FY 2020	Key drivers	EBITDA margin % H1 FY2021	EBITDA margin % H1 FY2020
Zinc	640	690	(7%)	1,283		46%	
-India	597	642	(7%)	1,230	Lower Zinc, Lead LME,	48%	49%
-International	44	48	(9%)	154	Lower volumes & lower Zinc, Lead LME	33%	20%
Oil & Gas	175	525	(67%)	1,032	Lower Brent price & lower volume	43%	58%
Aluminium	397	9	-	281	Lower cost of production	24%	-
Power	116	116	(0%)	233		30%	24%
Iron Ore	61	45	36%	117	Improved Margin in Value-Added Business	30%	20%
Steel	39	31	26%	83	Lower input commodity prices	15%	10%
Copper India/Australia	(6)	(23)	(72%)	(40)		(1%)	(3%)
Others [1]	18	2	-	14			
Total	1,440	1,395	(19%)	3,003	EBITDA margin	30%	23%
					Adjusted EBITDA margin◊	34%	26%

1. Includes port business and elimination of inter-segment sales.
2. Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019.

EBITDA and EBITDA margin

EBITDA for H1 FY2021 increased to US$ 1,440 million, higher by 3% y-o-y primarily driven by softening of input commodity price environment and higher volumes at Zinc India, partially offset by lower commodity price amidst COVID disruption, and favourable currency movement. (See 'Operating profit variance' for more details.)

The adjusted EBITDA margin was higher at 34% mainly on account of change in profit mix across businesses.

Special items - Continued operations (included interest income related and others)

In H1 FY2021 special items stood at negative US$ 37 million which includes: -

- During the period ended 30 September, 2020, the Company has recomputed its Renewable Power Obligation (RPO) pursuant to Chhattisgarh State Electricity Regulatory Commission (CSERC) notification dated 13 July 2020 (published on 22 July 2020) which clarified that for Captive Power Plants commissioned before 01 April 2016, RPO should be pegged at the RPO obligation percentage rates (both for solar and non-solar) applicable for FY 2015-16. Consequent to the aforesaid notification, the Company's obligation towards RPO relating to the period upto 31 March, 2020 has been reversed , providing benefit to the extent of US$ 13 million during this period.
- On 12 May 2020, the Company announced its intention to acquire outstanding shares of Vedanta Limited from the market and take Vedanta Limited private by delisting it from all stock exchanges in India and SEC. The Stock Exchanges granted in-principle approval for delisting vide their letters each dated 28 September 2020. VRL and its wholly owned subsidiaries, namely, Vedanta Holdings Mauritius Limited and Vedanta Holdings Mauritius II Limited had issued a public announcement with regard to the delisting offer on 29 September 2020 in accordance with Regulation 10(1) of the Delisting Regulations.

  The Public Shareholders holding Equity Shares were invited to submit Bids through reverse book building process conducted through the Stock Exchange Mechanism of BSE during the bid period (5 October 2020 to 9 October 2020), in accordance with the Delisting Regulations.

The total number of Offer Shares validly tendered by the Public Shareholders in the Delisting Offer were 1,25,47,16,610, which were less than the minimum number of Offer Shares required to be accepted by the Acquirers in order for Delisting Offer to be successful in terms of Regulation 17(1)(a) of the Delisting Regulations.

Thus, the Delisting Offer is deemed to have failed in terms of Regulation 19(1) of the Delisting Regulations. Accordingly, the Acquirers will not acquire any Equity Shares tendered by the Public Shareholders in the Delisting Offer and the Equity Shares of the Company will continue to remain listed on the Stock Exchanges.

The delisting expense recorded as special item in H1 FY2020 amounts to $50 million.

Further analysis of special items is set out in notes [5] of the financial statement.

Net interest

Finance costs (excluding special items) were lower 6 % y-o-y at US$ 576 million in H1 FY2021 (H1 FY2020: US$ 615 million). This was primarily driven by lower blended cost of borrowing and rupee depreciation, partially offset by increase in average borrowings.

The average borrowing cost decreased to 7.2% in H1 FY2020 from 7.6% in H1 FY2020.

Investment revenue in H1 FY2021 decreased to US$ 178 million (H1 FY2020: US$ 207 million). This was mainly due to mark to mark (MTM) movements on investments and rupee depreciation.

The average post-tax return on the Group's investments during the first half was 6.7% (H1 FY2020: 8.0%).

This combination of lower finance costs and higher investment revenues led to decrease of US$ 10 million in net interest expense (excluding interest cost-related special items) during the period.

Other gains/(losses) excluding special items

Other gains/(losses) excluding special items for H1 FY2021 amounted to US$ (11) million, compared to US$ (41) million in H1 FY2020 on account of rupee depreciation.

Taxation

The normalized ETR is 48% (excluding tax on undistributed reserves of HZL US$171mn and tax on exceptional items of US$ (4) mn compared to 51% (excluding tax on undistributed reserves of HZL US$ 84mn, new regime impact US$ (331) mn and tax on exceptional items of US$(8) mn. The ETR has decreased by 3% due to change in PBT mix within entities.

Attributable profit/(loss)

The attributable profit before special items for the period was US$ (148) million (H1 FY2020: US$ (23) million).

Fund flow post-capex

The free cash flow (FCF) post-capex for the period was US$ (146) million (H1 FY2020: US $ 814 million). This was driven by working capital movements, capital expenditure and tax outflow.

Fund flow and movement in net debt

Fund flow and movement in net debt in H1 FY2021 are set out below.

(US$ million, unless stated)

Details	H1 FY2021	H1 FY2020	FY 2020
EBITDA[2]	1,440	1,395	3,003
Operating exceptional items	-	-	-
Working capital movements	(541)	475	(74)
Changes in non-cash items	3	13	18
Sustaining capital expenditure	(164)	(245)	(558)
Movements in capital creditors	(76)	50	84
Sale of property, plant and equipment	5	6	21
Net interest (including interest cost-related special items)	(485)	(406)	(687)
Tax paid	(155)	(30)	(165)
Expansion capital expenditure	(174)	(444)	(819)
Free cash flow (FCF) post capex	**(146)**	**814**	**823**
Dividend paid to equity shareholders	(106)	(125)	(536)
Dividend paid to non-controlling interests	(327)	-	(101)
Tax on dividend from Group companies	-	-	-
Acquisition of subsidiary	(7)	(5)	(5)
Discontinued operations of Copper Zambia[2]	-	50	(118)
Other movements[1]	(59)	52	222
Movement in net debt	**645**	**786**	**287**

1. *Includes foreign exchange movements.*
2. *Copper Zambia operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019*

Debt, maturity profile and refinancing

In H1 FY2021, gross debt increased to US$ 17.6 billion compared with US$ 15.1 billion as at 31 March 2020. This was mainly due to temporary borrowing for the purpose of VEDL delisting and increase in borrowings at Zinc India.

Similarly, during H1 FY2021, net debt increased from US$ 10.0 billion as at 31 March 2020 to US$ 10.7 billion as at 30 September 2020, in line with the increase in Gross Debt.

Our total gross debt of US$ 17.6 billion comprises:

- US$ 15.9 billion as term debt (March 2020: US$ 12.9 billion);
- US$ 0.8 billion of short-term borrowings (March 2020: US$ 1.2 billion);
- US$ 0.9 billion of working capital loans (March 2019: US$ 1.0 billion).

The Group has been proactively managing its debt maturities by refinancing at Vedanta Resources Limited and the various operating entities and has been able to maintain the average maturity period of c. three years for the entire debt portfolio.

The maturity profile of term debt of the Group (totalling US$ 15.9 billion) is summarised below:

Particulars	As at 31 March 2020	As at 30 September 2020	FY2021	FY2022	FY2023	FY2024	FY2025 & Beyond
Debt at Vedanta Resources Limited	6.7	7.0	0.5	1.6	1.8	1.1	2.0
Debt at subsidiaries	6.2	8.9	0.7	1.9	1.3	2.5	2.5
Total term debt	**12.9**	**15.9**	**1.2**	**3.5**	**3.1**	**3.6**	**4.5**

Term debt at our subsidiaries was US$ 8.9 billion, with the balance at Vedanta Resources Limited.

Cash and liquid investments stood at US$ 6.9 billion at 30 September 2020 (31 March 2020: US$ 5.1 billion). The portfolio continues to be conservatively invested in debt mutual funds, and in cash and fixed deposits with banks.

Going Concern

The Group has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding on their going concern assessment.

The Group monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position. The key assumptions for these forecasts include production profiles, commodity prices and financing activities.

The last Going concern assessment carried out for the year ended March 31, 2020 was approved by the Board of Directors on 10 August, 2020. This was done at the time when there was inherent uncertainty as to the short and medium-term effects of COVID-19. The virus and associated uncertainty have therefore had a significant impact on the Directors' assessment of the ability of the Group and Company to continue as a going concern. Directors' had accordingly, concluded in the financial statements for the year ended March 31, 2020 that in a downside scenario, the liquidity and covenant compliance considerations as more fully explained in the annual financial statements constitute material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern.

Since then, while the other mitigating actions as highlighted in the year ended March 31, 2020 financial statements remain available to the Group, following recent significant developments have had a positive bearing on the liquidity and company's ability to continue as going concern;

A- On the operational front, all businesses are now operating at pre-COVID volumes, current LME/Brent prices being ~50-60% higher and costs have significantly improved, thereby resulting in significantly improved margins

B- The Group has secured c. $1.4bn term loan facility (including $0.7bn syndicate facility) with Indian banks and $0.8bn loan from Power Finance Corporation (PFC) during current year

C- The Group has raised bonds at Vedanta Resources for c. $1bn to take out upcoming maturity of bonds in June, 2021, indicating company's easy accessibility to financial institutions and markets despite COVID pandemic. This will result in reduced leakage at Group's operating subsidiaries.

The Directors consider that the expected operating cash flows of the Group combined with the current finance facilities which are in place give them confidence that the Group has adequate resources to continue as a going concern.

The Directors have considered the Group's ability to continue as a going concern in the period to 31 March 2022 ("the going concern period") under both a base case and a downside case.
The downside case assumes, amongst other sensitivities, delayed ramp-up and re-opening of projects, deferment of additional capital expenditure and nil receipt or rollover of uncommitted financing.

Covenants

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. As at 30 September 2020, the Group is in compliance with the financial covenants wherever applicable.

The Group has secured the necessary covenant waivers and relaxations upto and including 31 March 2021. Additionally, the Group has successfully amended the covenants for its listed bonds. The Directors of the Group are confident that they will be able to execute mitigating actions to ensure that the Group avoids, or secures waivers or relaxations for, any further breaches of its covenants during the going concern period.

Credit rating

Subsequent to placing the Vedanta Resources Limited's 'B1' Corporate Family Ratings (CFR) and 'B3' rating on the senior unsecured bonds under review for downgrade in March'2020, Moody's confirmed 'B1' CFR and 'B3' rating on the senior unsecured bonds in July 2020 and changed the outlook on the ratings to negative from ratings under review for downgrade. The confirmation of the ratings was driven by Moody's expectation of stretched credit profile in Fiscal Year 2021 in the wake of the COVID-19 pandemic and expected recovery in credit metrics appropriate for the current rating in Fiscal Year 2022. The negative outlook takes into account heightened refinancing risk in challenging market conditions. S&P also placed on "CreditWatch Developing" the "B-" long term issuer rating and the "B-" long term issue rating on the senior unsecured notes in July 2020 to reflect the uncertainty around the take private of Vedanta Limited.

On 20 October 2020, S&P revised its outlook on Vedanta Resources Limited to 'negative' while re-affirming its 'B-' long-term issuer credit rating and the 'B-' long-term issue rating on its senior unsecured bonds. The revised outlook is mainly due to the VRL's failure to complete the Take Private Transaction, resulting in increased refinancing risk.

On 3 December 2020, Moody's downgraded Vedanta Resources Limited's rating, including the corporate family rating, from 'B1' to 'B2' and on the senior unsecured bonds from 'B3' to 'Caa1'. All ratings are placed under review for downgrade on account of weak liquidity of VRL and high refinancing needs.

Balance sheet

(US$ million, unless stated)

Balance Sheet	Six months to 30 September 2020	Six months to 30 September 2019	For Year Ended 31 March 2020
Goodwill	12	12	12
Intangible Assets	102	109	100
Property, Plant and Equipment	12,990	15,572	13,005
Exploration and Evaluation Assets	287	423	240
Other Non - Current Assets	2,827	4,138	3,028
Cash and liquid investments	6,948	5,144	5,090
Other Current Assets	2,647	2,444	2,711
Total Assets	**25,812**	**27,842**	**24,186**
Gross Debt	(17,598)	(14,650)	(15,095)
Other Current and Non-Current Liabilities	(6,319)	(7,372)	(6,818)
Net Assets	**1,895**	**5,819**	**2,273**
Shareholders' equity/(deficit)	(3,671)	(669)	(3,263)
Non- controlling interests	5,566	6,488	5,536
Total equity	**1,895**	**5,819**	**2,273**

Shareholders' (deficit)/equity was US$ (3,671) million at 30 September 2020 compared with US$ (3,263) million at 31 March 2020, mainly driven by attributable loss and dividends paid on ordinary shares.

Non-controlling interests increased to US$ 5,566 million at 30 September 2020 (from US$ 5,536 million at 31 March 2020) mainly driven by the profit for the period.

Property, plant and equipment (PPE)

During H1 FY2021, PPE stood at US$ 12,990 million (March 31, 2020: US$ 13,005 million). The decrease of US$ 19 million was primarily driven by depreciation charge and the restatement of rupee-denominated assets caused by rupee depreciation. This was partially offset by investment of US$ 160 million on expansion projects and US$ 164 million on sustaining capital expenditure during the period.

Project capex

(US$ million)

Capex in progress	Status	Total capex approved[3]	Cumulative spend up to March 2020[4]	Spent in H1 FY2021[4]	Unspent as at 30 September 2020[5]
Oil & Gas (a)[1]					
Mangala Infill, Liquid handling, Bhagyam & Aishwariya EOR, Tight Oil & Gas etc	On - going	2,522	1,144	86	1,292
Aluminium					
Jharsuguda 1.25mtpa smelter	Line 3: Fully capitalised Line 4: Fully Capitalised Line 5: Fully capitalised Line 6: Phase-wise capitalisation	2,920	2,925	10	-
Zinc India					
1.2mtpa mine expansion	Phase-wise by FY2021	2,076	1,726	23	327
Others		261	159	3	99
Zinc International					
Gamsberg mining project[2]	Completed Capitalisation	400	387	1	12
Copper India					
Tuticorin smelter 400ktpa	Project under Force Majeure	717	198	-	519
Avanstrate Inc (ASI)					
Furnace Expansion and Cold Repair	Completed	56	48	6	2
Capex flexibility					
Metals and Mining					
Lanjigarh Refinery (Phase II) – 5mtpa	Under evaluation	1,570	909	11	651
Skorpion refinery conversion	Currently deferred till Pit 112 extension	156	14	-	142

1 *Capex approved for Cairn represents Net Capex; Gross capex US$ 3.2 billion.*
2 *Capital approved US$ 400 million excludes interest during construction (IDC).*
3 *Based on exchange rate prevailing at the time of approval.*
4 *Based on exchange rate prevailing at the time of incurrence.*
5 *Unspent capex represents the difference between total projected capex and cumulative spend as at 30 September 2020.*

OPERATIONAL REVIEW

ZINC INDIA

Summary

During H1 FY2021, our Zinc India business continued robust performance with ore production from underground mines up by 1% y-o-y. We delivered 439kt of refined metal and 10.3 million ounces silver. Zinc India was ranked 1st in Asia Pacific region for overall ranking in metals & mining sector by Dow Jones Sustainability Index Ranking. HZL's ratings in Carbon Disclosure Project (CDP) response improved in this period, while it maintained its FTSE4Good membership for the fourth consecutive year.

We have completed all projects related to 1.2 mtpa mined metal capacity. With rapid development initiatives leading, better use of technology and increasing shaft haulage, we expect to deliver better performance in H2.

Production performance

Production (kt)	H1 FY2021	H1 FY2020	% change	FY 2020
Total mined metal	440	432	2%	917
Refinery metal production	439	429	2%	870
- Refined zinc – integrated	338	338	0%	688
- Refined lead – integrated[1]	101	91	10%	182
Production – silver (million ounces)[2]	10.3	9.4	9%	19.6

1. Excluding captive consumption of 2,987 tonnes in H1 FY2021 vs. 3,396 tonnes in H1 FY2020
2.Excluding captive consumption of 528 thousand ounces in H1 FY2021 vs. 566 thousand ounces in H1 FY2020

Operations

In H1 FY2021, ore production was up 1% to 7.0 million tonnes on account of higher production at Zawar, Rampura Agucha and Rajpura Dariba mines, partly offset by decline at Sindesar Khurd and Kayad mines. Mined metal production in H1 FY2021 was 440kt, up 2% y-o-y. This was on account of higher ore production and increased recoveries, offset by a slight dip in overall metal grades.

Integrated metal production increased marginally by 2% to 439kt in line with mined metal availability. Integrated zinc production was 338kt flat y-o-y and integrated lead production stood at 101kt up 10% y-o-y due to better grades and increased operation of pyro-lead smelter.

Integrated silver production was 10.3 million ounces, 9% higher y-o-y, in line with higher lead production and better grades at Sindesar Khurd mine.

Prices

	H1 FY2021	H1 FY2020	% change	FY 2020
Average zinc LME cash settlement prices US$/t	2,154	2,549	(15)%	2,402
Average lead LME cash settlement prices US$/t	1,776	1,958	(9)%	1952
Average silver prices US$/ounce	20.4	16.0	28%	16.5

Commodity prices were severely affected by the pandemic. Prices demonstrated a recovery during the latter half of H1 FY2021 and returned to pre-COVID levels. Zinc prices were down 15% compared to H1 FY 2020 to average $2154 per tonne during the period. In China, stocks in SHFE bonded warehouses have fallen substantially from 160kT in March to 62kT at the end of H1 FY2021 signalling a sharp recovery in demand for the largest zinc consuming nation. With total metal exchange stocks at low levels of 3-4 days of global consumption and the rising deficit in mine supply, there is a fundamental support for zinc prices.

On similar lines, lead prices dropped by 9% in H1 FY2021 y-o-y to average $1,776 per tonne. Automobile sector demand is gradually climbing back to pre-COVID levels which should provide support to lead prices.

Silver prices rallied by 28% during H1 FY2021 y-o-y to average $20.4 per troy ounce. Silver price benefitted from continued safe haven buying as investment demand remains strong.

Unit costs

	H1 FY2021	H1 FY2020	% change	FY 2020
Unit costs (US$ per tonne)				
- Zinc (including royalty)	1,259	1,400	(10)%	1,373
- Zinc (excluding royalty)	965	1,057	(9)%	1,047

For the six-month period, reported zinc cost of production (COP) before royalty was $965, down 9% y-o-y. The COP benefitted from a number of cost reduction initiatives continuing to yield results during the period and further supported by decline in coal and met-coke prices partly offset by lower linkage ratio.

During the pandemic affected period, we remained focussed on executing critical priorities on all fronts of consumption, contracting, procurement and fixed costs resulting in fundamental optimization of costs.

Government levies amounted to US$ 337 per tonne (H1 FY2020: US$ 386 per tonne), comprised mainly of royalty payments, the Clean Energy Cess, electricity duty and other taxes.

Financial performance

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% change	FY 2020
Revenue	1,248	1,324	(6%)	2,563
EBITDA◊	597	642	(7%)	1,230
EBITDA margin (%)	48%	49%	-	48%
Depreciation and amortisation	156	162	(4%)	319
Operating profit before special items	441	480	(8%)	911
Share in Group EBITDA (%)	43%	46%	-	41%
Capital expenditure	130	245	(47%)	532
Sustaining	80	130	(39%)	341
Growth	50	115	(56%)	191

The revenue for H1 FY2021 stood at US$ 1,248 million, down 6% y-o-y, and EBITDA was US$ 597 million, down 7% y-o-y. The decrease in revenue was primarily driven by decline in zinc and lead LME prices. The decline in EBITDA was in line with revenue.

Projects

The mining projects are progressing on track to sustain and utilize 1.2 million tonnes per annum of mined metal capacity. Project work was resumed at all sites in June while complying with COVID-19 guidelines and providing essential training and awareness to ensure safety and well-being of all workers and business partners. HZL commissioned a 10 MLD sewage treatment plant (STP) in Udaipur and another 5 MLD plant is in its final stages of commissioning, which will take the total STP capacity run by HZL to 60 MLD. This will treat major portion of the sewage of Udaipur city. While part of the recycled water will continue to be used by our plants, the remaining water will be discharged back into the river to augment ground water levels and help downstream agriculture.

Zawar

Environmental Clearance (EC) recommended by Expert Appraisal Committee for Zawar mine expansion from 4 to 4.8 mtpa.

Both the back-fill plants at Zawar are under commissioning and operation is expected to start in H2 FY2021.

Chanderiya

Due to ongoing Covid-19 restrictions including visa restriction of Chinese nationals, commissioning of Fumer plant at Chanderiya is delayed and efforts are ongoing for an early commissioning.

Outlook

Both mined metal and finished metal production in FY2021 will be higher than last year and is expected to be between 925-950 KT each. FY2021 saleable silver production is projected at c.650 MT.

Zinc cost of production in FY2021 is expected to remain below $1,000 per MT. The project capex for the year is expected to be in the range of US$100-140 million.

ZINC INTERNATIONAL

Summary

During H1 FY2021, Zinc International produced 89kt of mined metal, despite of COVID impact and Skorpion Zinc going under care and maintenance from April 2020. Gamsberg production increased significantly from 47kt to 60kt and Black Mountain production stood at 28kt. Skorpion zinc has remained under Care and Maintenance in H1 following geotechnical instabilities in the open pit.

Production performance

	H1 FY2021	H1 FY2020	% Change	FY 2020
Total production (kt)	89	123	(28%)	240
Production– mined metal (kt)				
Gamsberg	60	47	28%	108
BMM	28	35	(22%)	66
Refined metal Skorpion	1	41	(98%)	67

Operations

During H1 FY2021, total production was at 89,000 tonnes, lower by 28% y-o-y.

Black Mountain production was down by 20% (28kt vs 35kt) mainly due to COVID related lockdown till 20th April 2020 (impact ~4kt) and lower head grades of lead (2.5% vs 2.9%). Significant production improvement initiatives like old ore recovery, Swartberg Lower ore body to extract higher Lead/Silver, recovery improvement initiatives and increasing efficiency of blending strategy have been undertaken to achieve targets. Focus is on bringing down cost by improving people productivity, consumables & energy efficiencies and improved utilisation of tramming fleet.

Gamsberg production improved significantly by 28% (60kt vs 47kt) in spite of COVID related lockdown for first half of April 2020. September marked several Best Demonstrated Performances including milled tonnes (293kt), mill runtime (88%) and best ever MIC production (14kt) achieved mainly due to improved recoveries (65% vs 60%) and throughput. Several initiatives underway to aid in the improvement of recovery and overall plant performance, such as enhanced filter capacity, OPM digitalization and the establishment of the blending council.

At Skorpion Zinc, geotechnical modelling of the pit is complete, and redesigning of the pit is in progress. Technical feasibility of starting the Skorpion refinery with secondary oxides is also progressing well. Feasibility of Refinery Conversion project is in advance stage and expected to complete in H2 FY21.

Unit costs

	H1 FY2021	H1 FY2020	% Change	FY 2020
Zinc (US$ per tonne) unit cost	1,349	1,652	(18%)	1,665

The unit cost of production decreased by 18% to US$ 1,349 per tonne from US$ 1,652 per tonne in the previous period. This was mainly driven by higher Gamsberg volumes, exchange rate depreciation, high cost Skorpion going under care and maintenance along with lower inputs costs on diesel and consumables.

Financial Performance

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% Change	FY 2020
Revenue	134	245	45%	441
EBITDA	44	48	(9%)	54
EBITDA margin	32%	20%	-	12%
Depreciation	19	49	(61%)	89
Operating profit before special items	25	(1)	-	(36)
Share in group EBITDA %	3%	3%	-	2%
Capital expenditure	15	50	(69%)	101
Sustaining	13	40	(66%)	80
Growth	2	10	(80%)	21

During the period, revenue decreased by 45% to US$ 134 million, driven by lower overall production and sales volumes and lower LME in H1 FY2021. The same factors, combined with a lower cost of production, resulted in an EBITDA of US$ 45 million.

Outlook

In FY2021, we expect production volumes from BMM to be around 60kt and Gamsberg to be around 150kt with full ramp up by Q4 FY21.The cost of production is expected to be around US$ 1,300 ton.

OIL & GAS

The year in summary:

During H1 FY2021, Oil & Gas business delivered gross operated production of 162 kboepd, lower by 10% y-o-y. This was mainly due to delay in execution of growth projects due to implementation of nationwide lockdown imposed by the Government of India to curb the spread of COVID-19 and natural reservoir decline at the MBA fields. Business continues to drive all efforts towards volume growth via capacity additions, new wells and surface facilities. During H1 FY2021, 23 wells have been hooked up across all assets.

In OALP blocks, we implemented the largest onshore Full Tensor Gravity Gradiometry™ (FTG) airborne survey in India to optimize time and cost-intensive seismic data acquisition to fast track drilling. Early drilling opportunities have been identified based on reprocessing and interpretation of vintage data in Rajasthan, Assam & Cambay regions. First well has been spudded in Rajasthan and drilling is in progress.

Production performance

	Unit	H1 FY2021	H1 FY2020	% change	FY 2020
Gross operated production	Boepd	161,929	179,398	(10%)	172,971
Rajasthan	Boepd	130,128	149,790	(13%)	144,260
Ravva	Boepd	21,822	13,015	68%	14,232
Cambay	Boepd	9,978	16,593	(40%)	14,479
Oil	Boepd	142,459	163,473	(13%)	154,677
Gas	Mmscfd	116.8	95.5	22%	109.8
Net production – working interest	Boepd	100,382	114,783	(13%)	110,459
Oil*	Boepd	89,281	105,540	(15%)	99,709
Gas	Mmscfd	66.6	55.5	20%	64.5
Gross operated production	Mmboe	29.6	32.8	(10%)	63.3
Net production – working interest	Mmboe	18.4	21.0	(13%)	40.4

** Includes net production of 391 boepd in H1 FY2021 and 365 boepd in H1 FY2020 from KG-ONN block, which is operated by ONGC. Cairn holds a 49% stake.*

Operations

Average gross operated production across our assets was 10% lower y-o-y at 161,929 boepd. The company's production from the Rajasthan block was 130,128 boepd, 13% lower y-o-y. The decrease was primarily due to delay in execution of growth projects due to COVID-19 restrictions and natural reservoir decline at the MBA fields. The decline was partly offset by gains accruing from ramp up of early gas production facilities and new wells brought online. Production from the offshore assets, was at 31,801 boepd, 7% higher y-o-y, supported by production from new wells drilled through Ravva drilling campaign commenced as a part of growth project during FY2020.

