VEDANTA RESOURCES LIMITED

INTEGRATED REPORT AND ANNUAL ACCOUNTS **2021-22**

COMMUNITIES

PLANET

WORKPLACE

TRANSFORMING FOR GOOD

Transforming for good.

COMMUNITIES. PLANET. WORKPLACE.

For businesses across the world, transformation is no longer a choice. It is a necessity in the face of market instability, unprecedented disruptions, and growing human aspirations. As a natural resources company that operates globally, we are cognisant of this world in flux. We understand the need to transform in order to create more value, build new efficiencies and chart new pathways of growth. But for any transformation to be meaningful, a rethink is necessary on how we are creating value and how we can sustain this ability in the face of future disruptions.

To answer the question, we have gone back to our transformation ambition. We realise that for transformation to hold good for the long-term, it has to be broad-based, and it has to be for the greater good. Nothing ensures this more than the promotion of social equity and environmental justice. For a people-driven organisation like us, sustained by the wealth of our natural capital, and drawing our social licence to operate from our communities, environmental stewardship, ensuring social fairness, instituting best people practices, and guaranteeing all of this through good governance have been an imperative for us. Our mission statement, which clearly lays down our new transformation ambition, reposits these environmental, social and governance (ESG) aspects at the fulcrum of our business strategy more firmly.

We will be striving to promote greater good by transforming our communities, our workplace and our planet. And we will be zealously monitoring and tracking the value we create through this transformation by measuring our progress against set targets. We will be working towards reducing our carbon emissions by 25% and emerging water positive by 2030, and achieving net zero by 2050. At the same time, we will be empowering millions among our communities and our people by imparting relevant skills, opening up new growth opportunities and guaranteeing their health, safety and well-being. Through responsible business decisions and actions that safeguard the best interests of our stakeholders and promote social good, we will be future proofing our business against unanticipated changes.

About the Report

We commenced our Integrated Reporting journey in FY2018, with a view to communicating our approach to value creation and key outcomes to our stakeholders. These reports are prepared to assist our stakeholders, primarily the providers of financial capital, to make an informed assessment of our ability to create value over the short, medium and long term. At Vedanta, we remain committed to disclosing relevant information pertaining to our material issues, with highest standards of transparency and integrity, in line with our values.

Magnet for transformation and refined methods of working

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Empowering over 2.5 million families with enhanced skillsets; and uplifting over 100 million women and children through Education, Nutrition, Healthcare and welfare.

Anil Agarwal
Chairman

Digitalisation to usher in the next

PG 16 →

Innovation for Waste-to-value

PG 18 →

ABH technology serves in unlocking resources of the Barmer Hills Formation

PG 20 →

Progressing on our low-carbon journey with 'green' aluminium

PG 22 →

Integrated thinking at Vedanta

At Vedanta, our integrated thinking process informs our decision-making, powers our business and ESG strategy, and enables us to deliver consistent value for all stakeholders. Our integrated thinking process also forms the base for our 'Transforming for Good' mission.

WE ARE LED BY

Mission
To create a leading global natural resource Company

Values
Trust · Entrepreneurship · Innovation
Excellence · Integrity · Care · Respect

BUILDING ON

Capitals

Financial capital
Natural capital
Intellectual capital
Manufactured capital
Social and Relationship capital
Human capital

PG 30 →

FOCUSING ON

Material issues

M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11 M12 M13

PG 58 →

ENABLED BY

Strategic focus

Continue to focus on world-class ESG performance
Augment our reserves and resource base
Operational excellence
Optimise capital allocation and maintain strong balance sheet
Delivering on growth opportunities

PG 32 →

WITH A CONSTANT EYE ON

Top risks

R1 R2 R3 R4 R5 R6 R7
R8 R9 R10 R11 R12 R13

PG 47 →

Megatrends and opportunities

T1 T2 T3 T4 T5
T6 T7

PG 40 →

CREATING CONSISTENT VALUE

For shareholders, investors and lenders
For local communities
For employees
For industry
For governments
For civil societies

Value-creation highlights FY2022

FINANCIAL CAPITAL

We are focused on optimising capital allocation and maintaining a strong balance sheet while generating strong free cash flows. We also review all investments, taking into account the Group's financial resources with a view to maximising returns to shareholders.