Production details by block are summarized below.

Rajasthan block

Gross production from the Rajasthan block averaged 130,128 boepd, 13% lower y-o-y. This decrease was primarily due to delay in execution of growth projects due to implementation of nationwide lockdown imposed by the Government of India to curb the spread of COVID-19 and natural reservoir decline at the MBA fields. The decline was partially offset by increase in gas production through early production facility and new wells brought online for growth projects and production optimization activities.

As part of the growth projects in Rajasthan 232 wells have been drilled. Of these 92 wells have been brought online till date.

Gas production from Raageshwari Deep Gas (RDG) averaged 109 million standard cubic feet per day (mmscfd) in H1 FY2021, with gas sales, post captive consumption, at 82 mmscfd.

On 26th October 2018, the Government of India, acting through the Directorate General of Hydrocarbons (DGH), Ministry of Petroleum and Natural Gas, has granted its approval for a ten-year extension of the PSC for the Rajasthan block, RJ-ON-90/1, subject to certain conditions, with effect from 15 May 2020. The applicability of the Pre-NELP extension policy to the RJ Block PSC is currently sub-judice and the matter is listed for hearing on 14th January 2020.

We have served notice of Arbitration on the GoI in respect of the audit demand raised by DGH based on PSC provisions. The Government has accepted it and the arbitration tribunal stands constituted. It is our position that there is no liability arising under the PSC owing to these purported audited exceptions. The audit exceptions do not constitute demand and hence shall be resolved as per the PSC provisions.

The Tribunal had a first procedural hearing on 24th October on which Vedanta also filed its application for interim relief. The Tribunal has posted the hearing on application for 15th December 2020. Further, on 23rd September 2020 GoI filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. The bench has not been inclined to pass any ex-parte orders and posted the matter for hearing on 10th December 2020.

Further to above stated letter from GoI on 26th October 2018, in view of pending non-finalization of the Addendum to PSC, the GoI granted, permission to the Oil & Gas business to continue petroleum operations in Rajasthan block, till the execution of the Addendum to PSC or 31st January 2021, whichever is earlier.

Ravva block

The Ravva block produced at an average rate of 21,822 boepd, higher by 68% y-o-y. This was primarily due to new wells bought online through Ravva drilling campaign commenced as a part of growth project during FY2020.

This development drilling campaign has been successfully completed.

Cambay block

The Cambay block produced at an average rate of 9,978 boepd, lower by 40% y-o-y. This was primarily due to natural field decline partially offset by production optimization measures.

Prices

Particulars	H1 FY2021	H1 FY2020	% change	FY2020
Average Brent prices –US$/barrel	36.1	65.4	(45%)	60.9

Crude oil price averaged US$36.1 per barrel, compared to US$65.4 per barrel in previous year driven by multiple reasons shifting the world from the era of supply disruption to plenty. Global economic indicators continued to be adversely impacted due to the COVID-19 pandemic.

Early in the year, oil prices fell drastically as the markets struggled with a rapidly filling storage capacity and massive crude oil glut amid a collapse in demand caused by the coronavirus outbreak. However, OPEC's agreement on accelerated production cuts and easing lockdown restrictions worldwide, supported prices.

Prices continued extending gains in second quarter, climbing to a six-month high as physical market fundamentals continued to recover, and the surplus in the market eased, which was reflected from the decline in crude oil stocks, and recovery in refinery operations and utilization rates in the major economies.

Financial performance

($mn, unless stated)

Particulars	H1 FY2021	H1 FY2020	% change	FY2020
Revenue	408	904	(55%)	1,787
EBITDA	175	525	(67%)	1,032
EBITDA margin	43%	58%	-	58%
Depreciation and amortisation	142	276	(49%)	566
Operating profit before special items	33	249	(87%)	466
Share in Group EBITDA %	13%	38%	-	34%
Capital expenditure	89	231	(61%)	495
Sustaining	2	8	(71%)	19
Growth	87	224	(61%)	476

Revenue for H1 FY2021 was 55% lower y-o-y at $408 million (after profit petroleum and royalty sharing with the Government of India), owing to fall in oil price realization and lower volumes. EBITDA of H1 FY2021 was at $174 million, lower by 67% y-o-y in line with the lower revenue.

The Rajasthan operating cost was US$7.2 per barrel in H1 FY2021 compared to US$8.2 per barrel in the previous year, primarily driven by cost optimisation initiatives and lower maintenance activities due to COVID-19.

A. Growth Projects Development

The Oil & Gas business has a robust portfolio of development opportunities with the potential to deliver incremental volumes. In order to execute these projects on time and within budget, we have devised an integrated project development strategy, with an in-built risk and reward mechanism. This new strategy is being delivered in partnership with leading global oilfield service companies.

Mangala infill, enhanced oil recovery (EOR) and Alkaline Surfactant Polymer (ASP)

The field is currently under full field polymer injection. In addition, to increase the ultimate oil recovery and support production volumes, we are executing a 45-well infill drilling campaign in Mangala field. Till September 2020, the planned 45 wells have been drilled and of these 34 wells are hooked up.

Going forward, the Alkaline surfactant polymer (ASP) project at Mangala will enable incremental recovery from the prolific Mangala field. The project entails drilling wells and developing infrastructure facilities at the Mangala Processing Terminal.

Bhagyam & Aishwarya Enhanced Oil Recovery (EOR)

The enhanced oil recovery project at Bhagyam and Aishwariya is progressing as per plan. Till September 2020, the planned 28 wells in Bhagyam and 14 wells in Aishwarya have been drilled. Of these 19 wells in Bhagyam and 8 wells in Aishwarya are hooked up. Surface facility development for polymer implementation has commenced and polymer injection is ongoing in Bhagyam.

Tight oil and gas projects

Tight oil: Aishwariya Barmer Hill (ABH)

Aishwariya Barmer Hill (ABH) is the first tight oil project to monetise the Barmer hill potential. All 39 wells have been drilled and 16 wells are hooked up. Surface facility is under construction and to be commissioned by Q3 FY2021.

Tight gas: Raageshwari deep gas (RDG) development

Early production facility has been commissioned and ramped up to its designed capacity of 90 mmscfd.

Further construction of gas terminal through integrated contract is expected be completed by Q3 FY2021. This shall lead to incremental sales of ~100 mmscfd.

In order to realize the full potential of the gas reservoir, drilling of 42 wells is underway. 26 wells have been drilled, of which 9 wells are online.

Other projects

Satellite Field Development

In order to monetise the satellite fields, an integrated contract for the appraisal and development activity through global technology partnership has commenced. Till September 2020, 12 wells have been drilled

Surface facility upgradation

Intra-field pipeline augmentation project has been completed, the MPT surface facility augmentation project is expected to be commissioned by Q3 FY2021. The project will lead to the expansion in the liquid handling capacity by 30%.

Ravva development

An integrated development campaign which was commenced in Q3 FY2020 got completed in H1 FY2021. Seven well drilling program resulted in ~11 kboepd of incremental volumes from Ravva Block.

B. Exploration and Appraisal

Rajasthan - (BLOCK RJ-ON-90/1)

Rajasthan exploration

The Rajasthan portfolio provide access to multiple play types with oil in high permeability reservoirs, tight oil and tight gas. We intend to drill 12 low to medium risk and medium to high reward exploration wells with resources potential of >900 mmboe.

Tight oil appraisal

The appraisal program of four fields (Vijaya & Vandana, Mangala Barmer Hill, DP and Shakti) entails the drilling and extended testing of 10 new wells with multi-stage hydraulic fracturing. Till September 2020, 7 wells have been drilled.

Open Acreage Licensing Policy (OALP)

Under the Open Acreage Licensing Policy (OALP), revenue-sharing contracts have been signed for 51 blocks located primarily in established basins, including some optimally close to existing infrastructure.

Full Tensor Gravity Gradiometry™ (FTG) airborne survey implemented to prioritise area of hydrocarbon prospectivity has been completed in Assam & Kutch region, and ongoing in Rajasthan & Cambay region. The exploration prospect maturation process is digitalized to fastrack the decision to drill.

Initial phase of seismic acquisition program has been completed in Assam, Cambay and Offshore GS-GK region and is ongoing in Rajasthan. Contracts for seismic processing have been awarded and processing is underway.

Early drilling opportunities have been identified based on reprocessing and interpretation of vintage data in Rajasthan, Assam & Cambay region. It is planned to utilize modular production facilities Extended Well Test (EWT), Quick Production Facility (QPF) to fastrack production.

First well KW-2 Udip has been spudded in Rajasthan and drilling is in progress.

Strategic Priorities & Outlook

Vedanta’s Oil & Gas business has a robust portfolio mix comprising of exploration prospects spread across basins in India, development projects in the prolific producing blocks and stable operations which generate robust cash flows.

The key priority ahead is to deliver our commitments from our world class resources with ‘zero harm, zero waste and zero discharge:

- Increase in near term volumes by commissioning the gas processing terminal and completion of surface facilities for Aishwariya Barmer Hill
- Increase recovery through full field injection in Bhagyam & Aishwariya Fields
- Unlock the potential of the exploration portfolio comprising of OALP and PSC blocks
- Continue to operate at a low cost-base and generate free cash flow post-capex;

ALUMINIUM

Summary

Our Lanjigarh Alumina Refinery recorded one of the highest half yearly production at 938 kt, up 10% y-o-y driven by operational excellence and cost reduction efforts. With continued focus on structured cost reduction and various initiatives, the aluminium hot metal cost of production for H1 FY2021 was 29% lower y-o-y.

Further, we are focusing on reducing our hot metal cost to be in range of US$ 1,300 – 1,350 per tonne for FY2021.

Production performance

Production (kt)	H1 FY2021	H1 FY2020	% change	FY 2020
Alumina – Lanjigarh	938	856	10%	1,811
Total aluminium production	941	947	(1%)	1,904
Jharsuguda I	263	271	(3%)	543
Jharsuguda II[1]	399	401	-	800
BALCO I	131	126	4%	256
BALCO II	149	150	(1%)	305

Alumina refinery: Lanjigarh

At Lanjigarh, production increased to 937,639 tonnes, up 10% y-o-y through plant debottlenecking and improved plant operating parameters. Increasing captive alumina production and local bauxite sourcing are key in our efforts to drive the aluminium costs lower. We continue to work towards the expansion of the refinery, subject to bauxite availability.

Aluminium smelters

Production for H1 FY2021 stood at 941,212 tonnes, lower by 1% y-o-y (including trial run).

Jharsuguda I & II smelter

Production from the Jharsuguda I smelter stood at 263,074 tonnes, 3% lower y-o-y and Jharsuguda-II smelter stood at 399,347 tonnes, flat y-o-y.

BALCO I & II smelters

Production from BALCO I was higher by 4% & lower by 1% from smelter II, y-o-y.

Prices

	H1 FY2021	H1 FY2020	% Change	FY 2020
Average LME cash settlement prices (US$ per tonne)	1,604	1,777	(10%)	1,749

Average LME prices for aluminium in H1 FY2021 stood at US$ 1,604 per tonne, a decrease of 10% y-o-y. LME saw a sharp fall in Q1 FY2021, when COVID-19 was at peak and there was significant uncertainty in the market, in general, and global industrial output fell including the automotive and electrical sectors. The LME started to look up as industrial activity resumed across most geographies and LME is currently showing very healthy trends in the past few months.

[1] *Includes trial run production of 106 tonnes in H1FY21 and Nil tonnes in H1FY20*

Unit costs

(US$ per tonne)

	H1 FY2021	H1 FY2020	% Change	FY 2020
Alumina cost (ex-Lanjigarh)	222	289	(23%)	275
Aluminium hot metal production cost	1,278	1,810	(29%)	1,690
Jharsuguda CoP	1,239	1,822	(32%)	1,686
BALCO CoP	1,370	1,781	(23%)	1,700

During H1 FY2021, the cost of production (CoP) of alumina at Lanjigarh refinery was 23% down y-o-y at US$ 222 per tonne, driven primarily by significant improvement plant operating parameters performance. In H1 FY2021, the total bauxite requirement was met from Odisha (48%) and imports (52%). In comparison, our H1 FY2020, bauxite requirement was met from Odisha (62%), Chhattisgarh (8%) and imports (30%).

The Cost of production (CoP) of hot metal at Jharsuguda in H1 FY2021 was US$ 1,239 per tonne, down from US$ 1,822 in H1 FY2020. The CoP at BALCO fell to US$ 1,370 per tonne in H1 FY2021 from US$ 1,781 in H1 FY2020. The decrease in costs for both smelters were primarily due to improving captive alumina mix and lower alumina price indices. It was also supported by lower power costs, driven by coal cost reduction and tailwinds in input raw material prices.

Financial performance

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% Change	FY 2020
Revenue	1,662	1,917	(13%)	3,751
EBITDA	397	9	-	281
EBITDA margin	24%	-	-	8%
Depreciation and amortisation	112	118	(5%)	233
Operating profit before special items	285	(109)	-	48
Share in group EBITDA (%)	28%	1%	-	9%
Capital expenditure	80	91	(11%)	153
Sustaining	54	52	5%	96
Growth	26	39	(33%)	57

Revenue for H1 FY2021 stood at US$ 1,662 million, lower by 13% y-o-y driven primarily by lower Aluminium LME prices.

EBITDA was higher at US$ 397 million (H1 FY2019: US$ 9 million) driven by lower cost of production across captive alumina and power costs, supported by tailwinds in input commodity prices partially offset by lower Aluminium LME prices.

Outlook

In wake of COVID-19 concerns, the initial months of FY2021 seemed uncertain with aluminium consumers either reducing or shutting production across geographies. The global maritime supply chain was also running delayed timelines. The global macro-economic situation has dramatically improved and the aluminium LME has moved upwards to near-2,000 $/T levels in recent months.

The input commodity prices continue to be low, we are looking at ways to continuously optimise our controllable costs, while also increasing the price realisation in order to improve profitability in a sustainable way.

We are working towards improving our local bauxite sourcing to feed the alumina refinery. Lanjigarh refinery ramp-up, subject to bauxite availability, will improve captive alumina production and support our structural cost reduction.

On coal, we are targeting to further improve coal security through additional linkages from future auctions and operationalising our coal blocks. We recently won the Radhikapur (West) coal block in the auctions held by the government. We are also focusing on reducing coal quality losses as well as improvements in logistics and plant operating parameters, which should help reduce non-coal costs.

In FY2021, we expect production at our Lanjigarh refinery of around 1.8 – 1.9 million tonnes, and aluminium production at Jharsuguda and BALCO smelters of around 1.9 – 1.95 million tonnes. We expect the full year aluminium hot metal cost of production to be in the range of US$ 1,300 - 1,350 per tonne.

Strategic priorities

Our focus and priorities will be to:

- Health & safety of our employees, our business partners and customers;
- deliver stable alumina and aluminium production;
- enhance our raw material security of bauxite & alumina;
- improve coal linkage security and operationalize our coal blocks;
- improve our plant operating parameters across locations; and
- improve realizations by improving our value-added product portfolio.

POWER

Summary

In H1 FY2021, Talwandi Sabo Power Plant (TSPL) achieved availability of 89%. Further, plant load factors for the Jharsuguda IPP was considerably higher and BALCO IPP maintained its performance.

Production performance

	H1 FY2021	H1 FY2020	% Change	FY2020
Total power sales (MU)	5,843	6,776	(14)%	11,162
- Jharsuguda 600 MW	1,493	287	-	776
- BALCO 300 MW	821	878	(7%)	1,726
- MALCO[1]	-	-	-	-
- HZL wind power	219	298	(27%)	437
- TSPL	3,310	5,312	(38%)	8,223
- TSPL – availability	89%	93%	(4%)	91%

1. Continues to be under care and maintenance since 26 May 2017

Operations

Power sales from TSPL were 3,310 million units, 38% down y-o-y. The power purchase agreement with the Punjab state compensates us based on the availability of the plant. TSPL operated at plant availability factor of 89% in H1 FY2021.

The Jharsuguda 600MW power plant operated at a lower plant load factor (PLF) of 61% in H1 FY2021 (Q1 FY2021: 56%, Q2 FY2021: 65%, H1 FY2020: 3%).

The BALCO 300MW IPP operated at a PLF of 68% in H1 FY2021 (Q1 FY2021: 67%, Q2 FY2021: 69%, H1 FY2020: 68%) and continues to supply to its customers under long-term power purchase agreements.

Unit sales and costs

	H1 FY2021	H1 FY2020	% Change	FY 2020
Sales realisation ex TSPL (US cent/kWh)[1]	4.2	5.1	(18%)	5.1
Cost of production ex TSPL (US cent/kWh)[1]	2.9	3.5	(17%)	3.5
TSPL sales realisation (US cent/kWh)[2]	4.2	6.3	(34%)	5.3
TSPL cost of production (US cent/kWh)[2]	2.9	4.8	(39%)	3.8

1 *Power generation excluding TSPL*
2 *TSPL sales realisation and cost of production is considered above based on availability declared during the respective period*

Average power sales prices, excluding TSPL, decreased by 18% y-o-y. Power generation cost was at US cents 2.9 per kWh, down by 17% y-o-y.

TSPL's average sales price was lower at US cents 4.2 per kWh in H1 FY2021 compared to US cents 6.3 per kWh in H1 FY2020, lower by 33% y-o-y. Power generation cost at TSPL was lower at US cents 2.9 per kWh in H1 FY2021 compared with US cents 4.8 per kWh in the previous year.

Financial performance

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% change	FY 2020
Revenue	385	479	(20%)	827
EBITDA	116	116	0%	233
EBITDA margin	30%	24%	-	28%
Depreciation and amortisation	39	42	(7%)	81
Operating profit before special items	77	74	4%	151
Share in group EBITDA%	8%	8%	-	8%
Capital expenditure	4	2	-	3
Sustaining	2	2	35%	3
Growth	2	0	-	-

**Excluding one-offs*

EBITDA for the period flat y-o-y at US$ 116 million primarily on account of lower capacity charges.

Outlook

We will remain focused on maintaining highest levels of plant availability at TSPL and achieving higher plant load factors at our BALCO 300 MW IPP and Jharsuguda 600MW IPP.

IRON ORE

Summary

Operations in Goa continue to be suspended in H1 FY2021. We continuously engage with State & Central Government with the support of people adversely impacted by the Supreme Court's State-wide ban for resumption of mining in Goa.

The production from Iron Ore Karnataka is expected to be around 4.8 wet million tonnes (WMT).

Production performance

	H1 FY2021	H1 FY2020	% Change	FY 2020
Production (dmt)				
Saleable ore	2.4	2.4	0%	4.4
Goa	-	0.0	-	-
Karnataka	2.4	2.4	0%	4.4
Pig iron (kt)	295	354	(17%)	681
Sales (dmt)				
- Iron ore	2.5	2.6	(5%)	6.6
- Goa	0.7	0.0	-	0.9
- Karnataka	1.8	2.6	(33%)	5.8
- Pig iron (kt)	291	330	(12%)	666

Operations

At Goa, there were no operations pursuant to the Supreme Court judgment dated 07 February 2018, directing mining operations in Goa to cease with effect from 16 March 2018. We continue to engage with the Government with the aim of resuming mining there.

We have bought 0.5 million tonnes low grade iron ore in recent auctions held by Goa Government which will help us to cover our fixed cost at Goa and to cater requirement of our pig iron plant at Amona.

At Karnataka, production was 2.4 million tonnes in H1 FY2021, sales stood at 1.8 million tonnes, down by 33% y-o-y majorly due to COVID 19 impact in current year.

During the half-year, pig iron production was 16% lower y-o-y at 295,000 tonnes.

Prices

The pig iron margin increased from US$ 21 per tonne in H1 FY2020 to US$ 58 per tonne in H1 FY2021, primarily on account of falling coking coal prices.

Financial performance

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% Change	FY 2020
Revenue	203	222	(9%)	489
EBITDA	61	45	36%	117
EBITDA margin	30%	20%	-	24%
Depreciation	15	19	(24%)	34
Operating (loss) before special items	46	26	76%	83
Share in group EBITDA %	4%	3%	36%	4%
Capital expenditure	2	3	36%	10
Sustaining	4	3	30%	9
Growth	(2)	0	-	1

In H1 FY 2021, Revenue was at US$ 203 million, down by 9% y-o-y mainly due to lower sales volumes at Karnataka and value-added business partially offset by sales at Goa in H1 FY 2021. Iron ore Karnataka sales have reduced by 33% y-o-y.

In H1 FY2021, EBITDA was US$ 61 million compared with US$ 45 million in H1 FY2020, higher 36% y-o-y. This was mainly due to export sales from Goa, improved margin at Value added Business partially offset by lower sales volume at Karnataka.

Outlook

The Company continues to explore all legal avenues to secure the reinstatement of mining operations in Goa and increase our footprints in Iron Ore by continuing to participate in auctions across the country including Karnataka & Jharkhand.

At Karnataka, the production is expected to be 4.8 WMT.

STEEL

Summary

In H1 FY2021, the hot metal production was 577kt, down by 10% y-o-y. This was majorly impacted due to partial BF operations owing to sluggish domestic demand due to COVID 19 disruption in the first two months of the year. Full-fledged operations continued from 28th May, 2020. Clogging of distribution channels due to the COVID disruption led to lower sales realisation, providing volume support, but hitting the profit and profitability. ESL exported 45% of the total sales quantum of Q1 FY2021 to ensure that we continue to get volume support while keeping our finished goods and inventories under check. To negate the volume loss, ESL reduced the annual shutdown time in Q2 FY 2021. With the domestic demand picking up & steel price scenario looking good, the company is confident of a strong performance in H2 FY2021.

Production performance

Particulars	H1 FY2021	H1 FY2020	% Change	FY 2020
Production (Kt)	528	593	(11%)	1,231
Pig iron	110	73	51%	167
Billet	135	41	-	27
TMT bar	95	217	(56%)	468
Wire rod	140	187	(25%)	413
Ductile iron pipes	47	76	(37%)	155

Operations

ESL achieved 528,000 tonnes of saleable production during H1 FY2021, down 11% y-o-y due to lower hot metal availability owing to partial BF operations.

The priority remains to enhance production of value-added products (VAPs) i.e. TMT bar, wire rods and DI Pipe. During H1 FY2021, VAP production was 283,000 MT compared to 479,000 MT. VAP for Q1 FY 2021 were largely impacted due to higher billet exports and hence mills and DIP production were lower.

ESL's consent to operate the greenfield integrated steel plant at Bokaro was not renewed by the JSPCB following its expiry in December 2017. A writ petition was filed by ESL before the Jharkhand High Court against the orders issued by the JSPCB of rejecting ESL's application for the renewal of its consent to operate. The MoEF issued an order on 20 September, 2018 revoking the environment clearance of ESL which was also challenged before the Jharkhand High Court in a separate writ petition. The Jharkhand High Court granted a stay against orders on MoEF and JSPCB and allowed the plant operations to continue till the next date of hearing and also allowed ESL to apply for statutory clearance without prejudice to its rights and contentions. Pursuant to this order ESL has applied for forest diversion proposal on 4 October 2018 without prejudice to its rights and contentions. On 16 September 2020, the Jharkhand High Court passed an order that the plant operations were to continue only until 23 September, 2020 (the "September 2020 Jharkhand High Court Order"). ESL filed a special leave petition before the Supreme Court of India and in an urgent hearing on 22 September, 2020, the Supreme Court of India granted ESL a stay of the September 2020 Jharkhand High Court Order and granted ESL permission to continue operating the plant until further orders from the Supreme Court of India.

Prices

(US$ per tonne)

	H1 FY2021	H1 FY2020	% change	FY2020
Pig iron	341	358	(5%)	354
Billet	331	425	(22%)	418
TMT	464	517	(10%)	494
Wire rod	462	570	(19%)	519
DI pipe	556	622	(11%)	602
Average sales realisation	416	524	(21%)	495

Average sales realisation decreased 21% y-o-y from US$ 524 to US$ 416 per tonne in H1 FY2021. Though the drop is largely attributable to the adverse sales mix, but the individual prices had also moved downwards. Prices of iron & steel are influenced by several macro-economic factors. These include government spend on infrastructure, emphasis on development projects, demand supply forces, the Purchasing Managers' Index (PMI) in India and production and inventory levels across the globe, especially China.

Unit costs

	H1 FY2021	H1 FY2020	% change	FY2020
Steel (US$ per tonne)	349	460	(24%)	418

The cost of production stood at US$ 349 per tonne in H1 FY2021, down by 24%. This was an outcome of softening of commodity prices and improvement in key operational metrics which includes optimisation of lower grade iron ore fines, improvement in coke rate consumption, and higher pulverised coal injection (PCI) consumption in blast furnaces. Conscious laycan delay to take falling index advantage has also crystallised as a part of commercial excellence, thereby adding to the reduction in cost.

Financial performance

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% change	FY 2020
Revenue	251	299	(16%)	604
EBITDA	39	31	26%	83
EBITDA margin	15%	10%	-	14%
Depreciation and amortisation	17	17	(1%)	34
Operating profit before special items	22	14	52%	49
Share in group EBITDA%	3%	2%	26%	3%
Capital expenditure	1	4	(77%)	11
Sustaining	7	4	80%	11
Growth	(6)	-	-	0

Revenue for the period H1FY2021, stood at US$ 251 million, lower by 16% y-o-y. This is mainly driven by lower volume in line with lower production due to the COVID disruption.

EBITDA for the period stood at US$ 39 million, higher by 26% y-o-y. This was driven by lower cost of production (349 $/tonne in H1 FY2021 vs 461 $/tonne in H2 FY2020) and higher sales volume, partially offset by lower sales realisation.

Outlook

Hot metal production is expected to be c.1.33mtpa in FY2021.

COPPER – INDIA / AUSTRALIA

Summary

The copper smelter at Tuticorin was under shutdown for H1 FY2021. We continue to engage with the Government, local communities and other relevant stakeholders to enable the restart of operations at Tuticorin.