Key FY2022 outcomes

US$17.6 billion
Revenues
▲ 50%
Record Revenue for the year primarily driven by higher commodity prices, higher volumes at Aluminium, Copper, TSPL, IOB and FACOR, increased premium at Aluminium and HZL, rupee depreciation, partially offset by lower power sales at VAL and BALCO
(FY2021: **US$11.7 billion**)

US$6.3 billion
EBITDA
▲ 65%
All time high consolidated EBITDA.
(FY2021: **US$3.8 billion**)

40%
Industry leading adjusted EBITDA margin[1]
(FY2021: **37%**)

c.32%
Strong ROCE (FY2021: **19%**)

US$825 million
Profit Attributable to equity holders (before special items).
(FY2021: **US$303 million**)

US$2.1 billion
Free cash flow (FCF) post-capex
Driven by strong cash flows from operations, partially offset by capex payments and working capital investment.
(FY2021: **US$1.3 billion**)

US$16.1 billion
Gross Debt
Mainly due to the repayment of debt at HZL, BALCO and CIHL partially offset by increase in borrowing at Vedanta Resources standalone.
(FY2021: **US$16.4 billion**)

US$4.4 billion
Strong liquidity position with cash and cash equivalents
(FY2021: **US$5.6 billion**)

c.US$7.4 billion
Contribution to the exchequer
(FY2021: **US$4.7 billion**)

US$11.7 billion
Net Debt
Primarily driven by stake increase in VEDL, capex payment and working capital built up, partially offset by strong cash flow from operations
(FY2021: **US$10.7 billion**)

1.9X
Net Debt/EBITDA
Lowest in 5 years

In August 2021, Moody's while affirming the Corporate Family Rating of Vedanta Resources Ltd at B2, upgraded its rating on the senior unsecured notes of the company to 'B3' from 'Caa1' and changed the outlook to "Stable" from "Negative". The outlook revision was driven by expected improvement in operating and financial metrics in the prevailing commodity price improvement. However, on 16 February 2022, Moody's again revised the outlook to "Negative" in view of the near-term refinancing requirements amid tightening liquidity in the capital markets. Meanwhile, S&P Global' s rating of VRL has remained unchanged at 'B-'during FY2022. In April 2022, Moody's and S&P acknowledged the large dividend declaration by Vedanta Limited as a positive towards Vedanta Resources Limited's refinancing efforts.

1. Excluding customs smelting at Copper India

MANUFACTURED CAPITAL

We invest in best-in-class equipment and machinery to ensure we operate as efficiently and safely as possible, both at our current operations and in our expansion projects. This also supports our strong and sustainable cash flow generation.

Key FY2022 outcomes

Highest-ever production in zinc and aluminium

Zinc India

16.3 million tonnes
Record ore production
▲ 6% y-o-y

1,017 kt
Highest ever annual mined metal production
▲ 5% y-o-y

967 kt
Highest ever annual refined zinc-lead production
▲ 4% y-o-y

Zinc International

170 kt
Record mined metal production at Gamsberg
▲ 18% y-o-y

Gamsberg achieved 220 kt annualised run rate of MIC production in Mar'22

BMM Magnetite project progressing well. First production on track for Q2 FY2023

Aluminium

2,268 kt
Record annual aluminium production
Continue to be the largest primary Aluminium producer in the country.

1,968 kt
Record annual alumina production from Lanjigarh refinery
▲ 7% y-o-y

US$1,858 per tonne
Hot metal cost of production
▲ 38% y-o-y

Power

2.03 million MT
Highest ever import substitute allocation at TSPL from CIL amongst all IPPs across India

TSPL is the first Vedanta site to become SUP (Single Use Plastic) free.

Uninterrupted Unit#3 operation at TSPL for 160 days after capital Overhauling.

MANUFACTURED CAPITAL

Oil & Gas

161 kboepd
Average gross operated production. Broadly stable as impact of natural field decline was largely offset by increase in volume primarily due to gains realised from ramp up of gas sales, continued impact of polymer injection in Bhagyam & Aishwariya fields and new infill wells brought online in Mangala field.

Key growth projects update

- Infill drilling commenced to sustain volumes in Mangala, Tight Oil (ABH), Tight Gas (RDG), Satellite Field (NI) and Offshore (Cambay)
- 38 wells drilled and 52 wells hooked up during FY22
- OALP & DSF - Drilling ongoing across basins. Hydrocarbon discovery notified for Durga -1 in Rajasthan and Jaya-1 in Cambay during the year. Till date three hydrocarbon discoveries have been notified under the OALP portfolio.