Production performance

	H1 FY2021	H1 FY2020	% Change	FY 2020
Production (Kt)				
- India – cathode	41	31	31%	77

Operations

The Company's application for renewal of Consent to Operate (CTO) for existing copper smelter was rejected by Tamil Nadu Pollution Control Board (TNPCB) in April 2018. Subsequently the Government of Tamil Nadu order dated 28 May 2018 issued directions to seal the existing copper smelter plant permanently. The Company has appealed before the National Green Tribunal (NGT). NGT in its order dated 15 December 2018 has set aside the impugned orders and directed the TNPCB to pass fresh orders for renewal of consent and authorization to handle hazardous substances, subject to appropriate conditions for protection of environment in accordance with law. The State of Tamil Nadu and TNPCB approached Supreme Court in Civil Appeals on 02 January 2019 challenging the judgment of NGT dated 15 December 2018 and the previously passed judgment of NGT dated 08 August 2013. The Supreme Court its judgment dated 18 February 2019 set aside the judgments of NGT dated 15 December 2018 and 08 August 2013 on the basis of maintainability alone.

The company has also filed a writ petition before Madras High Court challenging the various orders passed against the company in 2018 and 2013. On August 18, 2020, the Madras High Court delivered the judgment wherein it dismissed the Writ Petitions filed by the Company. The Company approached the Supreme Court and challenged the said High Court order by way of a Special Leave Petition (SLP) to Appeal and also sought interim relief in terms of access to the plant for purposes of care & maintenance of the Plant.

The Matter was then listed on 2nd December 2020 before Supreme Court. after having heard both the sides concluded that at this stage the interim relief in terms of trial run could not be allowed. Further, considering the voluminous nature of documents and pleadings, the matter shall be finally heard on merits. The case will be listed once physical hearing resumes in Supreme court.

Furthermore, the High Court of Madras in a Public Interest Litigation held that the application for renewal of the Environmental Clearance (EC) for the Expansion Project shall be processed after a mandatory public hearing and in the interim ordered the Company to cease construction and all other activities on the site with immediate effect.

Ministry of Environment and Forests (MoEF) has delisted the expansion project since the matter is sub judice. However, in the meanwhile, State Industries Promotion Corporation of Tamil Nadu (SIPCOT) cancelled the land allotted for the proposed Expansion Project and TNPCB issued order directing the withdrawal of the Consent to Establish (CTE) which was valid till 31 March 2023.

The Company has approached Madras High Court by way of writ petition challenging the cancellation of lease deeds by SIPCOT pursuant to which an interim stay has been granted. The Company has also filed Appeals before the TNPCB Appellate Authority challenging withdrawal of CTE by the TNPCB, the matter is pending for adjudication.

In the interim, we continue with our engagement with the local communities and stakeholders through various outreach and CSR.

Our Silvassa refinery and wire rod plant continues to operate. This enables us to cater to our domestic market.

Our copper mine in Australia has remained under extended care and maintenance since 2013. However, we continue to evaluate various options for its profitable restart, given current favourable government support.

Financial performance

(US$ million, unless stated)

	H1 FY2021	H1 FY2020	% change	FY 2020
Revenue	572	709	(19%)	1278
EBITDA◊	(6)	(23)	(72%)	(40)
EBITDA margin	(1%)	(3%)	-	(3%)
Depreciation and amortisation	10	11	(4%)	21
Operating profit before special items	(16)	(34)	(54%)	(61)
Share in Group EBITDA %	0%	(2%)	-	(1%)
Capital expenditure	2	7	(78%)	15
Sustaining	2	6	(75%)	8
Growth	0	1	-	7

During H1 FY2021, revenue stood at US$ 572 million and EBITDA was US$ (6) million.

Outlook

On restart, we expect production to remain at around 100,000 tonnes per quarter.

PORT BUSINESS

Vizag General Cargo Berth (VGCB)

During H1FY2021, VGCB operations showed a decrease of 33% in discharge and 29% in dispatch compared to H1 FY2020. This was mainly driven by nationwide lockdown due to COVID-19 & lower imports in the region.

SUSTAINABILITY

Our Sustainable Development Model is built to allow us to respond to the material concerns of our business.

This year, we have taken several steps to push forward our sustainability agenda. In H1 FY2020, we refreshed our materiality framework after undertaking an extensive stakeholder engagement exercise that saw us reach out to nearly 3,000 stakeholders from across our businesses. During the current financial year, we continue using the findings from the exercise to inform our sustainability roadmap. We have also made progress on our social performance vision. We now have a central social performance team headed by Director of Social Performance and similar structure at the business units as well.

Health & safety

Safeguarding the well-being of our workforce is of paramount importance. We fiercely advocate a zero-harm culture at Vedanta. In H1 FY2021, we continued to focus on implementing our group-wide key Safety Performance Standards. However, we are deeply saddened by the loss of three lives at our businesses during H1. In response we have doubled-down on the monitoring of our safety culture with a focus on three organization-wide KPIs:

- Visible Felt Leadership along with senior leader's personal safety plans – the effort in the area of bringing senior leaders out to the field to determine a cultural change towards safety and increase accountability
- A vehicle and driving committee – to ensure accidents in the area of vehicles and driving is reduced a group wide vehicle and driving committee was instated, the findings have been presented to the business units and the implementation of the recommendation is being tracked
- Business partner engagement – where the focus is to ensure that our long-term business partners are held to the same safety standards as our employees and for short-term business partners, we follow a stringent on-boarding process that lays an emphasis on their safety management systems and awareness of safety critical behaviours and practices

During H1 FY2021, our LTIFR (Lost Time Injury Frequency Rate) was 0.60 (FY2020: 0.67).

Environmental Management

Disclosure about the status of our tailings facilities has been uploaded onto our website – in line with the request received from the Church of England.

We are also working to realign our water balancing and measurement approach with ICMM's water reporting guidelines. A pilot is currently underway a BALCO to evaluate how these guidelines can be translated to the rest of the businesses.

We are focused on a zero-based concept for this financial year and are currently in the process of reviewing the status of zero emissions, zero discharge and zero waste at sites. Aligned to our vision there is a group wide non-compliances review to fully align the action plan for closure of site wise non-compliances.

Social Performance

We believe Vedanta's role is to create value for all stakeholders, and that the communities in and around the areas in which we operate should share that value. Together with shared financial, economic and social values, this will help us maintain our license to operate.

Vedanta makes significant contributions to partner with local governments and to help them achieve their developmental goals; to strengthen national and local economies; and to build infrastructure and facilities for local education and healthcare. Our flagship CSR initiative, 'Project Nand Ghar' is on track with 1,038 Nand Ghars built so far and 536 under construction in FY2020. The Nand Ghar's help support 41,000 children and 31,000 women. These act as a catalyst for all-round social development, with the centres providing interactive learning facilities for children and entrepreneurial training for women.

HEALTH, SAFETY & ENVIRONMENT

In H1 FY2021, we strengthened our focus on re-enforcing safety standards. However, we are deeply saddened by the loss of three lives at our businesses during H1 FY2021. In response, we have doubled down on the monitoring of our safety culture and have taken various initiatives for HSE in each business. The brief details of such initiatives across businesses are given below.

ZINC INDIA

The LTIFR was recorded at 0.78 compared 1.03 in the previous year. During this H1 there is no fatality in any of our operating location. The year has experienced the unexpected pandemic COVID 19. In view of COVID 19 we are implementing extensive protocols in response to COVID-19 to safeguard our employees, their families and to support business continuity.

An advisory was been issued for precautionary measures along with awareness campaigns and drive for disinfecting plant conducted across the Company. The Company's operations were halted during the lockdown period and employees encouraged to work from home while some employees attended to call for duty to keep production assets safe. To ensure business continuity, a committee COVID-19 Response 'War Room' was organised with the objective of identifying and implementing urgent business decisions. We also engaged the SHG women in our communities to stitch and distribute cloth masks among the villagers, police and administration officials. Our teams worked with civil administration to ensure food grains reach vulnerable people.

Key Actions taken across Business

- HZL guideline on safe start-up of plant rolled-out .
- Temperature screening of each employee while entering site
- Switched to virtual meetings and using IT solutions for meetings/trainings
- Mandatory usage of masks inside premises and adequate disposal procedures
- Stopped Biometric attendance system at all locations and replaced with laser card guided attendance
- Strict assurance to 06 feet social distance practice at sites and office premises
- Reduction of footfall by implementing shift roasters and promotion of work from home wherever feasible
- Effective sanitation and hand washing provisions and distributed soaps / sanitizers to workers / employees
- Training to employees on COVID-19 prevention techniques and providing awareness through audio messages, hoardings, signages, pamphlets, banners etc.
- Taking Care of hospitalisation for all employees and business partners impacted by COVID across HZL.
- Massive sanitisation carried out at sites.
- COVID dashboard prepared for tracking cases.

Several steps have been taken to enable a safer work environment:

- Alcohol and Drug free workplace along with guidelines rolled out.
- During the year, rolled out SOP on Hydro-testing, Hand tool Management standard, Load Haul Dump operation standard, Secondary Breaking Standard, Acid plant standard, Industrial Hygiene standard, Hand/power tools standard and Material handling standard.
- Rolled out an effective incentive and penalty schemes for business partners
- Business partner Safety Management system review programme i.e. SAMEEKSHA initiated.

- HZL has launched its flagship Business Partner Performance Improvement Program to strengthen its safety culture and achieve best-in-class asset performance across all its locations. 25 business partners across the 6 locations are part of this programme.
- Structural stability Assurance programme developed and action plan developed for RED Category structures
- Business wise drive on Sump/pit/vat/Tank /bulk audit across HZL. Total 8575 points identified and closed
- Qualitative exposure limit study conducted at RAM by M/s ISS

Safety Innovation

- Horizontal unloading of the concentrate to eliminate toppling incidents across HZL.
- Feed port automation of the SKS furnace -Dariba smelting complex.
- Commissioning of the Demolition Tool in pyro smelter to avoid the manual intervention in the hot metal ladles and refining kettles.
- Cool tube installation and commissioning in mines for the safety of worker in the underground mines.

Environment

The business delivered steady performance in resources conservation and recycling. During the reporting period the water recycling rate was at 37% and waste recycling was 33%.

Hindustan Zinc's Sewage Treatment Plants expand capacity to 55 MLD and we have certified as 2.41x water-positive company. Initiatives such as rainwater harvesting, recharge to groundwater and the use of treated sewage water have enabled us to achieve this distinction. We have established our Sustainability goals 2025 which is leading to step changes in the company's approach towards reducing GHG emissions, remaining water positive, waste utilisation, maintaining safety and diversity at workplaces, enriching communities and enhancing biodiversity. Rolled out Second Party Audit protocol for Environment Management and now Safety and Environment is audited together as Second party Safety and Environment Audit across HZL.

Environmental Clearance obtained for expansion & debottlenecking projects at Rajpura-Dariba Mine, Zawar Group of Mines & H1 & H-II Smelters of Chanderiya lead Zinc Smelter.

Initiated Sustainability awareness webinar series to raise awareness on Sustainability. DSC -Zinc has successfully commissioned FPT (Freeze Precipitation Technology) plant to recover Sodium sulphate from RO Reject and CPP Team has adopted innovative way for inhouse recycling of the bottom ash and converted into saleable product (Fly ash). This has resulted in depletion of stock and converting into value.

HZL has endorsed its commitment of water stewardship through the CEO Water Mandate, a special initiative of the UN Secretary General and the UN Global Compact.

HZL has claimed its membership in FTSE4 Good Index series for the 4th consecutive year. It also received CII Environmental Best Practices Award 2020- under the category Most Innovative Environmental Project.

ZINC INTERNATIONAL

6 LTI accidents were recorded during H1 (LTIFR – 2,89). BMM launched an employee engagement programme that seeks to learn from incidents and near misses, re-introduced Grass root talks and conducted Supervisory workshop. Skorpion Zinc mine remains in care and maintenance. VZI successfully retained certification for ISO 45001 and ISO14000. There is a strong focused approach towards VSAP CAPA risk prioritization and close out action implementation. Housekeeping remains key to improving workplace environmental conditions and remains a priority focus point for Gamsberg Mine. VZI successfully implemented digital weekly and monthly reporting portal for

HSE. Q3 focus is aimed at developing strategies aimed at improving the management of critical controls at the workplace. Plans on creating awareness to employees on the forthcoming "Season of Exceptional Care" will be rolled out within VZI to avoid fatal road accidents during the festive season.

In light of the global pandemic of Covid-19, VZI has implemented a successful Management of Change process in the prevention of disease outbreak at the workplace and community through involvement and participation of all stakeholders (Regulatory bodies, Unions, Employees, district and regional local government authorities). A COVID-19 Procedure Implementation & Monitoring system has been fully embedded in normal operational activities. Measures put in place include; Medical Risk Assessment, Return to Work SOP, daily pre-shift screening and awareness & education campaigns. Quarantine & Isolation. The implementation of Covid-19 management measures has been successful and for H1, 97% of infected employees recovered (62 employees out of 64 infected). VZI received the meritorious Africa Safety Award for Excellence (AfriSAFE) Merit Award on 8 November 2020 for COVID-19 management strategy.

Employee exposure to airborne particulates such as lead dust and silica remain key priority focus areas and VZI is committed to continually review and improve on the mitigation controls in place. One blood lead withdrawal was recorded during H1 period at BMM. Improvements on employee exposure to crystalline silica dust were reported at Gamsberg and further improvements in crusher and drill rig dust suppression systems remain a focus area.

No environmental level 3 and above incidents were recorded during Q2. A Biodiversity Workshop with IUCN, DENC, Independent auditor and external specialist took place to address Clause 5 and 6 and Biodiversity Monitoring Protocol implementation has commenced.

Upgrade of the nursery progressed well and all recommendations made by external specialist regarding the improvements to existing nursery as included and recommended in the nursery management plan were addressed. Except for the shortfall in 80% shade netting in South Africa as a result of strike in the industry all work regarding the upgrading of the Nursery are completed. Focus during remaining of 2020-21 financial year and 2021-22 will now shift to increase propagation, monitoring and the propagation of plants for planned rehabilitation.

OIL & GAS

Safety

We are deeply saddened by the loss of one life at our Rajasthan operations. Post investigation, corrective and preventive actions were identified, and adequate engineering and administrative controls were put in place. There were also five lost time injuries (LTIs) in H1 FY2021 as compare to 7 in H1 FY2020. The frequency rate stood at 0.32 (H1 FY2020: 0.29).

We had strengthened our safety philosophy and management systems and were recognised with awards conferred by several external bodies:

- **Cairn Oil and Gas received two key awards in Sustainability 4.0 2020 edition from Frost & Sullivan. Leaders award in mega large business and first runner up award for "Recycling of produced water for injection purpose".**
- Two teams from RJ Gas SBU secured First (Gold) and Runner-up (Silver) position at 8th Chapter Convention of Quality Concept, 2020, sub-chapter Jaipur, Rajasthan under the theme of developing 'Self Reliant India'.
- Pipeline Operations crosses 25 Million LTI Free Safe Manhours.

Road Safety in Rajasthan - Driving around avg. 1.5 mm kms/month, there was no life lost on road after 27-Nov-2011. More than 12,000 drivers have been trained and they have been championing the Road Safety all over Rajasthan. Initiatives like Saarathi day, felicitation to best driver, stringent vehicle checks, continuous monitoring of movement, surprise Speed checks, Alcohol checks has made this possible. As of 30-Nov, Rajasthan Road Safety has crossed more than 9 years and approximately 3300 Fatality free days.

Environment

Our Oil & Gas business is committed to protect the environment, minimise resource consumption and drive towards our goal of 'Zero discharge and Zero Waste'.

We have adopted cleaner fuel technologies, Natural Gas is being utilized for power generation through Gas based boilers, Gas based generators (GEG) etc. and thereby eliminating flaring of gas resulting in GHG emissions.

Water requirement is mostly met through saline aquifer and no abstraction from freshwater aquifers for operations. Thereby conserving the natural community resource and have no significant impact on water resource and its associate biodiversity from our operations. Cairn Oil & Gas has also carried out initiatives for recycling and reusing 96% of produced water, resulting in reduced water abstraction. Plan to increase produced water recycling rates up to 99%for BU RJ Oil.

Waste Management hierarchy is adopted in oil & Gas business and efforts towards Zero waste is demonstrated through various initiatives like installation of vertical cutting dryer for recovery of oil content from drill cuttings, hydrocarbon recovery through oil sludge processing, recycling of used oil and waste oil, and ultimately sending the drilling waste & oily waste to Cement Industries for co-processing to utilize as alternate fuel and raw material and parallelly reducing the burden on landfill.

We are also taking care of the biodiversity in and around operations and various steps are taken to conserve the biodiversity like

- Avifauna Protection- Installed spikes on double pole structure across OHL network of 140 Kms with 100% coverage in RJON block for Avifauna Protection. Mangroves conservation in offshore assets.
- Conservation of Fishing Cat at Coringa Wildlife Sanctuary at Godavari delta: Signed MoU with Andra Pradesh Forest department and wildlife Institute of India
- Initiated development of butterfly garden Ravva with Butterfly Trust of India.

ALUMINIUM

Safety

The LTIFR for the Aluminium business at Lanjigarh was .42 and at our Jharsuguda and BALCO operations stood at .33 and .49 respectively.

Over the last 6 months, the aluminium business has worked to improve its HSE performance. At Jharsuguda, safety is driven by leaders of each operations department instead of HSE function team. We have also involved senior operation leaders to take up Single Point Accountability (SPA) to lead each element of the Vedanta Sustainability Assurance Protocol (VSAP). The focus has been on the four key HSE Improvement pillars – Vedanta Felt Leadership (VFL), Building Internal HSE competency among those personnel assigned Single Point Accountability for safety, driving Zero Harm Culture & Culture of Care.

At BALCO there has been significant efforts to improve the safety competency of our line managers, leadership team, and business partners. Some of the key activities included training and competency assessments for drivers of heavy and technical vehicles (e.g. dumpers). Safety leadership program has been initiated for middle management and business partner supervisors, which includes topics like: VSS, work permit, onsite emergency plan, safety audits & inspection, risk assessment and other related aspects of safe work performance.

At Lanjigarh, programs and initiatives to improve our safety performance include greater emphasis on Personal Lock-Out-Tag-Out procedures with 2,010 personal-locks being distributed to the site employees.

POWER

Safety

In H1 FY2021, we have four LTIs and an LTIFR of 1.92. Our power business unfortunately also reported one fatality in the month of September. Following which TSPL Safety Initiated **Monthly Safety Campaign** for engaging all the business partner employee at shop floor to focus on safety aspects to improve effectiveness at workplace. Safety Campaign such as Summer and Heat Stress management, Scaffolding safety, CHP Safety, PTW and Isolation Safety and Incident Management etc.

In line with our zero-harm vision, continuous efforts are made to implement the Vedanta Safety Standards and improve the safety culture with more focus on working at height, confined space, vehicle safety and crane & lifting safety.

IRON ORE

Safety

Our LTIFR performance for H1 FY2021 is 0.16 (Including VGCB). LTIFR performance for H1 FY2020 was 0.44.

To strengthen our standards of Electrical Safety and Isolation , we have initiated and implemented engineering controls to ensure full proof interlocking of incomers and bus-couplers with additional administrative controls as a part of horizontal deployment of learning from HIPO In continuation with the implementation of critical task and critical controls, we are conducting inspections as per monthly plans which has helped us to have better assurance of safety controls on site.

We have strategically empowered and motivated our Grid owners across group to take full control over HSE implementation at their respective grids which has considerably increased the compliance and site performance in terms of standard requirements. Our intra-group communications and weekly knowledge sharing sessions on HSE , Townhall by Senior leaders and Visible Felt Leadership (VFL) as well as Safety interaction (SI) by Senior Management has been helpful to improve overall performance of IOB in terms of incident and accident prevention. We also launched Personal Safety Action Plan for FY2021 for all the Senior management team, which will be reviewed by departmental heads during Half-Yearly and Yearly performance appraisals.

We have successfully onboarded the HSE team of FACOR (Recently inducted under IOB) with IOB HSE team and our constant efforts are towards bringing them closest to our vision of ZERO HARM, ZERO DISCHARGE AND ZERO WASTE.

VAB Won Indian Chamber of Commerce National Occupational Health & Safety Gold Award for Manufacturing and Engineering Sector in Large Enterprise Category for the year 2020

COVID Crisis Management

Business continuity plan was prepared, and task force was formed before the March'20 Lock down. Plan was revised as per need of the hour based on MHA guidelines and monitored which helped in business continuity from April '20. Formation of COVID worriers Team and Training on how to work in frontline has helped to ensure the business continuity during pandemic situation at all our sites. To ensure social distancing during peak hours, shift changeovers we implemented Staggered shift timings and Work from home for enabling functions.

As a CSR Initiative company supported in providing grocery packets to needy people, hygiene kits, fumigation drives, trolleys to COVID care centre, N95 mask and sanitizers to hospitals, PHC etc.

Environment

Value-Added-Business (VAB)

During H1 FY 2021 , the key focus area were Air quality management , storm water management & waste management .In spite of receiving more than 4.5 mtrs rain the T.S.S values were well within the standard limit there by ensuring clear water discharge from the points . This was achieved by upgrading our stormwater management system to prevent the mixing of rainwater and process streams, desilting, increasing the capacity of existing settling ponds and drains which has aided for better settling of coarse particles.

Installed & Commissioned two new bag houses i.e. BF2 at pig iron plant & CSP at met-coke division which has further reduced fugitive dust emission.

Waste audit are conducted at site including Business partner area. So that waste generated at site is segregated, stored & disposed properly as per legal & Vedanta standard requirements

Iron ore Karnataka (IOK)

Environment Initiatives: During H1 FY2021, major focus was given on Water Conservation, Dump management and Afforestation.

We have completed the construction of 200m retaining wall below dump D4 to provide additional stability to the dump and completed de-silting activity of around 20,000 m3 in 2 nearby village ponds to rejuvenate and increase the water retention capacity of the ponds. Five check dams and settling ponds situated near mining lease were also taken up for de-silting to avoid silt to enter natural streams. This has also resulted in rainwater harvesting in an area, which is drought prone.

Around 4.8 Ha of the finalized dump at D-3 has been stabilized by using coir mat and successfully vegetated by growing native grasses. We have also completed the plantation of 41023 native saplings on Dumps, Forest areas, Roadside and Government Schools.

We have also celebrated Van Mahotsav Week under which we have organized tree plantation drives among our employees. "Each one plant one" initiative was carried out by distributing fruit bearing samplings to all our employees.

STEEL

Safety

We have reported two Lost Time Injuries in H1 FY2021 compared to eight in H1 FY2020. Our LTIFR was .23 as compared to 0.75 H1 FY2020. There is an increase of 25% in near miss reporting and 50% in safety observation reporting as compared to H1 FY'20.

We have initiated a thorough review of our standard operating procedures to check for their alignment with Vedanta Safety Management System with a special emphasis on Vedanta Safety standards, risk assessment for all critical tasks, focus on Visible Felt Leadership by the leaders spending more time in field, conducting night vigilance to demonstrate true leadership, compliance towards group safety alert lesson learned, strengthened permit to work system at all departments, preventive measures against Coronavirus through regular disinfection and sanitization methods, achieved certificate of appreciation for CII HSE Excellence Award, awareness for workmen through vernacular displays, initiated behaviour based safety (BBS) at pilot plant-SMS, capability development for riggers and operators by expert faculties, advanced road safety measures such as anti-napping device, rumblers/cat eye installed, separate pedestrian pathway, etc.; intensified review and monitoring system on leading/lagging safety indicators through daily reviews.

Environment

During H1, we commissioned three Continuous Emissions Monitoring Stations (CEMS), with the data uploaded online for sixteen of the analysers to the Pollution Board's servers. To mitigate dust emission, permanent water sprinklers have been provided throughout the stretch of the haul road and at all transfer points of conveyor systems. Two mechanical sweepers are hired for controlling of road dust due to plying of vehicles. Around 32000 saplings have been planted in and around the plant premises. Internal Waste Management Audit has been conducted for all the units and the business in undertaking work to close the gaps found. E-Waste Management Procedures have been formulated, ensuring that e-waste, which remained undisposed since inception is sold to PCB-authorized vendors. Target of 100 % utilization of Fly Ash and Blast furnace granulated slag is achieved. TSDF membership has been obtained for disposal of Hazardous Waste which could not be sold to PCB authorised re-processors and recyclers. Target of 100 % utilization of treated wastewater in all the different processes of the units is also achieved. Biodiversity study in the 10 km periphery area is going on. During this period Wildlife conservation plan is formulated and being put up for approval at the concerned authority.

COPPER – INDIA / AUSTRALIA

Safety

During the period, LTIFR is at 0.60. This year we continued the campaign, 'Drive to Zero Harm' to impart safety awareness and training.

To enhance our housekeeping and to ensure that our employees and senior management are engaged in the upkeep of our plant, the unit kicked off a housekeeping drive called "SHRAMDAN". The campaign was designed to increase focus on improving the implementation of Vedanta's safety performance standards. To minimize hazards related to working at height, we have converted temporary monsoon sheds to permanent structures. Deluge sprinkler system is provided in the yard of high voltage transformers to mitigate the fire incidents.

We received 'Par excellence' award in 5S national conclave organized by QCFI and 'Silver' award in CCQC-19, Mumbai Chapter.

In Fujairah, we launched the visible felt leadership (VFL) program. VFL is a critical element in our safety program for achieving a zero-incident workplace. Visible Felt leadership engages workers so they come to work with the mindset of proactively preventing incidents rather than a mindset of just being safe. We have conducted skill builder training to our new batch of Safety stewards, who work as the constantly guiding safety force available round the clock at shop floor.

Environment

Currently, company does not have access to Sterlite Copper plant at Tuticorin pursuant to the pending case. However, in order to improve upon the current status quo, we continue to impart training to our employees and are being engaged in the community engagement activities. The unit has been corresponding with the State and District Administration for necessary care and maintenance.

Copper mines of Tasmania had no major environmental incidents were reported during the half year. General monitoring of surface water discharges from the site have returned results within regulatory limits.

In our Silvassa plant, soot extraction system for boiler has been installed.

RISK AND UNCERTAINTIES SECTION

Vedanta is one of the world's largest suppliers of natural resources, with primary operations in zinc-lead-silver, iron ore, steel, copper, aluminum, power and oil & gas. Vedanta operates across the value chain, undertaking exploration, asset development, extraction, processing and value addition. The core divisions of Vedanta have industry-leading market shares, and they continuously strive to raise the bar across the wide canvas of operations.

As a global natural resources company, our businesses are exposed to a variety of risks. It is therefore essential to have in place the necessary systems and a robust governance framework to manage risk, while balancing the risk-reward equation expected by stakeholders. Our risk management framework is designed to help the organization meet its objectives through alignment of operating controls to the mission and vision of the group.

Our risk management framework is designed to be simple, consistent and clear for managing and reporting risks. We have a multi-layered risk management framework aimed at effectively mitigating the various risks which our businesses are exposed to in the course of their operations as well as in their strategic actions. We identify risk at the individual business level for existing operations as well as for projects through a consistently applied methodology.

Formal discussion on risk management take place at the business level review meetings periodically. The respective businesses review the risks, change in the nature and extent of the major risks since the last assessment, control measures established for the risk and further action plans. These meetings are attended by business executive committee members, senior management and concerned functional heads. Risk officers have been formally nominated at all operating businesses as well as Group level whose role is to create awareness on risks at senior management level and to develop and nurture a risk management culture within the businesses.

Together, our management systems, organizational structures, processes, standards and Code of Conduct and Ethics form the system of internal control that governs how the Group conducts its business and manages the associated risks. The Board has ultimate responsibility for the management of risks and for ensuring the effectiveness of internal control systems. The Board's review includes the Audit Committee's report on the risk matrix, significant risks and the mitigating actions we put in place.

The Audit Committee is in turn assisted by the Group Risk Management Committee (GRMC) in evaluating the design and effectiveness of the risk mitigation programme and control systems. The GRMC meets every quarter and comprises the Group Chief Executive Officer, Group Chief Financial Officer and Director – Management Assurance. The Group Head – Health, Safety, Environment & Sustainability is invited to attend these meetings. The GRMC discusses key events impacting the risk profile, principal risks and uncertainties, emerging risks and progress against planned actions.

In addition to the above structure, other key risk governance and oversight committees in the group include the following:

- Committee of Directors (COD) comprising Vice Chairman & Group CFO supports the Board by considering, reviewing & approving all borrowing & investment related proposals within the overall limits approved by the Board. Invitees to these committee meetings are the CEO, business CFOs, Group Head Treasury and BU Treasury Heads depending upon the agenda matters.
- Sustainability Committee reviews sustainability related risks.

There are also various group level ManComs such as Procurement ManCom, Sustainability - HSE ManCom, CSR ManCom, etc. who work on identifying risks in those specific areas and mitigating them.

Principal risks and uncertainties and detailed information on the impact of these risks as well as the identification and mitigation measures adopted by management have been documented in Vedanta's Annual Report.
Listing of risks:

- Access to capital
- Health, safety and environment (HSE) & impact of climate change
- Managing relationship with stakeholders
- Fluctuation in commodity prices (including oil) and currency exchange rates
- Challenges in aluminium and power business – raw material security, infrastructure bottlenecks, etc.
- Discovery risk
- Major project delivery
- Regulatory and legal risk
- Tailings dam stability
- Tax related matters
- Extension of Production Sharing Contract of Cairn at less favourable terms and subject to certain conditions
- Breaches in IT / cybersecurity
- Loss of assets or profit due to natural calamities
- KCM related challenges

It may be noted that the order in which these risks appear does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on our business.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

■ The condensed set of financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting.

By order of the Board

Navin Agarwal	GR Arun Kumar
Director	**Chief Financial Officer**

Financial Statements
for the Period Ended 30 September 2020

CONDENSED CONSOLIDATED INCOME STATEMENT

(US$ million)

		Six months ended 30 September 2020 (Unaudited)			Six months ended 30 September 2019 (Unaudited)*		
	Note	**Before Special items**	**Special items (Note 5)**	**Total**	**Before Special items**	**Special items (Note 5)**	**Total**
Revenue		4,875	-	4,875	6,132	-	6,132
Cost of sales		(3,761)	13	(3,748)	(5,153)	-	(5,153)
Gross profit		**1,114**	**13**	**1,127**	**979**	**-**	**979**
Other operating income		83	-	83	69	-	69
Distribution costs		(111)	-	(111)	(131)	-	(131)
Administrative expenses		(175)	-	(175)	(233)	-	(233)
Impairment reversal / (charge) [net]	5	-	-	-	-	(72)	(72)
Operating profit		**911**	**13**	**924**	**684**	**(72)**	**612**
Investment revenue		178	-	178	207	12	219
Finance costs		(576)	(41)	(617)	(615)	-	(615)
Other gains and (losses) [net]	6	(2)	(9)	(11)	(41)		(41)
Profit/ (loss) before taxation from continuing operations (a)		**511**	**(37)**	**474**	**235**	**(60)**	**175**
Net tax (expense)/credit (b)	7	**(392)**	**(4)**	**(396)**	**127**	**8**	**135**
Profit for the period from continuing operations (a+b)		**119**	**(41)**	**78**	**362**	**(52)**	**310**
Profit/ (loss) after tax for the period from discontinued operations and gain on deconsolidation	3(b)(ii)	-	-	-	-	(738)	(738)
Profit/ (loss) for the period		**119**	**(41)**	**78**	**362**	**(790)**	**(428)**
Attributable to:							
Equity holders of the parent		(148)	(47)	(195)	(23)	(720)	(743)
Non-controlling interests		267	6	273	385	(70)	315
Profit/ (loss) for the period		**119**	**(41)**	**78**	**362**	**(790)**	**(428)**

**Restated. Refer Note 1(d)*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US$ million)

	Six months ended 30 September 2020 (Unaudited)	Six months ended 30 September 2019 (Unaudited)*
Profit/ (loss) for the period	**78**	**(428)**
Items that will not be reclassified subsequently to income statement:		
Remeasurement of net defined benefit plans	-	(17)
Tax effects on net defined benefit plans	-	6
Loss on fair value of financial asset investment	6	(4)
Total (a)	**6**	**(15)**
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of foreign operations	124	(155)
Gains/ (losses) on cash flow hedges	(11)	13
Tax effects arising on cash flow hedges	4	(5)
(Gains)/ losses on cash flow hedges recycled to income statement	7	(1)
Tax effects arising on cash flow hedges recycled to income statement	(3)	0
Total (b)	**121**	**(148)**
Other comprehensive income/(loss) for the period (a+b)	**127**	**(163)**
Total comprehensive income/(loss) for the period	**205**	**(591)**
Attributable to:		
Equity holders of the parent	(151)	(799)
Non-controlling interests	356	208
Total comprehensive income/(loss) for the period	**205**	**(591)**

**Restated. Refer Note 1(d)*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(US$ million)

	Note	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
Assets			
Non-current assets			
Goodwill		12	12
Intangible assets		102	100
Property, plant and equipment		12,990	13,005
Exploration and evaluation assets		287	240
Financial asset investments		18	12
Non-current tax assets		400	354
Other non-current assets		1,563	1,548
Financial Instruments (derivatives)		-	0
Deferred tax assets		845	1,114
		16,217	**16,385**
Current assets			
Inventories		1,386	1,515
Trade and other receivables		1,257	1,102
Financial instruments (derivatives)		3	93
Current tax assets		1	1
Short-term investments		3,794	4,385
Cash and cash equivalents		3,154	705
		9,595	**7,801**
Total assets		**25,812**	**24,186**
Liabilities			
Current liabilities			
Borrowings		5,715	10,186
Trade and other payables		5,192	5,719
Financial instruments (derivatives)		51	13
Retirement benefits		16	15
Provisions		33	32
Current tax liabilities		44	26
		11,051	**15,991**
Net current liabilities		**(1,456)**	**(8,190)**
Non-current liabilities			
Borrowings		11,883	4,909
Trade and other payables		196	232
Financial instruments (derivatives)		13	6
Deferred tax liabilities		388	397
Retirement benefits		22	22
Provisions		364	356
		12,866	**5,922**
Total liabilities		**23,917**	**21,913**
Net assets		**1,895**	**2,273**
Equity			
Share capital	12	29	29
Share premium		-	202
Hedging reserve		(95)	(95)
Other reserves		(344)	(331)
Retained earnings		(3,261)	(3,068)
Equity attributable to equity holders of the parent		**(3,671)**	**(3,263)**
Non-controlling interests		**5,566**	**5,536**
Total equity		**1,895**	**2,273**

Interim Condensed Financial Statements of Vedanta Resources Limited with registration number 4740415 were approved by the Board of Directors on 29 December 2020 and signed on their behalf by

Navin Agarwal	GR Arun Kumar
Director	**Chief Financial Officer**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		(US $ million)
	Six months ended 30 September 2020 (Unaudited)	Six months ended 30 September 2019 (Unaudited)
Cash flows from operating activities		
Profit before taxation from continuing operations	474	175
Adjustments for:		
Depreciation and amortisation	529	714
Investment revenue	(178)	(219)
Finance costs	617	615
Other (gains) and losses (net)	11	41
(Profit)/ loss on disposal of PP&E	(2)	6
Write-off of unsuccessful exploration costs	-	0
Share-based payment charge	5	7
Impairment charge	-	72
Other special items	(13)	-
Operating cash flows before movements in working capital	**1,443**	**1,411**
Decrease in inventories	154	369
Increase in receivables	(346)	(253)
(Decrease)/ increase in payables	(334)	355
Cash generated from operations	**917**	**1,882**
Dividend received	-	11
Interestreceived	234	62
Interest paid	(742)	(660)
Income taxes paid (net of refunds)	(155)	(30)
Dividends paid	(106)	(125)
Cash Flows from operating activities (Continuing activities)	**148**	**1,140**
Net cash flows from operating activities (Discontinued operations)	-	3
Net cash inflow from operating activities	**148**	**1,143**
Cash flows from investing activities		
Purchases of property, plant and equipment, intangibles, exploration and evaluation assets	(388)	(565)
Proceeds on disposal of property, plant and equipment, intangibles, exploration and evaluation assets	5	6
Proceeds from redemption of short-term investments	8,548	5,842
Purchases of short-term investments	(7,902)	(5,511)
Proceeds from sale of financial asset investments	-	428
Payments towards financial asset investments	-	(63)
Consideration paid for business acquisition (net of cash and cash equivalents acquired)	(7)	(5)
Amount paid against guarantees issued on behalf of KCM	-	(98)
Reduction in cash and cash equivalents from discontinued operations	-	(1)
Cash Flows from investing activities (Continuing activities)	**256**	**33**
Net cash flows from investing activities (Discontinued operations)	-	(4)
Net cash from investing activities	**256**	**29**
Cash flows from financing activities		
Dividends paid to non-controlling interests of subsidiaries	(327)	-
Share purchase by subsidiary	-	(1)
Exercise of stock options in subsidiary	0	-

Repayment of working capital loan (net)	(873)	(915)
Proceeds from other short-term borrowings	1,508	251
Repayment of other short-term borrowings	(498)	(743)
Proceeds from long-term borrowings	3,065	1,547
Repayment of long-term borrowings	(831)	(1,170)
Payment of lease liabilities	(12)	(4)
Cash Flows from financing activities (Continuing activities)	**2,032**	**(1,035)**
Net cash flows from financing activities (Discontinued operations)	-	0
Net cash from / (used in) financing activities	**2,032**	**(1,035)**
Net increase in cash and cash equivalents	**2,436**	**137**
Effect of foreign exchange rate changes	13	(19)
Cash and cash equivalents at beginning of the period	**705**	**1,133**
Cash and cash equivalents at end of the period	**3,154**	**1,251**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six months ended 30 September 2020 (Unaudited)

(US$ million)

	Attributable to equity holders of the parent							
	Share capital (Note 12)	**Share premium**	**Hedging reserve**	**Other reserves[1]**	**Retained earnings**	**Total**	**Non-controlling Interests**	**Total equity**
At 1 April 2020	**29**	**202**	**(95)**	**(331)**	**(3,068)**	**(3,263)**	**5,536**	**2,273**
Profit/(Loss) for the period	-	-	-	-	(195)	(195)	273	78
Other comprehensive income for the period	-	-	-	44	-	44	83	127
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**44**	**(195)**	**(151)**	**356**	**205**
Transfers	-	-	-	(57)	57	-	-	-
Dividends paid/ payable (Note 9)	-	-	-	-	(251)	(251)	(327)	(578)
Acquisition of Facor (Note 3(b)(i))	-	-	-	-	-	-	(9)	(9)
On account of Capital reduction[3]	-	(202)	-	-	202	-	-	-
Change in fair value of put option liability/conversion option asset/derecognition of non controlling interest	-	-	-	-	(8)	(8)	7	(1)
Other changes in non-controlling interests[2]	-	-	-	-	2	2	3	5
At 30 September 2020	**29**	**-**	**(95)**	**(344)**	**(3,261)**	**(3,671)**	**5,566**	**1,895**

1. Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve, debenture redemption reserve, capital redemption reserve and the general reserves established in the statutory accounts of the Group's subsidiaries.

2. Includes share-based payment charge by subsidiaries.

3. Pursuant to Section 641 (1) (a) of Companies Act 2006, US$ 202 million of share premium was converted into distributable reserves. Accordingly, the share premium account was reduced to nil.

For the year ended 31 March 2020 (Audited)

(US$ million)

	Attributable to equity holders of the parent							
	Share capital (Note 12)	**Share premium**	**Hedging reserve**	**Other reserves[1]**	**Retained earnings**	**Total**	**Non-controlling Interests**	**Total equity**
At 1 April 2019	**29**	**202**	**(98)**	**(97)**	**(964)**	**(928)**	**6,181**	**5,253**
Loss for the year	-	-	-	-	(1,568)	(1,568)	(179)	(1,747)
Other comprehensive income/ (loss) for the year	-	-	3	(237)	-	(234)	(438)	(672)
Total comprehensive income/(loss) for the year	**-**	**-**	**3**	**(237)**	**(1,568)**	**(1,802)**	**(617)**	**(2,419)**
Transfers	-	-	-	(14)	14	-	-	-
Dividends paid/ payable (note 9)	-	-	-	-	(537)	(537)	(101)	(638)
Derecognition of Non-controlling interest pertaining to KCM (refer note 3(b)(ii))	-	-	-	-	-	-	86	86
Acquisition of Non-controlling interest of ESL	-	-	-	17	-	17	(33)	(16)
Change in fair value of put option liability/conversion option asset/derecognition of non controlling interest	-	-	-	-	(16)	(16)	12	(4)
Other changes in non-controlling interests[2]	-	-	-	-	3	3	8	11
At 31 March 2020	**29**	**202**	**(95)**	**(331)**	**(3,068)**	**(3,263)**	**5,536**	**2,273**

1. Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve, debenture redemption reserve, capital redemption reserve and the general reserves established in the statutory accounts of the Group's subsidiaries.

2. Includes share based payment charge by subsidiaries and exercise of stock options of subsidiary

For the Six months ended 30 September 2019 (Unaudited)*

(US$ million)

	Attributable to equity holders of the parent							
	Share capital (Note 12)	**Share premium**	**Hedging reserve**	**Other reserves[1]**	**Retained earnings**	**Total**	**Non-controlling Interests**	**Total equity**
At 1 April 2019	**29**	**202**	**(98)**	**(97)**	**(964)**	**(928)**	**6,181**	**5,253**
Profit for the period	-	-	-	-	(743)	(743)	315	(428)
Other comprehensive loss for the period	-	-	4	(60)	-	(56)	(107)	(163)
Total comprehensive income/(loss) for the period	**-**	**-**	**4**	**(60)**	**(743)**	**(799)**	**208**	**(591)**
Transfers	-	-	-	0	(0)	-	-	-
Dividends paid/ payable (note 9)		-	-	-	(185)	(185)	-	(185)
Derecognition of NCI pertaining to KCM (refer note 3(b)(ii))	-	-	-	-	-	-	86	86
Acquisition of Non-controlling interest of ESL	-	-	-	-	2	2	(10)	(8)
Change in fair value of put option liability/conversion option asset/derecognition of non-controlling interest	-	-	-	-	(5)	(5)	3	(2)
Other changes in non-controlling interests[2]	-	-	-	-	-	-	7	7
At 30 September 2019	**29**	**202**	**(94)**	**(157)**	**(1,895)**	**(1,915)**	**6,475**	**4,560**

1. Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve, debenture redemption reserve, capital redemption reserve and the general reserves established in the statutory accounts of the Group’s subsidiaries.

2. Includes share based payment charge by subsidiaries.

**Restated. Refer note 1(d)*

Group Overview

Vedanta Resources Limited ((“Vedanta” or “VRL” or “Company”) is a company incorporated and domiciled in the United Kingdom. Registered address of the company is 8th Floor, 20 Farringdon Street, London, EC4A 4AB. Vedanta and its consolidated subsidiaries (collectively, the “Group”) is a diversified natural resource group engaged in exploring, extracting and processing minerals and oil and gas. The Group engages in the exploration, production and sale of zinc, lead, silver, copper, aluminium, iron ore and oil & gas and have a presence across India, South Africa, Namibia, Ireland, Australia, Liberia and UAE. The Group is also in the business of commercial power generation, steel manufacturing and port operations in India and manufacturing of glass substrate in South Korea and Taiwan.

Details of Group’s various businesses are as follows.

- Zinc India business is owned and operated by Hindustan Zinc Limited (“HZL”).
- Zinc international business is comprised of Skorpion mine and refinery in Namibia operated through THL Zinc Namibia Holdings (Proprietary) Limited (“Skorpion”), Lisheen mine in Ireland operated through Vedanta Lisheen Holdings Limited (“Lisheen”) (Lisheen mine ceased operations in December 2015) and Black Mountain Mining (Proprietary) Limited (“BMM”), whose assets include the operational Black Mountain mine and the Gamsberg mine located in South Africa.
- The Group’s oil and gas business is owned and operated by Vedanta Limited and its subsidiary, Cairn Energy Hydrocarbons Limited and consists of exploration, development and production of oil and gas.
- The Group’s iron ore business is owned by Vedanta Limited, and by two wholly owned subsidiaries of Vedanta Ltd. i.e. Sesa Resources Limited and Sesa Mining Corporation Limited and consists of exploration, mining and processing of iron ore, pig iron and metallurgical coke and generation of power for captive use. Pursuant to Honourable Supreme Court order, operations in the state of Goa are currently suspended. The Group’s iron ore business includes Western Cluster Limited (“WCL”) in Liberia which has iron ore assets and is wholly owned by the Group. WCL’s assets include development rights to Western Cluster and a network of iron ore deposits in West Africa. WCL’s assets have been fully impaired.
- The Group’s copper business comprises three operations divided into two segments, namely (i) Copper India/Australia, comprising Vedanta Limited’s custom smelting operations in India (including captive power plants at Tuticorin in Southern India) and (ii) Copper Zambia comprising Konkola Copper Mines plc’s (“KCM”) mining and smelting operations in Zambia. Due to the ongoing litigations in relation to the Zambian operations, the Group believes that it has lost control over KCM and has accordingly deconsolidated the same (refer note 3(b)(ii) for further details).

  The Group’s copper business in India has received an order from Tamil Nadu Pollution Control Board (“TNPCB”) on 09 April 2018, rejecting the Group’s application for renewal of consent to operate under the Air and Water Acts for the 400,000 tpa copper smelter plant in Tuticorin for want of further clarification and consequently the operations were suspended. The Group has filed an appeal with TNPCB Appellate authority against the said order. During the pendency of the appeal, TNPCB through its order dated 23 May 2018 ordered for disconnection of electricity supply and closure of our copper smelter plant. Post such order, the state government on 28 May 2018 ordered the permanent closure of the plant.

  In addition, the Group owns and operates the Mt. Lyell copper mine in Tasmania, Australia through its subsidiary, CMT and a precious metal refinery and copper rod plant in Fujairah, UAE through its subsidiary Fujairah Gold FZC. The operations of Mt Lyell copper mine were suspended in January 2014 following a mud slide incident and were put into care and maintenance since 09 July 2014 following a rock fall incident in June 2014.

- The Group's Aluminium business is owned and operated by Vedanta Limited and by Bharat Aluminium Company Limited ("BALCO"). The aluminium operations include a refinery and captive power plant at Lanjigarh and a smelter and captive power plants at Jharsuguda both situated in the State of Odisha in India. BALCO's partially integrated aluminium operations are comprised of two bauxite mines, captive power plants, smelting and fabrication facilities in central India.
- The Group's power business is owned and operated by Vedanta Limited, BALCO, and Talwandi Sabo Power Limited ("TSPL"). Vedanta Limited power operations include a thermal coal- based commercial power facility of 600 MW at Jharsuguda in the State of Odisha in Eastern India. BALCO power operations included 600 MW (2 units of 300 MW each) thermal coal-based power plant at Korba, of which a unit of 300 MW was converted to be used for captive consumption vide order from Central Electricity Regulatory Commission (CERC) dated 01 January 2019. Talwandi Sabo Power Limited ("TSPL") power operations include 1,980 MW (three units of 660 MW each) thermal coal- based commercial power facilities. Power business also includes the wind power plants commissioned by HZL and a power plant at MALCO Energy Limited ("MEL") (under care and maintenance) situated at Mettur Dam in State of Tamil Nadu in southern India.
- The Group's other activities include Electrosteel Steels Limited ("ESL"). ESL is engaged in the manufacturing and supply of billets, TMT bars, wire rods and ductile iron pipes in India.

The Group's other activities also include Vizag General Cargo Berth Private Limited ("VGCB") and Maritime Ventures Private Limited ("MVPL"). Vizag port project includes mechanization of coal handling facilities and upgradation of general cargo berth for handling coal at the outer harbour of Visakhapatnam Port on the east coast of India. VGCB commenced operations in the fourth quarter of fiscal year 2013. MVPL is engaged in the business of rendering logistics and other allied services inter alia rendering stevedoring, and other allied services in ports and other allied sectors. The Group's other activities also include AvanStrate Inc ("ASI") and Ferro Alloys Corporation Limited ("FACOR"). ASI is involved in manufacturing of glass substrate in South Korea and Taiwan. FACOR was acquired on September 21, 2020 and is involved in business of producing Ferro Alloys and owns a Ferro Chrome plant with capacity of 72,000 TPA, two operational Chrome mines and 100 MW of Captive Power Plant through its subsidiary, FACOR Power Limited (FPL).

Delisting of Vedanta Limited

On 12 May 2020, the Company announced its intention to acquire outstanding shares of Vedanta Limited from the market and take Vedanta Limited private by delisting it from all stock exchanges in India and SEC.

The Company also informed Vedanta Limited Board vide letter dated 12 May 2020 and in turn Vedanta Limited had informed the stock exchanges that it has received a letter from its Parent Company, Vedanta Resources Ltd. ("VRL"), wherein VRL has expressed its intention to, either individually or along with one or more subsidiaries, acquire all fully paid-up equity shares of Vedanta Limited ("Equity Shares") that are held by the public shareholders (as defined under the Delisting Regulations, to be referred to as "Public Shareholders") and consequently voluntarily delist the Equity Shares from BSE Limited and National Stock Exchange of India Limited, the recognized stock exchanges where the Equity Shares are presently listed ("Stock Exchanges"), in accordance with the Delisting Regulations ("Delisting Proposal") and if such delisting is successful, then to also delist the company's American Depositary Shares from the New York

Stock Exchange ("NYSE") and deregister the company from the Securities and Exchange Commission ("SEC"), subject to the requirements of the NYSE and the SEC.
Further, the board of directors of Vedanta Limited in their meeting held on 18 May 2020 have considered and granted their approval for the said Delisting Proposal and to seek shareholders' approval for the said proposal via postal ballot. The Shareholder notices for postal ballot was posted on 24 May 2020 and shareholder approved the delisting of Vedanta Limited on 25 June 2020.

The Stock Exchanges granted in-principle approval for delisting vide their letters each dated 28 September 2020. VRL and its wholly owned subsidiaries, namely, Vedanta Holdings Mauritius Limited and Vedanta Holdings Mauritius II Limited had issued a public announcement with regard to the delisting offer on 29 September 2020 in accordance with Regulation 10(1) of the Delisting Regulations.

The Public Shareholders holding Equity Shares were invited to submit Bids through reverse book building process conducted through the Stock Exchange Mechanism of BSE during the bid period (5 October 2020 to 9 October 2020), in accordance with the Delisting Regulations.

The total number of Offer Shares validly tendered by the Public Shareholders in the Delisting Offer were 1,25,47,16,610, which were less than the minimum number of Offer Shares required to be accepted by the Acquirers in order for Delisting Offer to be successful in terms of Regulation 17(1)(a) of the Delisting Regulations.

Thus, the Delisting Offer is deemed to have failed in terms of Regulation 19(1) of the Delisting Regulations. Accordingly, the Acquirers will not acquire any Equity Shares tendered by the Public Shareholders in the Delisting Offer and the Equity Shares of Vedanta Limited will continue to remain listed on the Stock Exchanges.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and basis of measurement of financial statements

a) Basis of preparation

The Group's interim condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union ('EU').

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim condensed consolidated financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the full year is not the statutory accounts of the Group for that financial year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies.

Ernst & Young LLP, have expressed a qualified opinion in relation to the inventory quantities held at 31 March 2020 within India on the Fiscal Year 2020 Financial Statements stated in the section "Basis for qualified opinion" in the audit report to the Fiscal Year 2020 Financial Statements due to the enforcement by the GOI of restrictions in response to COVID-19 to which Ernst & Young LLP were prevented from performing their planned procedures surrounding the observation of physical counts of inventory and were unable to determine whether any adjustment to the inventory quantities held at 31 March 2020 within India, which are included in the consolidated statement of financial position at $1,383 million of the total of $1,515 million was necessary. Additionally, Ernst & Young LLP's audit report on the Fiscal Year 2020 Financial Statements contains an explanatory paragraph, "Material uncertainty relating to going concern", which draws attention to note 1(d) to the Fiscal Year 2020 Financial Statements which indicates that the ability of the Group and the Company to continue as a going concern is subject to a number of material uncertainties including liquidity and covenant compliance matters that may cast significant doubt on the Company's ability to continue as a going concern. Additionally, arising solely from the limitation on the scope of audit work relating to inventory, referred to above, Ernst & Young LLP have reported that: 1) they have not obtained all the information and explanations that were considered necessary for the purpose of audit; and 2) they were unable to determine whether adequate accounting records have been kept. For further details, refer Fiscal Year 2020 Financial Statements.

These financial statements are approved for issue by the Board of Directors on 29 December 2020.

These financial statements are presented in US dollars being the functional currency of the Company and all values are rounded off to the nearest million except when indicated otherwise. Amounts less than US$ 0.5 million have been presented as "0".

b) Basis of Measurement

The Group's interim condensed consolidated financial statements have been prepared using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value as explained in the accounting policies below.

c) Going concern

The Group has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding on their going concern assessment.