Iron Ore

5.7 million tonnes
Highest ever sales at Karnataka
▲ 30% y-o-y

790 kt
Record annual production at Value Added Business
▲ 33% y-o-y

US$111 per tonne
EBITDA Margin at Value Added Business, supported by strengthening steel prices

Goa operations remained suspended during the year due to state-wide directive from the Hon'ble Supreme Court, continuous engagement with the stakeholders for a resumption of mining operations

Copper India

- Due legal process being followed to achieve a sustainable restart of the operations
- Phase 1 technological innovation through Multi Effect Evaporator Plant for better nickel recovery.

Steel

1.4 million tonnes
Record annual hot Metal Production
(post acquisition)
▲ 5% y-o-y

1.3 million tonnes
Record annual saleable production
(post acquisition)
▲ 6% y-o-y

FACOR

250 kt
Highest ever Chrome Ore Production
(since acquisition)
▲ 70% y-o-y

75 kt
Record Ferro Chrome Production
(post acquisition)
▲ 10% y-o-y

77kt
Sales
▲ 8% y-o-y

HUMAN CAPITAL

We have employees drawn from across the world, and their diverse skills and experience contribute to our operations. The mining and plant operations require specialised skills for which we employ qualified technical, engineering and geology experts. In addition, we create a culture which nurtures safety, innovation, creativity and diversity, which helps us to meet our business goals while also enabling our employees to grow personally and professionally.

11.54%
Women employees

3,743
Employees covered under mentoring & support programs

10.66%
Attrition Rate

1.40
TRIFR

SOCIAL AND RELATIONSHIP CAPITAL

We aim to forge strong partnerships by engaging with our key stakeholders, including shareholders and lenders, suppliers and contractors, employees, governments, communities and civil societies. These relationships help maintain and strengthen our licence to operate.

3,200+
Nand Ghars built

4.64 million
CSR beneficiaries

1,268
Total villages reached

Human Rights self-assessment conducted across all BUs

Vedanta at a glance

Largest natural resources company in India

76,000+
TOTAL EMPLOYMENT GENERATION

~13.75 million
TCO_2e IN AVOIDED EMISSIONS FROM 2012 BASELINE

COMMITTED TO BECOME A NET ZERO CARBON ORGANISATION BY 2050 OR SOONER

Vedanta Resources Limited is one of the world's foremost natural resources conglomerates, with primary interests in zinc-lead-silver, iron ore, steel, copper, aluminium, power, nickel, and oil and gas. We are leaders in most of the segments we operate in, and we cater to domestic and international primary materials demand, playing a key role in enabling resource sufficiency at scale. With strategic assets in India, South Africa and Namibia, we are committed to creating long-term value, with an unwavering focus on business, social and environmental sustainability.

Our core values shape our approach to business and value creation

TRUST | ENTREPRENEURSHIP | INNOVATION | EXCELLENCE

INTEGRITY | CARE | RESPECT

Overview of the Mangala Processing Terminal

Vedanta at a glance

We operate an end-to-end value-chain in the natural resources sector

Exploration
We have consistently added more to our Reserves and Resources ('R&R') through brownfield and greenfield activities. This helps us to extend the lives of our existing mines and oilfields.

Asset development
We have a strong track record of executing projects on time and within budget. We take special care to develop the resource base to optimise production and increase the life of the resource. We also strategically develop processing facilities.

Extraction
Our operations are focused on exploring and producing metals, extracting oil & gas and generating power. We extract zinc-lead-silver, iron ore, steel, copper and aluminium. We have three operating blocks in India producing oil and gas.

Processing
We produce refined metals by processing and smelting extracted minerals at our zinc, lead, silver, copper, and aluminium smelters, and other processing facilities in India and Africa. For this purpose, we generate captive power as a best practice measure and sell any surplus power.

Value Addition
We meet market requirements by converting the primary metals produced into value added products such as sheets, rods, bars, rolled products, etc. at our zinc, aluminium and copper businesses.

OUR ESG PURPOSE AND MISSION

Vedanta remains committed to sectoral leadership in Environmental, Social and Governance (ESG) aspects. In 2021, we unveiled our new ESG purpose and reframed our mission as **'Transforming for Good'** It is underlined by specific aims, targets and investments, that will take our ESG agenda forward and enhance focus on sustainability.