The Group monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position. The key assumptions for these forecasts include production profiles, commodity prices and financing activities.

The last Going concern assessment carried out for the year ended March 31, 2020 was approved by the Board of Directors on 10 August, 2020. This was done at the time when there was inherent uncertainty as to the short and medium-term effects of COVID-19. The virus and associated uncertainty have therefore had a significant impact on the Directors' assessment of the ability of the Group and Company to continue as a going concern. Directors' had accordingly, concluded in the financial statements for the year ended March 31, 2020 that in a downside scenario, the liquidity and covenant compliance considerations as more fully explained in the annual financial statements constitute material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern.

Since then, while the other mitigating actions as highlighted in the year ended March 31, 2020 financial statements remain available to the Group, following recent significant developments have had a positive bearing on the liquidity and company's ability to continue as going concern;

D- On the operational front, all businesses are now operating at pre-COVID volumes, current LME/Brent prices being ~50-60% higher and costs have significantly improved, thereby resulting in significantly improved margins

E- The Group has secured c. $1.4bn term loan facility (including $0.7bn syndicate facility) with Indian banks and $0.8bn loan from Power Finance Corporation (PFC) during current year

F- The Group has raised bonds at Vedanta Resources for c. $1bn to take out upcoming maturity of bonds in June, 2021, indicating company's easy accessibility to financial institutions and markets despite COVID pandemic. This will result in reduced leakage at Group's operating subsidiaries.

The Directors consider that the expected operating cash flows of the Group combined with the current finance facilities which are in place give them confidence that the Group has adequate resources to continue as a going concern.

The Directors have considered the Group's ability to continue as a going concern in the period to 31 March 2022 ("the going concern period") under both a base case and a downside case.
The downside case assumes, amongst other sensitivities, delayed ramp-up and re-opening of projects, deferment of additional capital expenditure and nil receipt or rollover of uncommitted financing.

Covenant Compliance

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. As at 30 September 2020, the Group is in compliance with the financial covenants wherever applicable.

The Group has secured the necessary covenant waivers and relaxations upto and including 31 March 2021. Additionally, the Group has successfully amended the covenants for its listed bonds. The Directors of the Group are confident that they will be able to execute mitigating actions to ensure that the Group avoids, or secures waivers or relaxations for, any further breaches of its covenants during the going concern period.

Conclusion

The Directors consider that the expected operating cash flows of the Group combined with the current finance facilities which are in place give them confidence that the Group has adequate resources to continue as a going concern.

d) Restatement/Reclassification

During the prior period ended 30 September 2019, given the background of the case, various legal and other strategies being pursued by the Group and challenges involved in determining the valuation under different likely scenarios, the Group based on its assessment of the merits of the case continued to account for its investment in KCM and loans, receivables and obligations of KCM towards the Group at cost. However, for the annual financial statements for the year ended 31 March 2020, the Group employed third-party experts ("Expert") to undertake valuations of the investment in KCM and loans, receivables and obligations of KCM towards the Group at the date of loss of control, 21 May 2019, and at 31 March 2020. Accordingly, the recoverable amounts and consequent impairment has now been updated for the prior period ended 30 September 2019.

Refer note 3(b)(ii) for further details. The condensed consolidated cash flow statement remains unchanged.

2(a) Accounting policies

The interim condensed consolidated financial statements are prepared using the same accounting policies as applied in the audited 31 March 2020 financial statements except for those mentioned in 2(b) below.

2(b) Application of new and revised standards

The Group has adopted, with effect from 01 April 2020, the following new and revised standards and interpretations. Their adoption has not had any material impact on the amounts reported in the condensed consolidated financial statements.

1. Amendments to IFRS 3 regarding definition of a Business
2. Amendments to IFRS 7 and 9 regarding Interest Rate Benchmark Reform
3. Amendments to IAS 1 and IAS 8 regarding definition of Material
4. Amendments to IFRS 16 regarding COVID-19 related rent concessions

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are not expected to have a significant impact on the Group's interim condensed consolidated financial statements. The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

2(c) Foreign Exchange Rate

The following exchange rate to US dollar ($) has been applied:

	Average rate for six months ended 30 September 2020	Average rate for six months ended 30 September 2019	As at 30 September 2020	As at 31 March 2020
Indian rupee	74.86	69.97	73.63	74.81

3(a) Significant Accounting Estimates

(i) Impact of COVID-19

The outbreak of novel Coronavirus (COVID-19) pandemic globally and in India and the consequent lockdown restrictions imposed by national governments is causing significant disturbance and slowdown of economic activity across the globe. The commodity prices including oil have seen significant volatility with downward price pressures due to major demand centers affected by lockdown.

The Group is in the business of metals and mining, Oil & gas and generation of electricity which are considered as either essential goods and services or were generally allowed to continue to carry out the operations with adequate safety measures. The Group has taken proactive measures to comply with various regulations/guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general.

The Group has considered possible effects of Covid-19 on the recoverability of its investments, property, plant and equipment (PPE), inventories, loans and receivables, etc. in accordance with IFRS. The Group has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the Pandemic. The Group has also performed sensitivity analysis on the assumptions used basis the internal and external information/ indicators of future economic condition. Based on the assessment, the Group had recorded necessary adjustments, including impairment to the extent the carrying amount exceeds the recoverable amount in its financial statements for the year ended 31 March, 2020. The actual effects of COVID-19 could be different from what is presently assessed and would be known only in due course of time, however no further adjustments are considered necessary at this stage.

(ii) Recoverability of deferred tax and other income tax assets

The Group has carry forward tax losses, unabsorbed depreciation and MAT credit that are available for offset against future taxable profit. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the consolidated income statement.

The total deferred tax assets recognised in these financial statement includes MAT credit entitlements of US$ 1,182 million (31 March 2020: US$ 1,220 million) which needs to be utilised within a period of fifteen years from year of origination. Of the said amount US$ 489 million is expected to be utilised in the fourteenth and the fifteenth year.

Additionally, the Group has tax receivables on account of refund arising on account of past amalgamation and relating to various tax disputes. The recoverability of these receivables involves application of judgement as to the ultimate outcome of the tax assessment and litigations. This pertains to the application of the legislation, which in certain cases is based upon management's interpretation of country specific tax law, in particular India, and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision.

(iii) Copper- India

Existing Plant:

In an appeal filed by the Group against the closure order of the Tuticorin Copper smelter by Tamil Nadu Pollution Control Board ("TNPCB"), the appellate authority National Green Tribunal ("NGT") passed an interim order on 31 May 2013 allowing the copper smelter to recommence operations and appointed an Expert Committee to submit a report on the plant operations. Post the interim order, the plant recommenced operations on 23 June 2013. Based on Expert Committee's report on the operations of the plant stating that the plant's emission were within prescribed standards and based on this report, NGT ruled on 08 August 2013 that the Copper smelter could continue its operations and recommendations made by the Expert Committee be implemented in a time bound manner. The Group has implemented all of the recommendations. TNPCB has filed an appeal against the order of the NGT before the Supreme Court of India.

In the meanwhile, the application for renewal of Consent to Operate (CTO) for existing copper smelter, required as per procedure established by law was rejected by TNPCB in April 2018. Vedanta Limited has filed an appeal before the TNPCB Appellate Authority challenging the Rejection Order. During the pendency of the appeal, there were protests by a section of local community raising environmental concerns and TNPCB vide its order dated 23 May 2018 ordered closure of existing copper smelter plant with immediate effect. Further, the Government of Tamil Nadu, issued orders dated 28 May 2018 with a direction to seal the existing copper smelter plant permanently. The company believes these actions were not taken in accordance with the procedure prescribed under applicable laws. Subsequently, the Directorate of Industrial Safety and Health passed orders dated 30 May 2018, directing the immediate suspension and revocation of the Factory License and the Registration Certificate for the existing smelter plant.

The company has appealed this before the National Green Tribunal (NGT). NGT vide its order on 15 December 2018 has set aside the impugned orders and directed the TNPCB to pass fresh orders for renewal of consent and authorization to handle hazardous substances, subject to appropriate conditions for protection of environment in accordance with law.

The State of Tamil Nadu and TNPCB approached Supreme Court in Civil Appeals on 02 January 2019 challenging the judgement of NGT dated 15 December 2018 and the previously passed judgement of NGT dated 08 August 2013. The Supreme Court vide its judgement dated 18 February 2019 set aside the judgements of NGT dated 15 December 2018 and 08 August 2013 on the basis of maintainability alone and directed the company to file an appeal in High court.

The company had filed a writ petition before Madras High Court challenging the various orders passed against the Company in 2018 and 2013. On 18 August 2020, the Madras High Court delivered the judgement wherein it dismissed all the Writ Petitions filed by the Company. The company has approached the Supreme Court and challenged the said High Court order by way of a Special Leave Petition (SLP) to Appeal and also filed an interim relief for care & maintenance of the plant. The matter was then listed on December 02, 2020 before Supreme Court Bench. The Bench after having heard both the sides concluded that at this stage the interim relief in terms of trial run could not be allowed. Further, considering the voluminous nature of documents and pleadings, the matter shall be finally heard on merits. The case will be listed once physical hearing resumes in Supreme court.

As per the company's assessment, it is in compliance with the applicable regulations and expects to get the necessary approvals in relation to the existing operations.

The Company has carried out an impairment analysis for existing plant assets during the six months ended September 30, 2020 considering the key variables and concluded that there exists no impairment. The Company has done an additional sensitivity analysis with commencement of operations of the existing plant in FY 2022-23 and noted that the recoverable amount of the assets would still be in excess of their carrying values.

The carrying value of the assets as at 30 September 2020 is US$ 256 million (US$ 260 million as at 31 Mar 2020)

Expansion Plant:

Separately, the company has filed a fresh application for renewal of the Environmental Clearance for the proposed Copper Smelter Plant 2 (Expansion Project) dated 12 March 2018 before the Expert Appraisal Committee of the MoEF wherein a sub-committee was directed to visit the Expansion Project site prior to prescribing the Terms of Reference.

In the meantime, the Madurai Bench of the High Court of Madras in a Public Interest Litigation held vide its order dated 23 May 2018 that the application for renewal of the Environmental Clearance for the Expansion Project shall be processed after a mandatory public hearing and in the interim, ordered the company to cease construction and all other activities on site for the proposed Expansion Project with immediate effect. The Ministry of Environment and Forests (MoEF) has delisted the expansion project since the matter is sub-judice. Separately, SIPCOT vide its letter dated 29 May 2018, cancelled 342.22 acres of the land allotted for the proposed Expansion Project. Further the TNPCB issued orders on 07 June 2018 directing the withdrawal of the Consent to Establish (CTE) which was valid till 31 March 2023.

The company has approached Madras High Court by way of writ petition challenging the cancellation of lease deeds by SIPCOT pursuant to which an interim stay has been granted. The company has also filed Appeals before the TNPCB Appellate Authority challenging withdrawal of CTE by the TNPCB, the matter is pending for adjudication. Considering the delay in existing plant matter and accordingly delay in getting the required approval for expansion project, management considered to make provision for impairment for expansion project basis fair value less cost of disposal and accordingly made impairment provision of US$ 94 million in March 2020. During the current period, there are no updates in the expansion matter and impairment provision of US$ 94 million is adequate.

(iv) PSC Extension

Rajasthan Block

On October 26, 2018, the Government of India (GoI), acting through the Directorate General of Hydrocarbons (DGH) granted its approval for a ten-year extension of the Production Sharing Contract (PSC) for the Rajasthan Block (RJ), with effect from 15 May 2020 subject to certain conditions. The GoI had granted the extension under the Pre-NELP Extension Policy, the applicability whereof to PSC for Rajasthan Block is sub-judice and pending before the Hon'ble Delhi High Court. The key conditions stated by DGH and the Group's position is detailed below:

a) *Submission of Audited Accounts and End of year statement:*

The Companies and one of the joint operation partners have divergent views on the cost oil entitlement and therefore the End of Year statement for the year ended 31 March , 2018 & 31 March, 2019 and the Investment Multiple as at 31 March , 2018 and as at 31 March, 2019 could not be finalized. Consequentially, profit petroleum pertaining to the said Block for the year ended 31 March,2019 and 31 March, 2020 and applicable Investment Multiple calculated based on management's cost oil computation (resulting into Government's share of profit petroleum @ 40% for DA-1 & DA-2 and @20% for DA-3 for FY 2019 & FY 2020), remains provisional. The computation is after considering relevant independent legal advice. Subsequently, Audited End of year statements for FY 18-19 and FY 19-20 have been submitted to DGH on September 19, 2020 and audited End of year statement for FY 17-18 was also submitted on 12 November 2020.

Further, the above condition for submission of audited accounts and End of Year Statement for adoption by Management Committee of the Block has been delinked by DGH vide letter dated 03 December 2019 as a pre-condition to PSC extension.

b) *Profit Petroleum:*

DGH has raised a demand for the period up to 31 March 2017 for Government's additional share of Profit oil based on its computation of disallowance of cost incurred over the initially approved Field Development Plan (FDP) of pipeline project for US$ 202 million and retrospective reallocation of certain common costs between Development Areas (DAs) of Rajasthan Block aggregating to US$ 364 million, representing the Group's share.

Subsequently, the company in January 2020 received notifications from DGH on audit exceptions arising out of its audit for the FY 2017-18, which comprises of the consequential effects on profit oil due to the aforesaid matters and certain new matters on cost allowability plus interest aggregating to US$ 645 million, representing the Group's share, which have been responded to by the Group.

The company believes that it has sufficient as well as reasonable basis (pursuant to PSC provisions & approvals), supported by legal advice, for having claimed such costs and for allocating common costs between different DAs. In the company's opinion, these computations of the aforesaid demand / audit exceptions are not appropriate and the accounting adjustments sought for issues pertaining to Year 2007 and onwards are based on assumptions that are not in consonance with the approvals already in place. The company's view is also supported by independent legal opinion and the company has been following the process set out in PSC to resolve these aforesaid matters. Thus, the company sought for appointment of a sole expert for opining on the audit exceptions by a letter dated 14 November 2019 and thereafter on 14 May 2020, company has issued a notice of Arbitration proceeding on the above matters and is confident of resolution of matters in its favour. The Tribunal stands constituted. Further, on 23 September 2020, GoI had filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. The bench was not inclined to pass any ex-parte orders and now the matter is scheduled for hearing on 12 January 2021.

Further to above stated letter from GoI on 26 October 2018, in view of pending non-finalization of the Addendum to PSC, the extraordinary situation prevailing on account of COVID-19 and non-finalisation of issues including the aforesaid DGH demand, the GoI granted permission to the Group to continue petroleum operations in RJ-ON-90/I block, till the execution of the Addendum to PSC or for a period upto 31 January 2021, whichever is earlier.

In our view, above mentioned condition linked to PSC extension is untenable and has not resulted in creation of any liability and cannot be a ground for non-extension. In addition, all necessary procedures prescribed in the PSC including invocation of arbitration, in respect of the stated audit observation have also been fulfilled. Accordingly, in our view, the PSC extension approval granted vide DGH letter dated October 2018 upholds with all conditions addressed and no material liability would devolve upon the Group.

(v) Flue-gas desulfurization (FGD) implementation:

Ministry of Environment, Forest and Climate Change (MOEF&CC) has revised emission norms for coal-based power plants in India. Accordingly, both captive and independent coal-based power plants in India are required to comply with these revised norms for reduction of sulphur oxide (SOx) emissions for which the current plant infrastructure is to be modified or new equipment's have to be installed. Timelines for compliance to the revised norm for various plants in the Group range from December 2019 to March 2022. Different power plants are at different stages of the implementation process. However, it is unlikely that the implementation would be completed by the stipulated date.

MOP issued notification dated 02/07/2020 to restrict imports from China. Power China SEPCO1 has communicated their inability to execute the FGD project quoting aforementioned MOP notification and prevailing COVID situation in India. TSPL is proceeding with further steps for retendering the FGD project. A show cause notice has been issued by Central Pollution Control Board ('CPCB') to TSPL and other power plants which were required to meet 31 December 2019 deadline. Further, CPCB vide notice dated 08 May 2020 published on its website, has imposed penalty of ₹ 2 million per month per non-compliant unit and any further directions based on the periodic review of compliance status. Subsequent to period end, CPCB has extended the timelines to install FGD at TSPL to 28 February 2021 for Unit-1, 31 December 2020 for Unit-2 and 31 October 2020 for Unit-3.

TSPL filed a petition before Punjab State Electricity Regulatory Commission (PSERC) for approval of MoEF notification as change in law in terms of Article 13 of PPA on 30 June 2017. PSERC vide its order dated 21 December 2018 has held that MoEF notification is not a change in law as it does not impose any new requirements. TSPL had filed an appeal before Hon'ble Appellate Tribunal for Electricity (APTEL) challenging the said order of PSERC. APTEL has pronounced the order on 28 August 2020 in favour of TSPL allowing the cost pass through. PSPCL has filed an appeal against this order in Supreme Court.

Similarly, other power plants of the Group in India are required to comply with the revised norms in the coming year(s). Group's respective operations have been engaging with the concerned authorities to extend the timeline for compliance. The timelines have been extended for BALCO and Aluminum business of Vedanta Limited to June 2021.

(vi) ESL Steel Limited (formerly known as Electrosteel Steels Limited) (ESL), had filed application for renewal of Consent to Operate ('CTO') on 24 August 2017 for the period of five years which was denied by Jharkhand State Pollution Control Board ('JSPCB') on 23 August 2018, as JSPBC awaited response from MOEF over a 2012 show-cause notice. After a personal hearing towards the show cause notice, the Ministry of Environment, Forests and Climate Change revoked the Environmental Clearance (EC) on September 20, 2018. The Hon'ble High Court of Jharkhand granted stay against both revocation orders, and allowed the continuous running of the plant operations under regulatory supervision of the JSPCB. Jharkhand High Court on 16 September 2020 passed an order vacating the interim stay in place beyond 23 September 2020, while listed the matter for final hearing in November 2020. ESL urgently filed an SLP in the Supreme Court, and on 22 September 2020, ESL was granted permission to run the plant till further orders.

As the courts had permitted ESL to apply for statutory clearances without prejudice to their rights, ESL has been granted stage I forest clearance by MOEF&CC in December 2019 and Terms of Reference for 3 MTPA steel plant in August 2020. The company is working aggressively to comply with the terms of reference to secure the revised EC immediately, and does not envisage a material liability in this aspect.

3(b) Business Combination and others

(i) Ferro Alloys Corporation Limited:
On 21 September 2020, the Group acquired control over Ferro Alloys Corporation Limited ("FACOR"). FACOR was admitted under Corporate insolvency resolution process in terms of the Insolvency and Bankruptcy Code, 2016 of India. The National Company Law Tribunal (NCLT) vide its order dated 30 January 2020 approved the resolution plan for acquiring controlling stake in FACOR. Pursuant to the approved resolution plan, FACOR will be wholly owned subsidiary of Vedanta Limited. FACOR holds 90% in its subsidiary, Facor Power Limited (FPL).

FACOR is in the business of producing Ferro Alloys and owns a Ferro Chrome plant with capacity of 72,000 TPA, two operational Chrome mines and 100 MW of Captive Power Plant through its subsidiary, FACOR Power Limited (FPL). The acquisition will complement the Group's existing steel business as the vertical integration of ferro manufacturing capabilities has the potential to generate significant efficiencies.

The business combination has been accounted for on a provisional basis under IFRS 3.

The fair value of the identifiable assets and liabilities of FACOR as at the date of the acquisition were provisionally estimated as below:

(US$ million)

Particulars	**Provisional Fair Value**
Property, Plant and Equipment including Capital work in progress	22
Intangible assets	1
Bank deposits	1
Other non-current assets	2
Non-current assets	**26**
Inventories	6
Cash and cash equivalents	1
Other bank balances	10
Other current assets	5
Current assets	**22**
Total Assets (A)	**48**
Borrowings	1
Other liabilities	16
Total Liabilities (B)	**17**
Net Assets (C = A-B)	**31**
Satisfied by:	
Cash Consideration Paid for Equity acquired	5
Cash Consideration Paid for Debt acquired	3
Zero coupon Non-Convertible Debentures issued by FACOR repayable equally over 4 years commencing March 2021 (Nominal value US$ 39 million) *	32
Total Purchase consideration (D)	**40**
Non-Controlling interest on acquisition (10% of net liabilities of FPL) (E)	(9)
Bargain Gain/Goodwill (C-D-E)	-

*Includes NCDs of nominal value US$ 0.4 million yet to be issued as part of purchase consideration.

Considering the time involved in the valuation and complexities involved in the acquired business, the Group is still in the process of finalizing the fair valuation, which is expected to be finalized by the year end. As a result, the effects of the same have been accounted for on a provisional basis, as permitted by IFRS 3.

Since the date of acquisition, FACOR has contributed Nil and Nil to the Group revenue and profit before taxation respectively for six months ended 30 September 2020. If FACOR had been acquired at the beginning of the year, the Group revenue would have been US$ 4,905 million and the profit before tax of the Group would have been US$ 458 million.

Non-controlling interest has been measured at the non-controlling interest's proportionate share of FPL's identifiable net assets.

(ii) Discontinued operations - Copper Zambia (KCM):

In 2019, ZCCM Investments Holdings Plc (ZCCM), a company majority owned by the Government of the Republic of Zambia (GRZ), which owns 20.6% of the shares in Konkola Copper Mines Plc (KCM), filed a petition in the High Court of Zambia to wind up KCM (Petition) on "just and equitable" grounds. Subsequently, ZCCM amended the Petition to include an additional ground based on allegations that KCM is unable to pay its debts. ZCCM also obtained an ex parte order from the High Court of Zambia appointing a Provisional Liquidator (PL) of KCM pending the hearing of the Petition.

As a result of the appointment of the PL following ZCCM's ex parte application, the PL is currently exercising almost all the functions of the Board of Directors, to the exclusion of the Board.

The Group not only disputes the allegations and opposes the Petition, but also maintains that the complaints brought by ZCCM are in effect "disputes" between the shareholders. Per the KCM Shareholders' Agreement, the parties (including ZCCM and the Government of the Republic of Zambia) have agreed that any disputes must be resolved through international arbitration seated in Johannesburg, South Africa, applying the UNCITRAL Arbitration Rules; not the Zambian courts.

Arbitration Application

In respect of the ongoing arbitration proceedings, further information in respect of which can be found in the Group's Integrated Report and Annual Accounts for the financial year ended 31 March 2020, the procedural timetable for the arbitration was varied in October 2020. It currently envisages an initial hearing of prioritised issues commencing on 31 May 2021, with the substantive dispute being heard in November 2021 and February 2022. ZCCM filed and served its Defence and Counterclaim on VRL and VRHL on 14 July 2020, and VRHL's Reply and Defence to Counterclaim is due by 27 January 2021. Arbitration awards are enforceable in Zambia under the New York Convention.

Proceedings in the Zambian Courts

VRHL has also made a number of applications before the Zambian High Court in connection with the Petition, including an application for a stay of the Petition, pending the determination of the arbitration. Although, this application was dismissed at first instance by the High Court, VRHL was granted leave to appeal to the Zambian Court of Appeal.

The appeal hearing took place on 25 August 2020, and the ruling of the Appeal Court was delivered on 20 November 2020. The Appeal Court ruled in favour of the Group and concluded that a dispute as defined in the SHA exists between the parties, and that the disputes are arbitrable and referable to arbitration. The Appeal Court ordered a stay of the winding up proceedings pursuant to section 10 of the Zambian Arbitration Act, 2000 and that the matter be referred to arbitration. Costs were awarded in the Group's favour in both Courts in Zambia.

Although the Petition is currently stayed, the PL has insisted that he remains in his post with his full powers. The PL has argued that the Court of Appeal has not ordered him to vacate his seat.

The Group's application for an Embodiment Order of the Appeal Court ruling was argued before the Judge President of the Court of Appeal on 8 December 2020 and the Judge reserved her ruling. The Group and the Respondents (ZCCM and KCM) have a different opinion as to whether the Appeal Court ruling of 20 November 2020 has the result of the PL having to vacate his seat. The form in which the Embodiment Order is issued by the Judge President will determine the impact of the Court of Appeal ruling on the PL's position. No firm date has been set for the ruling on the Embodiment Order. On 2 December 2020, ZCCM filed a notice of application for leave to appeal the Court of Appeal ruling to the Supreme Court of Appeal, Zambia. ZCCM's motion been set down for hearing on 19 January 2021. Vedanta intends to oppose ZCCM's application for leave to appeal.

Further details about the ongoing proceedings in the Zambian Courts are discussed in more detail in the Group's Integrated Report and Annual Accounts for the financial year ended 31 March 2020.

At the date of approval of these financial statements, the PL remains in office and the Petition remains stayed.

Accounting Considerations

Since all the significant decision-making powers, including carrying on the business of KCM and taking control over all the assets of KCM, rests with the PL, the Group believes that the appointment of PL has caused loss of its control over KCM. Accordingly, the Group deconsolidated KCM with effect from 21 May 2019 and presented the same in the condensed consolidated income statement for the six months ended 30 September 2019 as a discontinued operation. This also resulted in derecognition of non-controlling interests in KCM of US$ 86 million.

For the interim condensed consolidated financial statements for the six months ended 30 September 2019, the Group continued to account for its investment in KCM and loans, receivables and obligations of KCM towards the Group at cost.

However, for the annual financial statements for the year ended 31 March 2020, the Group employed third-party experts ("Expert") to undertake valuations of the investment in KCM and loans, receivables and obligations of KCM towards the Group at the date of loss of control, 21 May 2019, and at 31 March 2020. Accordingly, the recoverable amounts and consequent impairment has been restated for the prior period ended 30 September 2019 in the interim condensed consolidated financial statements for the six months ended 30 September 2020. Furthermore, the change in fair value between the date of loss of control, 21 May 2019, and at 31 March 2020 was insignificant. Hence, the prior period recoverable amount and consequent impairment for the prior period ended 30 September 2019 has been determined based on the valuation at the date of loss of control. The adjustments made to the prior period ended 30 September 2019 is as below:

(US$ million)

	As previously reported			Adjustment			Restated		
	Before Special items	**Special items (Note 5)**	**Total**	**Before Special items**	**Special items (Note 5)**	**Total**	**Before Special items**	**Special items (Note 5)**	**Total**
Profit for the period from continuing operations	**362**	**(52)**	**310**	**-**	**-**	**-**	**362**	**(52)**	**310**
Profit/ (loss) after tax for the period/ year from discontinued operations and gain on deconsolidation	-	521	521	-	(1259)	(1259)	-	(738)	(738)
Profit/ (loss) for the period	**362**	**469**	**831**	**-**	**(1259)**	**(1259)**	**362**	**(790)**	**(428)**
Attributable to:									
Equity holders of the parent	(23)	526	503	-	(1,246)	(1,246)	(23)	(720)	(743)
Non-controlling interests	385	(57)	328	-	(13)	(13)	385	(70)	315
Profit/ (loss) for the period	**362**	**469**	**831**	-	**(1259)**	**(1259)**	**362**	**(790)**	**(428)**

Consequential impact of change in Profit/(loss) for the period is reflected in the Condensed Consolidated Statement of Comprehensive Income and the Condensed Consolidated Statement of Changes in Equity.

The loss with respect to KCM operations along with the loss on fair valuation of the Group's interest in KCM has been presented as a special item in the condensed consolidated income statement for the six months ended 30 September 2019.

The Group has total exposure of US$ 1,952 million (including equity investment in KCM of US$ 266 million) to KCM in the form of loans, receivables, investments and amounts relating to the guarantees issued by VRL, which have been accounted for at fair value on initial recognition and disclosed under non-current assets in the Consolidated Statement of Financial Position. Subsequently, the equity investment in KCM is measured at fair value through profit or loss and the loans, receivables and obligations of KCM towards the Group are measured at amortised cost, subject to impairment. As at 30 September 2020, the Group assessed the balances recoverable from KCM for impairment and concluded that no adjustments are necessary.

A detailed description of the key sources of estimation uncertainty relating to the valuation of the equity investment in KCM and loans, receivables and obligations of KCM towards the Group is included in the Group's Integrated Report and Annual Accounts for the financial year ended 31 March 2020.

a) *The profit/ (loss) from discontinued operations i.e. KCM:*

(US$ million)

	Six months ended
	30 Sep 2019*
Revenue	94
Cost of sales	(160)
Gross loss	**(66)**
Other operating income	1
Distribution costs	(3)
Administrative expenses	(12)
Operating loss	**(80)**
Investment revenue	(11)

Finance costs	(9)
Loss before taxation (a)	**(100)**
Net tax credit/ (expense) (b)	23
Loss after tax from discontinued operations (a+b)	**(77)**

** Till the date of appointment of PL i.e. 21 May 2019*

b) Loss on deconsolidation:

On loss of control of KCM, all assets and liabilities of KCM have been derecognised at their carrying value on the date of loss of control, 21 May 2019. On deconsolidation, the investment in KCM and the loans, receivables and obligations of KCM towards the Group have been measured at their fair value, at the date of loss of control. The resulting loss on deconsolidation, recognised in special items in the condensed consolidated income statement for the six months ended 30 September 2019, has been calculated as shown in the table below.

(US$ million)

	As at 21 May 2019
Fair value of assets recognised on deconsolidation:	
Investment in KCM (Original cost of investment: US$ 266 million)	-
Loans, receivables and obligations of KCM towards the Group*	693
Total (a)	**693**
Assets derecognised on deconsolidation:	
External Net assets of KCM (refer note c below)	**1,268**
Non-controlling Interest	86
External Net assets of KCM attributable to the Group (b)	**1,354**
Loss on deconsolidation (a) – (b)	**(661)**

**consists of unsecured loans advanced by the Group of US$ 265 million, which is past due, secured borrowings of KCM where the Group has provided guarantee to the lenders/ creditors of US$ 355 million, monies advanced for goods and other receivables of US$ 73 million.*

c) The carrying amount of assets and liabilities:

(US$ million)

	External	VRL Group*	Total
Property, plant and equipment	1,470	-	1,470
Other non-current assets	68	-	68
Trade and other receivables	240	-	240
Total assets	**1,778**	**-**	**1,778**
Borrowings	-	1,187	1,187
Trade and other payables	510	499	1,009
Total liabilities	**510**	**1,686**	**2,196**
Net assets/ (liabilities) of KCM	**1,268**	**(1,686)**	**(418)**

* Loans, receivables and obligations of KCM towards the Group

d) The profit/ (loss) from discontinued operations i.e. KCM including loss on its deconsolidation has been presented below:

(US$ million)

	Six months ended 30 September 2019
Loss after tax from discontinued operations (refer note a above)	(77)
Loss on deconsolidation (refer note b above)	(661)
Total	**(738)**

4. Segment information

The Group is a diversified natural resources Group engaged in exploring, extracting and processing minerals and oil and gas. The Group produces zinc, lead, silver, copper, aluminium, iron ore, oil and gas and commercial power and have a presence across India, Zambia, South Africa, Namibia, UAE, Ireland, Australia, Liberia, Japan, South Korea and Taiwan. The Group is also in the business of port operations and manufacturing of glass substrate, ferro alloys & steel.

The Group's reportable segments defined in accordance with IFRS 8 are as follows:

- Zinc- India
- Zinc-International
- Oil & Gas
- Iron Ore
- Copper-India/Australia
- Aluminium
- Power

'Others' segment mainly comprises of port/berth, steel, ferro alloys and glass substrate business and those segments which do not meet the quantitative threshold for separate reporting.
Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Group's chief operating decision maker ("CODM").

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. Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. Inter-segment sales are charged based on prevailing market prices.

The following tables present revenue and profit information for the six months ended 30 September 2020 and 30 September 2019 and certain asset and liability information regarding the Group's reportable segments as at 30 September 2020 and year ended 31 March 2020. Items after operating profit are not allocated by segment.

(a) Reportable segments

For the Six months ended 30 September 2020

(US$ Million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Aluminium	Power	Others	Elimination	Total operations
REVENUE										
Sales to external customers	1,248	134	408	199	572	1,658	385	271	-	4,875
Inter-segment sales	-	-	-	4	-	4	-	2	(10)	-
Segment revenue	**1,248**	**134**	**408**	**203**	**572**	**1,662**	**385**	**273**	**(10)**	**4,875**
Segment Result										
EBITDA[(1)]	597	44	175	61	(6)	397	116	56	-	**1,440**
Depreciation and amortisation[(2)]	156	19	142	15	10	112	39	36	-	**529**
Operating profit / (loss) before special items	**441**	**25**	**33**	**46**	**(16)**	**285**	**77**	**21**	**-**	**911**
Investment revenue										**178**
Finance costs										**(576)**
Other gains and (losses) [net]										**(2)**
Special items (Note 5)										**(37)**
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS										**474**
Segments assets	2,734	718	2,125	452	922	6,419	2,417	1,068	-	**16,855**
Financial asset investments										**18**
Deferred tax assets										**845**
Short-term investments										**3,794**
Cash and cash equivalents										**3,154**
Tax assets										**401**
Others										**745**
TOTAL ASSETS										**25,812**
Segment liabilities	529	116	1,346	154	610	1,985	234	199	-	**5,173**
Borrowings										**17,598**
Current tax liabilities										**44**
Deferred tax liabilities										**388**
Others										**714**
TOTAL LIABILITIES										**23,917**
Other Segment Information										
Impairment charge[(3)]	-	-	-	-	-	-	-	-	-	**-**

*Six months ended 30 September 2019**

(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Aluminium	Power	Others	Elimination	Total operations
REVENUE										
Sales to external customers	1,324	245	904	222	709	1,916	479	333	-	6,132
Inter-segment sales	-	-	-	0	-	1	-	6	(7)	-
Segment revenue	**1,324**	**245**	**904**	**222**	**709**	**1,917**	**479**	**339**	**(7)**	**6,132**
Segment Result										
EBITDA(1)	642	48	525	45	(23)	9	116	33	-	1,395
Depreciation and amortisation(2)	(162)	(49)	(276)	(19)	(11)	(118)	(42)	(34)	-	(711)
Operating profit / (loss) before special items	**480**	**(1)**	**249**	**26**	**(34)**	**(109)**	**74**	**(1)**		**684**
Investment revenue										207
Finance costs										(615)
Other gains and (losses) [net]										(41)
Special items										(60)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS										**175**
Other Segment Information										
Impairment charge(3)	-	-	-	-	-	-	-	(72)	-	(72)

**Restated. Refer Note 1(d)*

Year ended 31 March 2020

(US$ Million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Aluminium	Power	Others	Elimination	Total operations
Segments assets	2,762	692	2,079	461	879	6,560	2,333	1,072	-	16,838
Financial asset investments										12
Deferred tax assets										1,114
Short-term investments										4,385
Cash and cash equivalents										705
Tax assets										355
Others										777
TOTAL ASSETS										**24,186**
Segment liabilities	637	164	1,344	164	606	2,396	214	207	-	5,732
Borrowings										15,095
Current tax liabilities										26
Deferred tax liabilities										397
Others										663
TOTAL LIABILITIES										**21,913**
Other segment information										
Additions to property, plant and equipment, exploration and evaluation assets and intangible assets	651	107	642	15	31	200	10	44	-	1,700
Impairment charge [3]	-	-	1,906	-	94	-	-	72	-	2,072

(1) EBITDA is a non-IFRS measure and represents earnings before special items, depreciation, amortisation, other gains and losses, interest and tax.

(2) Depreciation and amortisation is also provided to the chief operating decision maker on a regular basis.

(3) Included under special items (Note 5).

Disaggregation of revenue

Below table summarises the disaggregated revenue from contracts with customers:

(US$ million)

Particulars	Six months ended 30 September 2020 (Unaudited)	Six months ended 30 September 2019 (Unaudited)
Zinc Metal	914	1,177
Lead Metal	233	245
Silver Bars	251	170
Oil	366	863
Gas	25	48
Iron ore	80	80
Pig Iron	142	159
Metallurgical coke	6	1
Copper Products	532	490
Aluminum Products	1,639	1,836
Power	266	386
Steel Products	213	273
Others	117	360
Revenue from contracts with customers	**4,784**	**6,088**
Revenue from contingent rents	103	119
Gains/(losses) on provisionally priced contracts under IFRS 9	(12)	(75)
Total Revenue	**4,875**	**6,132**

5. Special items

(US$ million)

	Six months ended 30 September 2020			Six months ended 30 September 2019*		
	Special items	Tax effect of Special items	Special items after tax	Special items	Tax effect of Special items	Special items after tax
Revision of Renewable Purchase Obligation (RPO)[1]	13	(4)	9	-	-	-
Gross profit special items	**13**	**(4)**	**9**	-	-	-
Impairment (charge) of ASI assets[2]	-	-	-	(72)	11	(61)
Operating special items	**13**	**(4)**	**9**	**(72)**	**11**	**(61)**
Investment Revenue Special item[3]	-	-	-	12	(3)	9
Delisting expenses[4]	(50)	-	(50)			
Loss on Discontinued Operations[5]	-	-	-	(738)	-	(738)
Total of Special items	**(37)**	**(4)**	**(41)**	**(798)**	**8**	**(790)**

**Restated. Refer Note 1(d)*

1 During the period ended 30 September, 2020, Vedanta Limited has recomputed its Renewable Power Obligation (RPO) pursuant to Chhattisgarh State Electricity Regulatory Commission (CSERC) notification dated 13 July 2020 (published on 22 July 2020) which clarified that for Captive Power Plants commissioned before 01 April 2016, RPO should be pegged at the RPO obligation percentage rates (both for solar and non-solar) applicable for FY 2015-16. Consequent to the aforesaid notification, Vedanta Limited's obligation towards RPO relating to the period upto 31 March, 2020 has been reversed to the extent of US$ 13 million during this period.

2. During the period ended 30 September 2019, the Group has recognized impairment charge of US$ 72 million on the assets of AvanStrate Inc (ASI) mainly due to the significant changes in the market and economic environment in which ASI operates leading to decrease in demand and profitability in the glass substrate business. The charge relates to ASI business in Japan, Taiwan and Korea classified in the 'others' segment. Given the significant interdependence of these entities on each other, these are considered as a single cash-generating unit.

   The net recoverable value of assets and liabilities has been assessed at US$ 205 million based on the value in use approach. Based on the sensitivities carried out by the Group, decrease in volume assumptions by 1% would lead to decrease in recoverable value by US$ 2 million and increase in discount rate by 1% would lead to a decrease in recoverable value by US$ 6 million.

3. On the contempt petition filed by TSPL, the Hon'ble Supreme Court of India vide its order dated 07 August 2019 allowed gross calorific value (GCV) on as received basis (ARB) and actual cost of coal in the Energy Charge Formula and directed Punjab State Power Corporation Limited (PSPCL) to make the payments within 8 weeks. Pursuant to the order, PSPCL has paid US$ 142 million in September 2019 and October 2019. TSPL has booked an interest of US$ 20 million due to the delay in receipt of payment as per the Supreme Court order dated 07 March, 2018 allowing the interest on delay in payment. Of this interest of US$ 12 million pertaining to period prior to 31 March 2019 is booked as special item and amount of US$ 8 million for year ended 31 March 2020 is booked in investment income.

4. Refer delisting note in Group overview section.

5. Refer note 3(b)(ii).

6. Other gains and (losses) (net)

(US$ million)

	Six months ended 30 September 2020	Six months ended 30 September 2019
Foreign exchange gains/(loss) (net)	19	(35)
Change in fair value of financial liabilities measured at fair value	0	0
Other Gains and (Losses)- Special item	(9)	-
Net (loss)/ gain arising on qualifying hedges and non-qualifying hedges	(21)	(6)
Total	**(11)**	**(41)**

7. Tax

(a) Tax charge/ (credit) recognised in condensed consolidated Income Statement (including on special items)

(US$ million)

	Six months ended 30 September 2020	Six months ended 30 September 2019
Current tax:		
Current tax on profit for the period	132	139
Charge/(credit) in respect of current tax for earlier years	-	-
Total current tax (a)	**132**	**139**
Deferred tax		
(Reversal)/ Origination of temporary differences	260	(266)
(Credit)/ Charge in respect of Special items (note 5)	4	(8)
Total deferred tax (credit)/ charge (b)	**264**	**(274)**
Net tax (credit)/ expense ((a)+(b))	**396**	**(135)**
Profit/ (loss) before taxation	**474**	**175**
Effective tax rate (%)	**83.5%**	**(77.1%)**

Consequent to the declaration of dividend (including from accumulated profits) by the subsidiaries, the unabsorbed depreciation as per tax laws have been utilized by Vedanta Limited leading to a deferred tax charge of US$ 171 million in the six months ended 30 September 2020. Further, during the corresponding six months ended 30 September, 2019, section 115BAA of the Income Tax Act was introduced and based on the expected timing of adoption of the same, the Group remeasured its deferred tax balances as at 01 April 2019 and recognised a deferred tax credit of US$ 331 million in the six months ended 30 September 2019. In case the actual timing of adoption of section 115BAA is changed from what is presently estimated the deferred tax balances would be required to be remeasured.

Tax expense

(US$ million)

Particulars	Six months ended 30 September 2020	Six months ended 30 September 2019
Tax effect of special items (Note 5)	4	(8)
Tax expense – others	392	(127)
Net tax (credit)/expense	**396**	**(135)**

(b) The tax department had raised demands on account of remeasurement of certain tax incentives under Sections 80IA and 80 IC of the Income Tax Act. During the previous year, based on the favourable orders from Income Tax Appellate Tribunal relating to AY 09-10 to AY 12-13, the Commissioner of Income Tax (Appeals) has allowed these claims for AY 14-15 to AY 15-16, which were earlier disallowed and has granted refund of amounts deposited under protest. Against the Tribunal order, department had filed an appeal in Hon'ble Rajasthan High Court in financial year 17-18 which is yet to be admitted. As per the view of external legal counsel, Department's appeal seeks re-examination of facts rather than raising any substantial question of law and hence it is unlikely that appeal will be admitted by the High Court. Due to this there is a strong prima facie case that ITAT order will stand confirmed and department's appeal would be dismissed. The amount involved in this dispute as at 30 September 2020 is US$ 1,480 million (31 March 2020: US$ 1,412 million) plus applicable interest up to the date of settlement of the dispute.

8. Underlying Attributable Profit/(Loss) for the period

Underlying profit/(loss) is an alternative earnings measure, which the management considers to be a useful additional measure of the Group's performance. The Group's Underlying profit/ loss is the profit/ loss from continuing operations for the period after adding back special items (note 5), other gains/(losses) [net] (note 6) and their resultant tax (including taxes classified as special items) and non-controlling interest effects. This is a Non-IFRS measure.

(US$ million)

	Note	Six months ended 30 September 2020	Six months ended 30 September 2019*
Profit/ (Loss) for the period/ year attributable to equity holders of the parent		(195)	(743)
Special items – expense/(income)	*5*	37	60
Other (gains)/losses [net]	*6*	2	41
Tax effect of special items (including taxes classified as special items) and other gains/ (losses) [net]		(2)	(17)
Non-controlling interest on special items and other gains/ (losses)		2	(58)
(Gain)/ loss on discontinued operations	*3(b)(ii)*	-	738
Non-controlling interest on loss after tax from discontinued operations		-	(30)
Underlying attributable profit/(loss) for the period		**(156)**	**(9)**

**Restated. Refer Note 1(d)*

9. Dividends

(US$ million)

	Six months ended 30 September 2020	Six months ended 30 September 2019
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Interim Dividend for 2020-21: 88.0 US cents per share	251	-
Final dividend paid for 2018-19: 65.0 US cents per share	-	185

**US$ 145 million is payable as at 30 September 2020*

10. Movement in net debt[(1)]

(US$ Million)

	Cash and cash equivalents	Short term investments	Financial asset investment net of related liabilities and derivatives[(1)]	Total cash and short-term investments	Debt due within one year	Debt due after one year*	Total Net Debt
					Debt carrying value	Debt carrying value	
At 1 April 2020	**705**	**4,385**	**-**	**5,090**	**(1,644)**	**(13,451)**	**(10,005)**
Cash flow from continuing operations	2,435	(646)	-	1,789	(137)	(2,234.0)	(582)
Net debt on acquisition through business combination (note 3(b)(i))	1	11		12	(1)		11
Other non-cash changes[(2)]	-	(4)	-	(4)	(749)	745	(8)
Foreign exchange currency translation differences	13	48	-	61	(20)	(107.00)	(66)
At 30 September 2020	**3,154**	**3,794**	**-**	**6,948**	**(2,551)**	**(15,047)**	**(10,650)**

* Includes current maturities of long-term borrowings of US$ 3,164 million as at 30 September 2020.

(US$ million)

	Cash and cash equivalents	Short term investments	Financial asset investment net of related liabilities and derivatives[(1)]	Total cash and short-term investments	Debt due within one year	Debt due after one year*	Total Net Debt
					Debt carrying value	Debt carrying value	
At 1 April 2019	**1,133**	**4,164**	**391**	**5,688**	**(4,132)**	**(11,848)**	**(10,292)**
Cash flow from continuing operations	139	(331)	(365)	(557)	1,408	(377)	474
Cash flows from Discontinued operations-KCM	(1)			(1)	-	-	(1)
De-recognition due to loss of control of KCM	(1)	-	-	(1)	128	22	149
Other non-cash changes[(2)]	-	125	(26)	99	(126)	113	86
Foreign exchange currency translation differences	(19)	(65)	-	(84)	85	77	78
At 30 September 2019	**1,251**	**3,893**	**-**	**5,144**	**(2,637)**	**(12,013)**	**(9,506)**

* Includes current maturities of long-term borrowings of US$ 1,376 million as at 30 September 2019.

(1) Net debt is a Non-IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, short-term investments and structured investment , net of the deferred consideration payable for such investments (referred above as Financial asset investment net of related liabilities), if any

(2) Other non-cash changes comprise of amortisation of borrowing costs, foreign exchange difference on net debt and reclassification between debt due within one year and debt due after one year. It also includes US$ (4) million (30 September 2019: US$ 99 million) representing fair value movement in investments and accrued interest on investments.

Debt securities issued/repaid during the period

In September 2016, Vedanta Ltd issued NCDs of US$ 81 million at an interest rate of 8.70%. These NCDs are secured by way of first ranking pari passu charge on movable fixed assets in relation to the Lanjigarh Refinery Expansion Project (having capacity beyond 2 MTPA and upto 6 MTPA) situated at Lanjigarh, Orissa. The Lanjigarh Refinery Expansion Project shall specifically exclude the 1 MTPA alumina refinery of Vedanta Limited along with 90 MW power plant in Lanjigarh and all its related capacity expansions. The NCDs have been fully repaid in April 2020.

In August 2015, Vedanta Ltd issued NCDs of US$ 272 million at an interest rate of 9.45%. These NCDs are secured by way of movable fixed assets in relation to the 1.6 MTPA Aluminium Smelter alongwith 1215 MW (135MW * 9) captive power plant located in Jharsuguda and 1 MTPA Alumina Refinery alongwith 90 MW co-generation power plant located at Lanjigarh in Odisha State and shall include all present movable plant and machinery, machinery spares, tools and accessories, fixtures, mechanical and electrical equipments, machinery and all other movable fixed assets and all estate, right, title, interest, property, claims and demands whatsoever in relation to assets. The NCDs have been fully repaid in August 2020.

In August, 2017, TSPL issued NCDs of US$ 68 million at an interest rate of 7.85%. These NCDs are secured by first pari passu charge on movable and/or immovable fixed assets of TSPL with a minimum asset cover of 1 times during the tenure of NCD and an unconditional and irrevocable corporate guarantee by Vedanta Limited. The NCDs have been fully repaid in August 2020.

In August 2017, BALCO had issued NCDs of US$ 68 million at an interest rate of 7.94%. These were secured by first pari passu charge over the immovable property (excluding of leasehold land and coal block assets) of BALCO .The NCDs of US$ 27 million have been repaid in March 2020 and balance US$ 41 million were repaid in July 2020.

In May 2017, VGCB has issued NCDs of US$ 58 million at an interest rate of 8.25%. These NCDs are secured by way of first pari-passu charge on the specific movable and/or immovable fixed assets, as may be identified and notified by the Issuer to the Security Trustee from time to time, with minimum asset coverage of 1 time of the aggregate face value of Bonds outstanding at any point of time. The asset cover thereof exceeds 1 time of the principal amount of the said debentures. The NCDs have been fully repaid in September 2020.

In September 2020, HZL issued NCDs of US$ 478 million at an interest rate of 5.35%. These NCDs are unsecured. The NCDs are due for repayment in three yearly installments commencing from September 2021. As at 30 September, 2020, the carrying value is US$ 478 million.

In September 2020, Ferro Alloys Corporation Limited issued zero coupon NCDs of US$ 39 million. These NCDs are secured by way of charge against all existing assets of the company. The NCDs are due for repayment in four annual equal installments commencing from March 2021. As at 30 September, 2020, the carrying value is US$ 32 million.

11. Financial instruments

Financial Assets and Liabilities:

The following tables present the carrying value and fair value of each category of financial assets and liabilities as at 30 September 2020 and 31 March 2020:

(US$ million)

As at 30 September 2020	Fair value through profit or loss	Fair value through other comprehensive income	Derivatives designated as hedging instruments	Amortised cost	Others	Total carrying value	Total fair value
Financial Assets							
Financial instruments (derivatives)	2	-	1	-	-	**3**	**3**
Financial asset investments held at fair value	7	11	-	-	-	**18**	**18**
Short term investments							
- Bank deposits	-	-	-	1,572	-	**1,572**	**1,572**
- Other investments	2,222	-	-	-	-	**2,222**	**2,222**
Cash and cash equivalents	-	-	-	3,154	-	**3,154**	**3,154**
Other non-current assets and trade and other receivables	11**	-	-	1,160	-	**2,171**	**2,171**
Total	**2,242**	**11**	**1**	**5,886**	**-**	**9,140**	**9,140**

(US$ million)

As at 30 September 2020	Fair value through profit or loss	Derivatives designated as hedging instruments	Amortised cost	Others*	Total carrying value	Total fair value
Financial Liabilities						
Financial instruments (derivatives)	26	38	-	-	**64**	**64**
Trade and other payables	100**	-	4,203	34	**4,337**	**4,337**
Borrowings	-	-	17,598	-	**17,598**	**16,752**
Total	**126**	**38**	**21,801**	**34**	**21,999**	**21,153**

**Represents put option liability accounted for at fair value*
*** Under IFRS 9, provisionally priced receivables/payables are fair valued at each reporting date.*

(US$ million)

As at 31 March 2020	Fair value through profit or loss	Fair value through other comprehensive income	Derivatives designated as hedging instruments	Amortised cost	Total carrying value	Total fair value
Financial Assets						
Financial instruments (derivatives)	37	-	56	-	**93**	**93**
Financial asset investments held at fair value	7	5	-	-	**12**	**12**
Short term investments						
- Bank deposits	-	-	-	1,101	**1,101**	**1,101**
- Other investments	3,284	-	-	-	**3,284**	**3,284**
Cash and cash equivalents	-	-	-	705	**705**	**705**

Other non-current assets and trade and other receivables	7**	-	-	1,945	**1,952**	**1,952**
Total	**3,335**	**5**	**56**	**3,751**	**7,147**	**7,147**

(US$ million)

As at 31 March 2020	Fair value through profit or loss	Derivatives designated as hedging instruments	Amortised cost	Others*	Total carrying value	Total fair value
Financial Liabilities						
Financial instruments (derivatives)	6	13	-	-	19	19
Trade and other payables	69**	-	4,319	33	4,421	4,421
Borrowings	-	-	15,095	-	15,095	12,563
Total	**75**	**13**	**19,414**	**33**	**19,535**	**17,003**

**Represents put option liability accounted for at fair value*
*** Under IFRS 9, provisionally priced receivables/payables are fair valued at each reporting date.*

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The below tables summarise the categories of financial assets and liabilities as at 30 September 2020 and 31 March 2020 measured at fair value:

(US$ Million)

	As at 30 September 2020		
	Level 1	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
- Short term investments	474	1,748	-
- Financial asset investments held at fair value	-	-	7
- Financial instruments (derivatives)	-	2	-
- Other non-current assets and trade and other receivables	-	11	-
At fair value through other comprehensive income			
- Financial asset investments held at fair value	10	-	1
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	1	-
Total	**484**	**1,762**	**8**
Financial liabilities			
At fair value through profit or loss			
- Financial instruments (derivatives)	-	26	-
- Trade and other payables	-	100	-
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	38	-
Trade and other payables- Put option liability with non- controlling interest	-	-	34
Total	**-**	**164**	**34**

(US$ million)

	As at 31 March 2020		
	Level 1	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
- Short term investments	1,016	2,268	-
- Financial asset investments held at fair value	-	-	7
- Financial instruments (derivatives)	-	37	-
- Other non-current assets and trade and other receivables	-	7	-
At fair value through other comprehensive income			
- Financial asset investments held at fair value	4	-	1
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	56	-
Total	**1,020**	**2,368**	**8**
Financial liabilities			
At fair value through profit or loss			
- Financial instruments (derivatives)	-	6	-
- Trade and other payables	-	69	-
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	13	-
Trade and other payables- Put option liability with non -controlling interest	-	-	33
Total	**-**	**88**	**33**

The below table summarizes the fair value of borrowings which are carried at amortised cost as at 30 September 2020 and 31 March 2020:

(US$ million)

	As at 30 September 2020		As at 31 March 2020	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Borrowings	3,292	13,460	1,568	10,995
Total	**3,292**	**13,460**	**1,568**	**10,995**

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. For other listed securities traded in markets which are not active, the quoted price is used wherever the pricing mechanism is same as for other marketable securities traded in active markets. Other current investments and structured investments are valued by referring to market inputs including quotes, trades, poll, primary issuances for securities and /or underlying securities issued by the same or similar issuer for similar maturities and movement in benchmark security, etc.
- Financial assets forming part of Trade and other receivables, cash and cash equivalents (including restricted cash and cash equivalents), bank deposits, financial liabilities forming part of trade and other payables and short-term borrowings: Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Other non-current financial assets and financial liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.
- Long-term fixed-rate and variable rate borrowings: Listed bonds are fair valued based on the prevailing market price. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value has been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for the appropriate credit spread.
- Quoted financial asset investments: Fair value is derived from quoted market prices in active markets.
- Derivative financial assets/liabilities: The Group enters into derivative financial instruments with various counterparties. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques by the Group include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (UK).

For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.

The estimated fair value amounts as at 30 September 2020 and 31 March 2020 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each period-end.

There were no significant transfers between level 1, level 2 and level 3 during the current period.

12. Share capital

	As at 30 September 2020		As at 31 March 2020	
Shares in issue	**Number**	**Paid up amount (US$ million)**	**Number**	**Paid up amount (US$ million)**
Ordinary shares of 10 US cents each	285,246,698	29	285,246,698	29
Deferred shares of £1 each	50,000	0	50,000	0
Total	**285,296,698**	**29**	**285,296,698**	**29**

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles.

Each ordinary share carries the right to one vote at general meetings of the Company and is entitled to dividends.

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.

13. Commitments, guarantees, contingencies and other disclosures

A. Commitments

The Group has a number of continuing commitments in the normal course of business including:

Exploratory mining commitments;

Oil and gas commitments;

Mining commitments arising under production sharing agreements; and

Completion of the construction of certain assets.

(US$ million)

	As at 30 September 2020	As at 31 March 2020
Capital commitments contracted but not provided	1,215	1,413

Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

(US$ million)

	As at 30 September 2020	As at 31 March 2020
Oil & Gas sector		
Cairn India	264	421
Aluminium sector		
Lanjigarh Refinery (Phase II)	213	210
Jharsuguda 1.25 MTPA smelter	55	55
Zinc sector		
Zinc India (mines expansion, solar and smelter)	86	122
Gamsberg mining & milling project	12	17
Copper sector		
Tuticorin Smelter 400 KTPA*	408	373
Others	177	215
Total	**1,215**	**1,413**

**currently contracts are under suspension under the force majeure clause as per the contract*

Committed work programme (Other than capital commitment):

(US$ million)

	As at 30September 2020	As at 31 March 2020
Oil & Gas sector		
Cairn India (OALP - New Oil and Gas blocks)	771	781

B. Guarantees

The aggregate amount of indemnities and other guarantees on which the Group does not expect any material losses, was US$ 862 million (31 March 2020: US$ 866 million).

The Group has given guarantees in the normal course of business as stated below:

Guarantees and bonds advanced to the customs authorities in India of US$ 59 million relating to the export and payment of import duties on purchases of raw material and capital goods (31 March 2020: US$ 63 million).

Guarantees issued for Group's share of minimum work programme commitments of US$ 394 million (31 March 2020: US$ 388 million).

Guarantees of US$ 2 million issued under bid bond for placing bids (31 March 2020: US$ 7 million).

Bank guarantees of US$ 16 million (31 March 2020: US$ 15 million) has been provided by the Group on behalf of Volcan Investments Limited to Income tax department, India as a collateral in respect of certain tax disputes

Other guarantees worth US$ 391 million (31 March 2020: US$ 393 million) issued for securing supplies of materials and services, in lieu of advances received from customers, litigation, for provisional valuation of custom duty and also to various agencies, suppliers and government authorities for various purposes. The Group does not anticipate any liability on these guarantees.

Cairn PSC/RSC guarantee to Government

The Group has provided guarantees for the Cairn India Group's obligation under the Production Sharing Contract ('PSC') and Revenue Sharing Contract ('RSC').

C. Export Obligations

The Indian entities of the Group have export obligations of US$ 467 million (31 March 2020: US$ 512 million) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under the Advance Licence Scheme for the 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$ 73 million (31 March 2020: US$ 81 million) plus applicable interest.

The Group has given bonds of US$ 239 million (31 March 2020: US$ 227 million) to custom authorities against these export obligations.

D. Contingencies

The Group discloses the following legal and tax cases as contingent liabilities.

Hindustan Zinc Limited: 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$ 45 million as at 31 March 2020 (31 March 2020: US$ 45 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 had filed appeals (writ petitions) in the High Court of Rajasthan in Jodhpur. The High Court restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court issued another order granting the Department of Mines and Geology additional time to file their reply and also ordered the Department of Mines and Geology not to issue any order cancelling the lease. The State Government filed for an early hearing application in the High Court. The High Court has passed an order rejecting the application stating that Central Government should file their replies. HZL believes it is unlikely that the claim will lead to a future obligation and thus no provision has been made in the financial statements.

Vedanta Limited: Income tax

In March 2014, Vedanta Limited (notice was served on Cairn India Limited which subsequently merged with Vedanta Limited, accordingly now referred to as Vedanta Limited) received a show cause notice from the Indian Tax Authorities ('Tax Authorities') for not deducting withholding tax on the payments made to Cairn UK Holdings Limited (CUHL), for acquiring shares of Cairn India Holdings Limited (CIHL), as part of their internal reorganisation. The Tax Authorities have stated in the notice that a short-term capital gain has accrued to CUHL on transfer of the shares of CIHL to Vedanta Limited, in the financial year 2006–2007, on which tax should have been withheld by Vedanta Limited. Pursuant to this, various replies were filed with the Tax Authorities. After several hearings, the Income Tax Authority, in March 2015, issued an order holding Vedanta Limited as 'assessee in default' and raised a demand totalling US$ 2,783 million (including interest of US$ 1,392 million). Vedanta Limited had filed an appeal before the First Appellate Authority, Commissioner of Income Tax (Appeals) which vide order dated 03 July 2017 confirmed the tax demand against Vedanta Limited. Vedanta Limited has challenged the Commissioner of Income Tax's (Appeals) order before the Income Tax Appellate Tribunal (ITAT).

Vedanta Limited also filed a writ petition before the Delhi High Court wherein it has raised several points for assailing the aforementioned Income Tax Authority's order. The matter came up for hearing on 05 February 2020 before Delhi High Court but adjourned and the next date of hearing is 03 February 2021.

Separately CUHL, on whom the primary liability of tax lies, had received an Order from the ITAT in the financial year 2016-17 holding that the transaction is taxable in view of the clarification made in the Act but also acknowledged that being a retrospective transaction, interest would not be levied. Hence affirming a demand of US$ 1,392 million excluding the interest portion that had previously been claimed. The tax department has appealed this order before the Delhi High Court. As a result of the above order from ITAT, the Group considers the risk in respect of the interest portion of claim to be remote. Further, as per the recent recovery notice dated 12 October 2018 received from the Tax Recovery Officer (TRO) appointed for CUHL, tax demand of CUHL of approx. US$ 679 million along with interest is outstanding. In related proceedings, the International Arbitration Tribunal ruled unanimously in the case of Cairn Energy Plc that India had breached its obligations under the UK-India Bilateral Investment Treaty.

Further, in the said notice, tax department had also instructed Vedanta Limited to remit the preference shares redemption amount including dividend payable thereon to the TRO. Accordingly, amount aggregating to US$ 83 million has been paid to the TRO on 26 October 2018 thus reducing the liability to US$ 596 million. Vedanta Limited has also paid interim dividend of US$ 1 million to the TRO. Accordingly, the Group has revised the contingent liability to US$ 595 million (31 March 2020: US$ 586 million). In the event, the case is finally decided against the company, the demand payable along with interest as per the above mentioned order would be US$ 2,783 million, of which only US$ 595 million is considered as possible. Separately, but in connection with this litigation, the company has filed a Notice of Claim against the Government of India ('GOI') under the UK India Bilateral Investment Treaty (the BIT). The International Arbitration Tribunal passed a favourable order on jurisdiction and Transparency and hearing on merits have been completed in May 2019 and order will be passed in due course. The Government of India has challenged the jurisdiction and Transparency orders of Arbitration Tribunal before the High Court of Singapore. The Singapore High court heard the Transparency matter on 24 February 2020 and passed favorable order and held that it will take up the Jurisdiction issue after receiving Tribunal's award on merits. GOI has appealed the above High Court order before Singapore Supreme Court.

As the Cairn Energy Plc Arbitration award regarding retrospective tax will have a direct influence upon Vedanta's case, due to the fact that primary liability of paying the tax is CUHL's and in this case there is expected to be no tax liability in the hands of CUHL, the claim of amounts assessed as in default against Vedanta should be eliminated. The classification and full financial implications will be reviewed within the annual report based on further developments in the case.

Ravva Joint Operations arbitration proceedings

<u>ONGC Carry</u>

The Ravva Production Sharing Contract (PSC) obliges the contractor parties to pay a proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to the construction and other activities it conducted in Ravva prior to the effective date of the Ravva PSC (the ONGC Carry). The question as to how the ONGC Carry is to be recovered and calculated, along with other issues, was submitted to an International Arbitration Tribunal in August 2002 which rendered a decision on the ONGC Carry in favour of the contractor parties (including Vedanta Limited (Cairn India Limited which subsequently merged with Vedanta Limited, accordingly now referred to as Vedanta Limited)) whereas four other issues were decided in favour of Government of India (GOI) in October 2004 (Partial Award). The GOI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia upheld the Partial Award. As the Partial Award did not quantify the sums, therefore, contractor parties approached the same Arbitration Tribunal to pass a Final Award in the subject matter since it had retained the jurisdiction to do so. The Arbitral Tribunal was reconstituted and the Final Award was passed in October 2016 in Vedanta Limited's favour. GOI's challenge of the Final Award has been dismissed by the Malaysian High Court and the next appellate court in Malaysia i.e. Malaysian Court of Appeal. GOI then filed an appeal at Federal Court of Malaysia. The matter was heard on 28 February 2019 and the Federal Court dismissed GOI's leave to appeal. Vedanta Limited has also filed for the enforcement of the Partial Award and Final Award before the Hon'ble Delhi High Court. The matter has been listed for hearing on 12 January 2021.

Base Development Cost

Ravva joint operations had received a claim from the Ministry of Petroleum and Natural Gas, Government of India (GOI) for the period from Year 2000-2005 for US$ 129 million for an alleged underpayment of profit petroleum (by recovering higher Base Development Costs ("BDC") against the cap imposed in the PSC) to the Government of India (GOI), out of which, Vedanta Limited's (Cairn India Limited which subsequently merged with Vedanta Limited, accordingly now referred to as Vedanta Limited) share will be US$ 29 million plus interest. Joint venture partners initiated the arbitration proceedings and Arbitration Tribunal published the Award in January 2011 allowing claimants (including Vedanta Limited) to recover the development costs spent to the tune of US$ 278 million and disallowed over run of US$ 22 million spent in respect of BDC along with 50% legal costs. Finally, Supreme Court of India on 16 September 2020 pronounced the order in favour of Vedanta Limited, rejecting all objections of the GOI and allowed enforcement of the Arbitration Award. With the Supreme Court order the Ravva BDC Matter stands closed.

In connection with the above two matters, Vedanta Limited has received an order dated 22 October 2018 from the GOI directing oil marketing companies (OMCs) who are the offtakers for Ravva to divert the sale proceeds to GOI's account. GOI alleges that the Ravva Joint Operations (consisting of four joint venture partners) has short paid profit petroleum of US$ 314 million (the Company's share approximately - US$ 93 million) on account of the two disputed issues of ONGC Carry and BDC matters, out of which US$ 64 million pertains to ONGC Carry and US$ 29 million pertains to BDC Matter. Against an interim application, filed by Vedanta Limited and other joint venture partner, seeking stay of such action from GOI, before the Delhi High Court, where enforcement petitions for both matters were then pending, the Court directed the OMCs to deposit above sums to the Delhi High Court for both BDC and ONGC Carry matters. However, Vedanta Limited (and other joint venture partner) has been given the liberty to seek withdrawal of the amounts from the Court upon furnishing a bank guarantee of commensurate value. On the basis of the above direction, the customers have deposited US$ 93 million out of which US$ 84 million has been withdrawn post submission of bank guarantee. The Hon'ble Delhi High Court vide its order dated 28 May 2020 read with order dated 04 June 2020 has directed that all future sale proceeds of Ravva Crude w.e.f. 05 June 2020 be paid directly to Vedanta Limited by the OMCs. In view of the closure of the BDC matter, Vedanta Limited has also filed an application in High Court on 22 September 2020 seeking refund of remaining US$ 9 million and release of bank guarantees submitted in Court pertaining to the BDC matter.

During the proceedings of the above matter, GOI has also filed an interim application seeking deposit by the said OMCs of an amount of US$ 87 million (Vedanta's share of US$ 56 million) towards interest on the alleged short payment of profit petroleum by the petitioners i.e. Vedanta Limited (and other joint venture partner). The matter has been listed for hearing on 12 January 2021 along with ONGC carry case.

While the Group does not believe the GOI will be successful in its challenge, if the Arbitral Awards in above matter is reversed and such reversal is binding, the Group would be liable for approximately US$ 64 million plus interest (31 March 2020: US$ 93 million plus interest).

Proceedings related to the imposition of entry tax

Vedanta Limited and other Group companies i.e. Bharat Aluminium Company Limited (BALCO) and Hindustan Zinc Limited (HZL) challenged the constitutional validity of the local statutes and related notifications in the states of Chhattisgarh, Odisha and Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the respective states from outside.

Post some contradictory orders of High Courts across India adjudicating on similar challenges, the Supreme Court referred the matters to a nine judge bench. Post a detailed hearing, although the bench rejected the compensatory nature of tax as a ground of challenge, it maintained status quo with respect to all other issues which have been left open for adjudication by regular benches hearing the matters.

Following the order of the nine judge bench, the regular bench of the Supreme Court proceeded with hearing the matters. The regular bench remanded the entry tax matters relating to the issue of discrimination against domestic goods bought from other States to the respective High Courts for final determination but retained the issue of jurisdiction for levy on imported goods, for determination by the regular bench of the Supreme Court. Following the order of the Supreme Court, the Group filed writ petitions in respective High Courts.

On 09 October 2017, the Supreme Court has held that states have the jurisdiction to levy entry tax on imported goods. With this Supreme Court judgement, imported goods will rank pari-passu with domestic goods for the purpose of levy of Entry tax. Vedanta Limited and its subsidiaries have amended their appeals (writ petitions) in Odisha and Chhattisgarh to include imported goods as well. With respect to Rajasthan, the State Government has filed a counter petition in the Rajasthan High Court, whereby it has admitted that it does not intend to levy the entry tax on imported goods.

The issue pertaining to the levy of entry tax on the movement of goods into a Special Economic Zone (SEZ) remains pending before the Odisha High Court. The Group has challenged the levy of entry tax on any movement of goods into SEZ based on the definition of 'local area' under the Odisha Entry Tax Act which is very clear and does not include a SEZ. In addition, the Government of Odisha further through its SEZ Policy 2015 and the operational guidelines for administration of this policy dated 22 August 2016, exempted the entry tax levy on SEZ operations.

The total claims against Vedanta Limited and its subsidiaries are US$ 189 million (31 March 2020: US$ 183 million) net of provisions made.

BALCO: Challenge against imposition of Energy Development Cess

BALCO challenged the imposition of Energy Development Cess levied on generators and distributors of electrical energy @ 10 paise per unit on the electrical energy sold or supplied before the High Court on the grounds that the Cess is effectively on production and not on consumption or sale since the figures of consumption are not taken into account and the Cess is discriminatory since captive power plants are required to pay @ 10 paise while the State Electricity Board is required to pay @ 5 paise. The High Court of Chhattisgarh by order dated 15 December 2006 declared the provisions imposing ED Cess on CPPs as discriminatory and therefore ultra vires the Constitution. BALCO has sought refund of ED Cess paid till March 2006 amounting to US$ 5 million.

The State of Chhattisgarh moved an SLP in the Supreme Court and whilst issuing notice has stayed the refund of the Cess already deposited and the Supreme Court has also directed the

State of Chhattisgarh to raise the bills but no coercive action be taken for recovery for the same. Final argument in this matter started before the Supreme Court. In case the Supreme Court overturns the decision of the High Court, the Group would be liable to pay an additional amount of US$ 120 million (31 March 2020: US$ 112 million). Accordingly the total exposure on the Group would be US$ 125 million (31 March 2020: US$ 117 million).

Class actions against KCM on behalf of Zambian nationals

Two separate proceedings were issued in the UK on behalf of Zambian nationals who allege that they have suffered loss and damages as a result of KCM's operations in Zambia. The claims are for damages for personal injury, property damage and other damages arising out of allegations of pollution. Vedanta and KCM in the first instance challenged the jurisdiction of the English courts to hear and adjudicate these claims.

The procedural proceedings on jurisdiction were initially brought before the English High Court of Justice, Queen's Bench Division, Technology and Construction Court, which on 27 May 2016 ruled that the English courts have jurisdiction to hear and adjudicate the claims. This judgment was appealed by Vedanta and KCM to the English Court of Appeal and ultimately to the UK Supreme Court.

On 10 April 2019, the UK Supreme Court delivered its decision that the English Courts have jurisdiction to try the claims but agreed with arguments put forward by Vedanta and KCM that England is not the proper place for the trial of these claims and consequently overturned the lower courts on this point. However, the Supreme Court found that the High Court was entitled to conclude on the evidence before it that there is a real risk that "substantial justice" will not be obtainable in Zambia and because of this, the claims may nonetheless be heard in the English Courts.

The trial of the claims in the English courts was originally scheduled to begin on 11 October 2021, but that trial date has been vacated and a new date has not been set by the court..

The amount of the claims has not been specified. Given the stage of proceedings the amount is presently not quantifiable.

Miscellaneous disputes- Income tax

The Group is involved in various tax disputes amounting to US$ 259 million (31 March 2020: US$ 255 million) relating to income tax. It also includes similar matters where initial assessment is pending for subsequent periods and where the Group has made claims and assessments are in progress. These mainly relate to the disallowance of tax holiday for 100% Export Oriented Undertaking under section 10B of the Income Tax Act, 1961, disallowance of tax holiday benefit on production of gas under section 80IB of the Income Tax Act, 1961, on account of depreciation disallowances of the Income Tax Act and interest thereon which are pending at various appellate levels. Interest and penalty, if any would be additional. Refer note 7(b) for other income tax disputes.

The Group believes that these disallowances are not tenable and accordingly no provision is considered necessary.

Miscellaneous disputes- Others

The Group is subject to various claims and exposures which arise in the ordinary course of conducting and financing its business from the excise, indirect tax authorities and others. These claims and exposures mostly relate to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns or other claims.

The approximate value of claims (excluding the items as set out separately above) against the Group companies total US$ 530 million (31 March 2020: US$ 534 million).

The Group considers that it can take steps such that the risks can be mitigated and that there are no significant unprovided liabilities arising.

14. Other matters

i). Share transactions Call options

a. HZL

Pursuant to the Government of India's policy of divestment, the Group in April 2002 acquired 26% equity interest in HZL from the Government of India. Under the terms of the Shareholder's Agreement ('SHA'), the Group had two call options to purchase all of the Government of India's shares in HZL at fair market value. The Group also acquired an additional 20% of the equity capital in HZL through an open offer. The Group 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%. The second call option provides the Group 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 shares to HZL employees. The Group exercised the second call option on 21 July 2009. The Government of India disputed the validity of the call option and has refused to act upon the second call option. Consequently, the Group invoked arbitration which is in the early stages. The next date of hearing is to be notified. The Government of India without prejudice to the position on the Put / Call option issue has received approval from the Cabinet for divestment and the Government is looking to divest through the auction route. Meanwhile, the Supreme Court has, in January 2016, directed status quo pertaining to disinvestment of Government of India's residual shareholding while hearing the public interest petition filed. Vedanta Limited has filed an early hearing application in Supreme Court. On 13 August 2020, the Supreme Court passed an order removing the status quo order in place and has allowed the arbitration proceedings to continue. The matter will now be heard in due course.

b. BALCO

Pursuant to the Government of India's policy of divestment, the Group in March 2001 acquired 51% equity interest in BALCO from the Government of India. Under the terms of the SHA, the Group has a call option to purchase the Government of India's remaining ownership interest in BALCO at any point from 02 March 2004. The Group exercised this option on 19 March 2004. However, the Government of India has contested the valuation and validity of the option and contended that the clauses of the SHA violate the (Indian) Companies Act, 1956 by restricting the rights of the Government of India to transfer its shares and that as a result such provisions of the SHA were null and void. In the arbitration filed by the Group, the arbitral tribunal by a majority award rejected the claims of the Group on the grounds that the clauses relating to the call option, the right of first refusal, the "tag-along" rights and the restriction on the transfer of shares violate the (Indian) Companies Act, 1956 and are not enforceable. The Group has challenged the validity of the majority award in the High Court of Delhi and sought for setting aside the arbitration award to the extent that it holds these clauses ineffective and inoperative. The Government of India also filed an application before the High Court of Delhi to partially set aside the arbitral award in respect of certain matters involving valuation. The matter will be listed for hearing in due course. Meanwhile, the Government of India without prejudice to its position on the Put / Call option issue has received approval from the Cabinet for divestment and the Government is looking to divest through the auction route.

On 9 January 2012, the Group offered to acquire the Government of India's interests in HZL and BALCO for US$ 2,071 and US$ 238 respectively. This offer was separate from the contested exercise of the call options, and Group proposed to withdraw the ongoing litigations in relation to the contested exercise of the options should the offer be accepted. To date, the offer has not been accepted by the Government of India and therefore, there is no certainty that the acquisition will proceed.

In view of the lack of resolution on the options, the non-response to the exercise and valuation request from the Government of India, the resultant uncertainty surrounding the potential transaction and the valuation of the consideration payable, the Group considers the strike price of the options to be at fair value, and hence the call options have not been recognised in the financial statements.

ii) The Department of Mines and Geology (DMG) of the State of Rajasthan initiated the royalty assessment process from Jan 2008 to 2019 and issued a show cause notice vide an office order dated 31 January 2020 amounting to US$ 261 million. The Group has challenged (the show cause notice or/and) computation mechanism of the royalty on the ground that the State has not complied with the previous orders of Rajasthan High Court where a similar computation mechanism was challenged and Court had directed DMG to reassess basis the judicial precedents and mining concession rules. Pending compliance of previous orders, High Court has granted a stay on the notice and directed DMG not to take any coercive action. State has filed an affidavit commenting on the representation submitted by the Group and has sought for an early hearing. Since the State has failed to examine all the points raised by the Group, the Group will seek a direction to decide on all the points. Based on the opinion of external council, the Group believes that it has strong grounds of a successful appeal, and the chances of an outcome which is not if favor of the Group is remote.

iii) In terms of various notifications issued by the Ministry of Environment, Forest and Climate Change (MoEF&CC), ash produced from thermal power plant is required to be disposed of by the Group in the manner specified in those notifications. However compliance with manner of disposal as specified in those notifications is not fully achieved due to lack of demand from user agencies. Consequently, the Group is storing some of the ash produced in ash dyke in accordance with conditions of the Environmental Clearance & Consent to Operate granted by the MOEF&CC & Odisha State Pollution Control Board & Chhattisgarh Environment Conservation Board (OSPCB & CECB) respectively while giving preference to supplying the same to user agencies. Management believes storage of ash in ash dykes/ ash pond in accordance with environmental clearances received by the Group are sufficient compliance with the applicable notifications issued by MoEF&CC which is supported by a legal opinion obtained. The National Green Tribunal (NGT) has also taken cognizance of the matter and vide its order dated 12 February 2020 has ordered for levy of environmental compensation on generating companies on account of their failure to comply the aforesaid notifications. The Group has filed SLPs before the Hon'ble Supreme Court challenging the order of the NGT and the same was heard by the Court on 11 September 2020 and granted an interim stay against recoveries in pursuance of NGT order. Management believes that the outcome of the appeal will not have any significant adverse financial impact on the Group which is supported by a legal opinion obtained.

iv) Vedanta Limited continues to recognise bauxite purchased under long term linkage arrangement with Orissa Mining Corporation Ltd (OMC) at provisional prices (based on last successful e-auction at Rs 673/MT) pending conduct of e-auction by OMC for discovery of prices of bauxite supplied after September 2019 with undertakings to pay the differential price that may

be determined based on the next successful e-auction of bauxite. OMC conducted e-auction on 31 August, 2020 with floor price of Rs 1,707/MT determined on the basis of Rule 45 of Minerals Concession Rules, 2016 (the Rules). There was no bidder at that floor price. However, OMC raised demand of US$ 38 million on Vedanta Limited towards differential pricing and interest for bauxite supplied after the aforesaid date.
Vedanta Limited had filed a writ petition before Hon'ble High Court of Orissa in September 2020 for resumption of bauxite supplied in accordance with applicable Government of Odisha Gazette notification dated 24 February 2018. Hon'ble High Court has issued interim Order dated 08 October 2020 directing that the petitioner shall be permitted to lift the quantity of bauxite mutually agreed under the terms of the long term linkage arrangement for the remaining period of the financial year 2020-21 on payment of Rs 1,000/MT and furnishing an undertaking for the differential amount with the floor price arrived at by OMC under the Rules, subject to final outcome of the petition which is pending.

Supported by legal opinions obtained, management believes that the provisions of the Rules are not applicable to sale of bauxite under long term linkage arrangement and, hence, it is not probable that Vedanta Limited will have any material obligation towards the aforesaid commitments.

(v) Government of India (GoI) vide Office Memorandum ("OM") No. O-19025/10/2005-ONG-DV dated 01 February 2013 allowed for Exploration in the Mining Lease Area after expiry of Exploration period and prescribed the mechanism for recovery of such Exploration Cost incurred. Vide another Memorandum dated 24 October 2019, GoI clarified that all approved Exploration costs incurred on Exploration activities, both successful and unsuccessful, are recoverable in the manner as prescribed in the OM and as per the provisions of PSC. Accordingly, during the previous year, the Group recognized revenue of US$ 173 million, for past exploration costs, through increased share in the joint operations revenue as the Group believes that cost recovery mechanism prescribed under OM for profit petroleum payable to GOI is not applicable to its Joint operation partner, view which is also supported by an independent legal opinion. However, the Joint operation partner carries a different understanding and the matter is pending resolution.

(vi) In July 2017, the Appellate Tribunal for Electricity dismissed the appeal filed by one of the Group's subsidiaries, Talwandi Sabo Power Limited (TSPL) with respect to the interpretation of how the calorific value of coal and costs associated with it should be determined. However, APTEL had allowed payment of shunting and unloading charges. TSPL filed an appeal before the Honourable Supreme Court (SC), which by an order dated 07 March 2018 has decided the matter in favour of TSPL. PSPCL has not paid the due amount as per the direction of the Supreme court. Therefore, TSPL filed its contempt petition before the SC. On 07 August 2019, SC passed order in the contempt petition in favour of TSPL and ordered PSPCL to pay the due amount in 8 weeks. PSPCL paid US$ 136 million during the previous year. PSPCL filed an application in Supreme Court on 10 October 2019 seeking direction to designate an appropriate authority for arriving at the final amount as per its order. On 25 November 2019 the application had been dismissed and SC directed PSPCL to pay the remaining amount within 12 weeks (i.e. by 17 February 2020). On 13 February 2020, PSPCL filed a miscellaneous application seeking additional time for compliance of order dated 25 November 2019. TSPL also filed a second contempt petition on 13 November 2019 in Supreme Court regarding the remaining amount receivable from PSCPL. PSPCL filed counter affidavit in reply to the second contempt petition. TSPL filed rejoinder to the counter affidavit on 24 February 2020 and the next date of hearing is awaited. The outstanding dues (included in trade receivables) and interest receivable in relation to this dispute as at 30

September 2020 is US$ 42 million (31 March 2020: US$ 34 million) and US$ 19 million (31 March 2020: US$ 19 million) respectively.

In another matter relating to assessment of whether there has been a change in law following the execution of the Power Purchase Agreement, the Appellate Tribunal for Electricity has dismissed the appeal in July 2017 filed by TSPL. TSPL filed an appeal before the Honourable Supreme Court to seek relief which is yet to be listed. The outstanding trade receivables in relation to this dispute and other matters is US$ 187 million as at 30 September 2020 (31 March 2020 US$ 176 million). The Group, based on external legal opinion and its own assessment of the merits of the case, remains confident that it is highly probable that the Supreme court will uphold TSPL's appeal and has thus continued to treat these balances as recoverable.

(vii) As at 30 September 2020, trade receivables amounting to US$ 201 million are overdue and it includes US$ 60 million outstanding on account of certain disputes raised by the customer relating to computation of power tariffs pending adjudication by Appellate Tribunal For Electricity (APTEL).

The customer has also raised certain claims on Vedanta Limited in respect of short supply of power for which a provision of US$ 30 million has been made in the books of account. Various Minutes of Meetings (MOMs) were signed with the customer for computing the short supply claims, which were subject to approval of Odisha Electricity Regulatory Commission (OERC). On 22 June 2020 OERC pronounced its order on computation methodology for short supply claims, basis which both the parties have to recompute the amount of claim and settle the matter in two months from the date of the order. On initial impact assessment of the said order by Vedanta Limited, it believes that no further provisioning is required in this regard.

Vedanta Limited has filed an appeal on 24 August 2020 before APTEL against said OERC Order which is posted for hearing on 19 January 2021. GRIDCO has also sought review of said OERC Order, which was heard by OERC on 03 November 2020 and Vedanta Limited has been directed to file its reply. The matter was heard by OERC on 22 December 2020 wherein OERC recorded that Vedanta has filed its reply and directed GRIDCO to file its rejoinder on or before 05 January 2020. The matter is posted on 19 January 2021 for hearing.

Pending finalisation of above short supply claims and adjudication on power tariff computation by APTEL, the customer has withheld US$ 201 million, which Vedanta Limited is confident of recovering fully.

(viii) During the current period, Vedanta Limited entered into a US$ 1358 million long-term syndicated loan facility agreement. This loan is secured by way of pledge over the shares held by Vedanta Limited in Hindustan Zinc Limited (HZL) representing 14.82% of the paid up share capital of HZL along-with a non-disposal undertaking in respect of its shareholding in HZL to the extent of 50.1% of the paid up share capital of HZL. As at 30 September 2020, the principal amount participated for and outstanding under the facility is US$ 679 million.

15. 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 six months ended 30 September 2020.

Holding Company

-Volcan Investments Limited

-Volcan Investments Cyprus Limited

Fellow Subsidiary (with whom transactions have taken place)

-Sterlite Technologies Limited

-Sterlite Power Transmission limited

-Sterlite Iron and Steel Company Limited

-Sterlite Power Grid Ventures Limited

-Twin Star Technologies Limited

ASSOCIATES/JOINT VENTURES (with whom transactions have taken place)

-RoshSkor Township (Pty) Ltd.

-Gaurav Overseas Private Limited

OTHERS (with whom transactions have taken place)

Enterprises over which key management personnel/their relatives have control or significant influence

*-India Grid Trust**

*-Cairn Foundation***

-Fujairah Gold Ghana

-Vedanta Foundation

-Sesa Community Development Foundation

-Vedanta Medical Research Foundation

-Sesa Group Employees Provident Fund Trust

-Sesa Group Employees Gratuity Fund and Sesa Group Executives Gratuity Fund

-Sesa Group Executives Superannuation scheme Fund

-Sesa Resources Limited Employees Provident Fund Trust

-Sesa Resources Limited Employees Gratuity Fund

-Sesa Mining Corporation Limited Employees Provident Fund Trust

-Sesa Mining Corporation Limited Employees Gratuity Fund

-Sesa Resources Limited and Sesa Mining Corporation Limited Employees Superannuation Fund

-Hindustan Zinc Limited Employees Contributory Provident Fund Trust

-Hindustan Zinc Limited Employee group Gratuity Trust

-Hindustan Zinc Limited Superannuation Trust

-BALCO Employees Provident Fund Trust

-Runaya Refinery LLP

**Ceased to be related party w.e.f 7 May 2019.*
***Cairn Foundation though not a related party as per the definition under IAS 24, related party disclosure has been included by way of a voluntary disclosure, following the best corporate governance practices.*

Details of transactions for the period ended 30 September, 2020 are as follows :

(US$ million)

	Particulars	Holding Company/Fellow Subsidiaries	Associates/ Joint Ventures	Others	Total
	Income:				
(i)	Revenue from operations	47	-	0	47
(ii)	Dividend Income	0	-	-	0
(iii)	Net Interest Received	1	-	-	1
	Expenditure :				
(i)	Purchases of goods/services	-	-	1	1
(ii)	Management fees paid	1	-	-	1
(iii)	Reimbursement for other expenses (net of recovery)	0	-	0	0
(iv)	Donation	-	-	2	2
(v)	Interest paid	0	-	-	0
(vi)	Dividend Paid	251	-	-	251
	Other transactions during the period :				
(i)	Loans given /(repayment thereof)	0	-	-	0
(ii)	Guarantees given during the period (net of relinquishment)	0	-	(0)	0

Details of balances as at 30 September, 2020 are as follows :

(US$ million)

	Particulars	Holding Company/Fellow Subsidiaries	Associates/ Joint Ventures	Others	Total
(i)	Net amounts receivable at year end	19	-	-	19
(ii)	Net amounts payable at year end	1	-	11	12
(iii)	Investment in equity Share	11	0	-	11
(iv)	Value of bonds held by Volcan	13	-	-	13
(v)	Interest payable	0	-	-	0
(vi)	Dividend Payable	145	-	-	145
(vii)	Net advance given at year end	2	-	0	2
(viii)	Financial guarantee given	16*	-	3	19
(ix)	Loans given	1	1	-	2

*Bank guarantee has been provided by the Group on behalf of Volcan in favour of Income tax department, India as collateral in respect of certain tax disputes of Volcan.

Details of transactions for the period ended 30 September, 2019 are as follows :

(US$ million)

	Particulars	Holding Company/Fellow Subsidiaries	Associates/ Joint Ventures	Others	Total
	Income:				
(i)	Revenue from operations	-	60	-	60
(ii)	Dividend Income	-	-	1	1
(iii)	Net Interest Received	1	-	-	1
	Expenditure :				
(i)	Purchases of goods/services	-	-	-	-
(ii)	Stock option (recovery)	-	-	0	0
(ii)	Management fees paid	-	1	-	1
(iii)	Reimbursement for other expenses (net of recovery)	(0)	-	0	0
(iv)	Donation	-	-	6	6
(v)	Interest paid	0	-	-	0
(vi)	Dividend Paid	185	-	-	185
	Other transactions during the period :				
(i)	Investments redeemed during the period*	639	-	-	639
(ii)	Guarantees given during the period (net of relinquishment)	-	-	(1)	(1)

*** Structured Investment**

During the year ended 31 March, 2019, as part of its cash management activities, Cairn India Holdings Limited (CIHL), a step-down subsidiary of the Company, entered into a tripartite agreement with Volcan and one of its subsidiaries. Under the agreement, CIHL purchased an economic interest in a structured investment for the equity shares of Anglo American Plc (AA Plc), a company listed on the London Stock Exchange, from Volcan for a total consideration of US$ 541 million (of which US$ 254 million and US$ 64 million was paid upto 31 March, 2019 and during the year ended 31 March, 2020 respectively) determined based on an independent third-party valuation. The ownership of the underlying shares, and the associated voting interests, remained with Volcan and the investment were to mature in two tranches in April 2020 and October 2020. In addition, CIHL also received a put option from Volcan. In July, 2019 , the transaction was unwound and the investments were redeemed for a total consideration of US$ 639 million, representing the actual price Volcan realised from selling the shares of AA Plc to an unrelated third-party net of applicable costs, out of which US$ 12 million is outstanding.

Details of balances as at 31 March, 2020 are as follows :

(US$ million)

	Particulars	Holding Company/Fellow Subsidiaries	Associates/ Joint Ventures	Others	Total
(i)	Net amounts receivable at year end	14	-	-	14
(ii)	Net amounts payable at year end	1	-	10	11
(iii)	Investment in equity Share	5	0	-	5
(iv)	Value of bonds held by Volcan	13	-	-	13
(v)	Interest payable	0	-	-	0
(vi)	Dividend Payable	1	-	-	1
(vii)	Net Advance received at year end	0	-	-	0
(viii)	Net advance given at year end	1	-	0	1
(ix)	Financial guarantee given	15*	-	3	18
(x)	Loans given	1	1	-	2

*Bank guarantee has been provided by the Group on behalf of Volcan in favour of Income tax department, India as collateral in respect of certain tax disputes of Volcan.

16. Subsequent events

i) Subsequent to the balance sheet date, Zinc International's Gamsberg Mine had a geotechnical failure. Consequently, the mining activities at Gamsberg Mine have been suspended. The Group does not expect this to have a material effect on the financial position of the Group.

ii) On 24 December 2020, the Company through its wholly owned subsidiary Vedanta Holdings Mauritius II Limited purchased on the market 185,000,000 shares of Vedanta Limited (VEDL) at a price of US$ 2 per share, increasing its overall stake from 50.30% to 55.29% of the total paid-up share capital of Vedanta Limited.

iii) Subsequent to balance sheet date, the Company through its wholly owned subsidiary, Vedanta Resources Finance II plc, issued 13.875% US $ 1000 million bonds due January 2024. These bonds are guaranteed by the Company, Twin Star Holdings Ltd. and Welter Trading Limited. On 4 December 2020, the Company also launched an offer to purchase for cash any and all of the outstanding 8.25% Bonds due June 2021 which is open till 04 January 2021, of which it has already repaid US $ 479 million principal amount under 'Early Tender Settlement' offer on 22 December 2020.

There are no other material adjusting or non-adjusting subsequent events, except as already disclosed.

INDEPENDENT REVIEW REPORT TO VEDANTA RESOURCES LIMITED

Introduction

We have been engaged by Vedanta Resources Limited (the Company) to review the condensed set of financial statements in the interim results report for the six months ended 30 September 2020 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related notes 1 to 16. We have read the other information contained in the interim results report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely for the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim results report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim results report in accordance with the accounting policies set out in note 2. The condensed set of financial statements included in this interim results report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim results report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Emphasis of matter

We draw attention to the following notes of the condensed financial statements:

Valuation of Konkola Copper Mines Plc (KCM)

We draw attention to note 4 b) of the accompanying condensed set of financial statements which describes the uncertainty arising in respect of the valuation of KCM related receivables and equity interest as a result of the liquidation proceedings initiated by KCM's minority shareholder ZCCM Investments Holdings Plc ("ZCCM"), against KCM. As at 30 September 2020, the carrying value of KCM related receivables was $660 million (2019: $693 million as restated) and the equity interest in KCM was $Nil (2019: $Nil as restated).

Production Sharing Contract (PSC)

We draw attention to note 3 (a)(iv)b) of the accompanying condensed set of financial statements which describes the uncertainty arising out of the demands that have been raised on the Group, with respect to government's share of profit oil by the Director General of Hydrocarbons. Further, one of the pre-conditions for the extension of the Production Sharing Contract (PSC) for the Rajasthan oil block is the settlement of these demands. The Group, believes it is in compliance with the necessary conditions to secure an extension of this PSC, and based on the legal advice believes that the demands are untenable and hence no provision is required in respect of these demands.

Our conclusion is not modified in respect of these matters.

MHA MacIntyre Hudson

Statutory Auditor

London

31 December 2020

Other information:

Alternative performance measures

Introduction

Vedanta Group is committed to providing timely and clear information on financial and operational performance to investors, lenders and other external parties, in the form of annual reports, disclosures, RNS feeds and other communications. We regard high standards of disclosure as critical to business success.

Alternative Performance Measure (APM) is an evaluation metric of financial performance, financial position or cash flows that is not defined or specified under International Financial Reporting Standards (IFRS).

The APMs used by the group fall under two categories:

- *Financial APMs: These financial metrics are usually derived from financial statements, prepared in accordance with IFRS. Certain financials metrics cannot be directly derived from the financial statements as they contain additional information such as profit estimates or projections, impact of macro-economic factors and changes in regulatory environment on financial performance.*
- *Non-Financial APMs: These metrics incorporate non – financial information that management believes is useful in assessing the performance of the group.*

APMs are not uniformly defined by all the companies, including those in the Group's industry. APM's should be considered in addition to, and not a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Purpose

The Group uses APMs to improve comparability of information between reporting periods and business units, either by adjusting for uncontrollable or one-off factors which impacts upon IFRS measures or, by aggregating measures, to aid the user of the Annual Report in understanding the activity taking place across the Group's portfolio.

APMs are used to provide valuable insight to analysts and investors along with Generally Accepted Accounting Practices (GAAP). We believe these measures assist in providing a holistic view of the company's performance.

Alternative performance measures (APMs) are denoted by ◊ where applicable.

◊ APM terminology*	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements
EBITDA	Operating profit/(loss) before special items	Operating Profit/(Loss) before special items Add: Depreciation & Amortization
EBITDA margin (%)	No direct equivalent	EBITDA divided by Revenue
Adjusted revenue	Revenue	Revenue Less: revenue of custom smelting operations at our Copper India & Zinc India business
Adjusted EBITDA	Operating profit/(loss) before special items	EBITDA Less: EBITDA of custom smelting operations at our Copper India & Zinc India business
Adjusted EBITDA margin	No direct equivalent	Adjusted EBITDA divided by Adjusted Revenue

Underlying profit/(loss)	Attributable Profit/(loss) before special items	Attributable profit/(loss) before special items Less: NCI share in other gains/(losses) (net of tax)
Project Capex	Expenditure on Property, Plant and Equipment (PPE)	Gross Addition to PPE Less: Gross disposals to PPE Add: Accumulated Depreciation on disposals Less: Decommissioning liability Less: Sustaining Capex
Free cash flow	Net cash flow from operating activities	Net Cash flow from operating activities Less: purchases of property, plant and equipment and intangibles less proceeds on disposal of property, plant and equipment Add: Dividend paid and dividend distribution tax paid Add/less: Other non-cash adjustments
Net debt*	Net debt is a Non-IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, liquid investments and structured investment, net of the deferred consideration payable for such investments (referred as Financial asset investment net of related liabilities), if any.	No Adjustments
ROCE	No direct Equivalent	Not Applicable

ROCE for H1 FY2021 is calculated based on the working summarized below. The same method is used to calculate the ROCE for all previous years (stated at other places in the report).

Particulars	**Period ended 30 September 2020**
Operating Profit Before Special Items	1,813
Less: Cash Tax Outflow	155
Return on Capital Employed (a)	**1,658**
Opening Capital Employed (b)	15,326
Closing Capital Employed (c)	12,545
Average Capital Employed (d)= (a+b)/2	**13,935**
ROCE (a)/(d)	**11.9%**

Adjusted Revenue, EBITDA & EBITDA Margin for H1 FY 2021 is calculated based on the working summarised below. The same method is used to calculate the adjusted revenue and EBITDA for all previous years (stated at other places in the report).

Particulars	**Period ended 30 September 2020**
Revenue	4,875
Less: Revenue of Custom smelting operations	(572)
Adjusted Revenue(a)	**4,303**
EBITDA	1,440
Less: EBITDA of Custom smelting operations	6
Adjusted EBITDA(b)	**1,446**
Adjusted EBITDA Margin (b)/(a)	**34%**

GLOSSARY AND DEFINITIONS

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)

Adjusted EBITDA

Group EBITDA net of EBITDA from custom smelting operations at Copper India & Zinc India operations.

Adjusted EBITDA margin

EBITDA margin computed on the basis of Adjusted EBITDA and Adjusted Revenue as defined elsewhere

Adjusted Revenue

Group Revenue net of revenue from custom smelting operations at Copper India & Zinc India operations.

Aluminium Business

The aluminium business of the Group, comprising of its fully integrated bauxite mining, alumina refining and aluminium smelting operations in India, and trading through the Bharat Aluminium Company Limited and Jharsuguda Aluminium (a division of Vedanta Limited), in India

Articles of Association

The articles of association of Vedanta Resources Limited

Attributable Profit

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

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 Sustainability, each with its own terms of reference

Businesses

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

Boepd

Barrels of oil equivalent per day

Bopd

Barrels of oil per day

Cairn India

Erstwhile Cairn India Limited and its subsidiaries

Capital Employed

Net assets before Net (Debt)/Cash

Capex

Capital expenditure

CEO

Chief executive officer

CFO

Chief Financial Officer

CII

Confederation of Indian Industries

CO2

Carbon dioxide

COP

Cost of production

CMT

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

Company or Vedanta

Vedanta Resources Limited

Company financial statements

The audited financial statements for the Company for the year ended 30 September 2019 as defined in the Independent Auditors' Report on the individual Company Financial Statements to the members of Vedanta Resources Limited

Copper Business

The copper business of the Group, comprising:

- A copper smelter, two refineries and two copper rod plants in India, trading through Vedanta 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 Limited, a company incorporated in Zambia which is treated as discontinued operations and deconsolidated the same w.e.f 1st June'2019, affiliation with Zambian government is in progress.

Copper India

Copper Division of Vedanta Limited comprising of a copper smelter, two refineries and two copper rod plants in India.

Cents/lb

US cents per pound

CRRI

Central Road Research Institute

CRISIL

CRISIL Limited (A S&P Subsidiary) is a rating agency incorporated in India

CSR

Corporate social responsibility

CTC

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

CY

Calendar year

DDT

Dividend distribution tax

Deferred Shares

Deferred shares of £1.00 each in the Company

DFS

Detailed feasibility study

DGMS

Director General of Mine Safety in the Government of India

Directors

The Directors of the Company

DMF

District Mineral Fund

DMT

Dry metric tonne

Dollar or $

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

EAC

Expert advisory committee

EBITDA

EBITDA is a non-IFRS measure and represents earnings before special items, depreciation, amortisation, other gains and losses, interest and tax.

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

ESOP

Employee share option plan

ESP

Electrostatic precipitator

Executive Committee

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

Executive Directors

The Executive Directors of the Company

Expansion Capital Expenditure

Capital expenditure that increases the Group's operating capacity

Financial Statements or Group financial statements

The consolidated financial statements for the Company and the Group for the year ended 31 March 2019 as defined in the Independent Auditor's Report to the members of Vedanta Resources Limited

Free Cash Flow

Net Cash flow from operating activities Less: purchases of property, plant and equipment and intangibles Add proceeds on disposal of property, plant and equipment Add: Dividend paid and dividend distribution tax paid

Add/less: Other non-cash adjustments

FY

Financial year i.e. April to March.

GAAP, including UK 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

Gross finance costs

Finance costs before capitalisation of borrowing costs

HIIP

Hydrocarbons initially-in place

HSE

Health, safety and environment

HZL

Hindustan Zinc Limited, a company incorporated in India

IAS

International Accounting Standards

IFRIC

IFRS Interpretations Committee

IFRS

International Financial Reporting Standards

INR

Indian Rupees

Interest cover

EBITDA divided by gross finance costs (including capitalised interest) excluding accretive interest on convertible bonds, unwinding of discount on provisions, interest on defined benefit arrangements less investment revenue

IPP

Independent power plant

Iron Ore Sesa

Iron ore Division of Vedanta Limited, comprising of Iron ore mines in Goa and Karnataka in India.

Jharsuguda Aluminium

Aluminium Division of Vedanta Limited, comprising of an aluminium refining and smelting facilities at Jharsuguda and Lanjigarh in Odisha in India.

KCM or Konkola Copper Mines

Konkola Copper Mines LIMITED, a company incorporated in Zambia

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

KPIs

Key performance indicators

KTPA

Thousand tonnes per annum

Kwh

Kilo-watt hour

KBOEPD

Kilo barrel of oil equivalent per day

LIBOR

London inter bank offered rate

LIC

Life Insurance Corporation

LME

London Metals Exchange

London Stock Exchange

London Stock Exchange Limited

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 (MAS)

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

MAT

Minimum alternative tax

MBA

Mangala, Bhagyam, Aishwarya oil fields in Rajasthan

MIC

Metal in concentrate

MOEF

The Ministry of Environment, Forests and Climate change of the Government of the Republic of India

MMSCFD

Million standard cubic feet per day

MT or Tonnes

Metric tonnes

MU

Million Units

MW

Megawatts of electrical power

NCCBM

National Council of Cement and Building Materials

Net (Debt)/Cash

Net debt is a Non-IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, liquid investments and structured investment, net of the deferred consideration payable for such investments (referred as Financial asset investment net of related liabilities), if any.

NGO

Non-governmental organisation

Non-executive Directors

The Non-Executive Directors of the Company

Oil & Gas business

Oil & Gas division of Vedanta Limited, is involved in the business of exploration, development and production of Oil & Gas.

OALP

Open Acreage licensing Policy

Ordinary Shares

Ordinary shares of 10 US cents each in the Company

ONGC

Oil and Natural Gas Corporation Limited, a company incorporated in India

OPEC

Organisation of the Petroleum Exporting Countries

PBT

Profit before tax

PPE

Property plant and equipment

Provident Fund

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

PSC

A "production sharing contract" by which the Government of India grants a license to a company or consortium of companies (the 'Contractor") to explore for and produce any hydrocarbons found within a specified area and for a specified period, incorporating specified obligations in respect of such activities and a mechanism to ensure an appropriate sharing of the profits arising there from (if any) between the Government and the Contractor.

PSP

The Vedanta Resources Performance Share Plan

Recycled water

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

Relationship Agreement

The agreement between the Company, Volcan Investments Limited and members of the Agarwal family which had originally been entered into at the time of the Company's listing in 2003 and was subsequently amended in 2011 and 2014 to regulate 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

Operating profit before special items net of tax outflow, as a ratio of average capital employed

RO

Reverse osmosis

Senior Management Group

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

SEWT

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

SHGs

Self help groups

SBU

Strategic Business Unit

STL

Sterlite Technologies Limited, a company incorporated in India

Special items

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

Sterling, GBP or £

The currency of the United Kingdom

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

TGT

Tail gas treatment

TLP

Tail Leaching Plant

TPA

Metric tonnes per annum

TPM

Tonne per month

TSPL

Talwandi Sabo Power Limited, a company incorporated in India

TSR

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

Twin Star

Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group

Twin Star and its subsidiaries and associated undertaking

US cents

United States cents

Underlying profit/ (loss)

Attributable profit/(loss) before special items Less: NCI share in other gains/(losses) (net of tax)

Vedanta Limited (formerly known as Sesa Sterlite Limited/ Sesa Goa Limited)

Vedanta Limited, a company incorporated in India engaged in the business of Oil & Gas exploration and production, copper smelting, Iron Ore mining, Alumina & Aluminium production and Energy generation.

VFJL

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

VGCB

Vizag General Cargo Berth Private Limited, a company incorporated in India

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

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 Limited, a company incorporated in Zambia

ZRA

Zambia Revenue Authority

The results will be available in the Investor Relations section of our website www.vedantaresources.com

The performance and operations have been comprehensively disclosed and presented in the recent bond roadshows at large to the investor community. Hence there will be no further earnings call for the HY ended 30th Sept 2020.

For further information, please contact:

Investor Relations

Varun Kapoor
Director, Investor Relations
Tel: +91 124 476 4096
vedantaltd.ir@vedanta.co.in

Suruchi Daga
Associate General Manager

Shweta Arora
Manager

Raksha Jain
Manager

Communications

Ms. Roma Balwani
Director, Communications and Brand
Tel: +91 11 4916 6250
gc@vedanta.co.in

Mr. Abhinaba Das
Head, Media Relations

About Vedanta Resources

Vedanta Resources Limited ("Vedanta") is a diversified global natural resources company. The group produces aluminium, copper, zinc, lead, silver, iron ore, oil & gas and commercial energy. Vedanta has operations in India, Zambia, Namibia and South Africa. With an empowered talent pool globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of trust, sustainability, growth, entrepreneurship, integrity, respect and care. For more information on Vedanta Resources, please visit www.vedantaresources.com

Disclaimer

This press release contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward–looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and/or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.