ESG Purpose

Transforming for good

Commitments and targets

TRANSFORMING COMMUNITIES

Aim 1
Keep community welfare at the core of business decisions

Aim 2
Empowering over 2.5 million families with enhanced skillsets

Aim 3
Uplifting over 100 million women and children through Education, Nutrition, Healthcare and welfare

TRANSFORMING THE PLANET

Aim 4
Net-carbon neutrality by 2050 or sooner

Aim 5
Achieving net water positivity by 2030

Aim 6
Innovating for a greener business model

TRANSFORMING THE WORKPLACE

Aim 7
Prioritising safety and health of all employees

Aim 8
Promote gender parity, diversity and inclusivity

Aim 9
Adhere to global business standards of corporate governance

Operating structure

VEDANTA RESOURCES LTD

KONKOLA COPPER MINES (KCM) 79.4%

VEDANTA LTD 69.7 %

Divisions of Vedanta Limited
- Sesa Iron Ore
- Sterlite Copper
- Power (600 MW Jharsuguda)
- Aluminium (Odisha aluminium and power assets)
- Cairn Oil & Gas*

Subsidiaries of Vedanta Ltd

Zinc India (HZL)	64.9%
Bharat Aluminium (BALCO)	51%
Zinc International (Skorpion: 100%, BMM & Gamsberg: 74%)	100%
Talwadi Sabo Power (1,980 MW)	100%
ESL Steel Limited	95.5%
FACOR	100%

Listed entities Unlisted entities

Note: Shareholding as on March 31, 2022
* 50% of the share in the RJ Block is held by a subsidiary of Vedanta Ltd

An evening view of the Lanjigarh facility

Asset overview

Leader in key business segments

ZINC-LEAD-SILVER

80% market share in India's primary zinc market
(Hindustan Zinc Limited)

Business

ZINC INDIA (HZL), ZINC INTERNATIONAL

Asset highlights

- World's largest fully integrated zinc-lead producer
- World's largest underground zinc-lead mine at Rampura Agucha, India
- 6th largest silver producer in the world
- Zinc India has R&R of 448 million tonnes with mine life of 25+ years
- Zinc International has R&R of more than 671 million tonnes supporting mine life in excess of 30 years
- HZL- Low-cost zinc producer, which lies in the first quartile of the global zinc cost curve (2021)

Application areas

- Galvanising for infrastructure and construction sectors
- Die-casting alloys, brass, oxides and chemicals

EBITDA (IN US$MN): 2,377

ZINC INDIA (HZL)
US$2,170 million
EBITDA

ZINC INTERNATIONAL
US$206 million
EBITDA

Production Volume

ZINC INDIA (HZL)

776 kt
ZINC

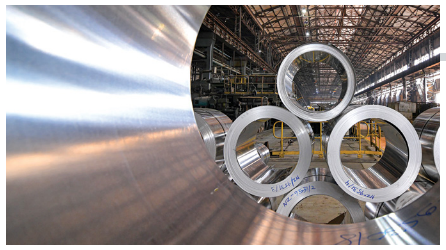
191 kt
LEAD

647 t
SILVER

223 kt
ZINC INTERNATIONAL

ALUMINIUM

Largest primary aluminium producer in India



Business

ALUMINIUM SMELTERS AT JHARSUGUDA & KORBA (BALCO)

ALUMINA REFINERY AT LANJIGARH

Asset highlights

- Largest aluminium installed capacity in India at 2.3 mtpa
- Integrated 5.7GW Power & 2 mtpa Alumina refinery
- c.47% market share in India among primary aluminium producers
- Diverse product portfolio – ingots, wire rods, primary foundry alloy, rolled products, billet and slab.

Application areas

- Power systems, automotive sector, aerospace, building & construction, packaging.

US$2,328 million
EBITDA

Volumes

2,268 kt
ALUMINIUM

1,968 kt
ALUMINA

OIL & GAS

Operates c.25% of India's crude oil production

Business

CAIRN INDIA

Asset highlights

- World's longest continuously heated pipeline from Barmer to Gujarat Coast (~670 kms)
- Till FY2022, to deliver the capex project 294 wells have been drilled and 201 wells hooked up
- Infill drilling in Rajasthan (Mangala, Tight Oil (ABH), Tight Gas (RDG), Satellite Field (NI)) and Offshore (Cambay) to augment reserves and mitigate natural decline
- OALP - Notified hydrocarbon discovery in Durga -1 in Rajasthan and Jaya-1 in CB with resource addition of > 50 mmboe
- Strategic alliances with global players like Halliburton, Schlumberger, and Baker Hughes with the aim of increase reserve and resources across the portfolio
- Shale studies commenced to unlock the potential in Barmer basin
- Key contract for end-to-end management of Operations and Maintenance (O&M) across assets awarded
- Largest private sector oil & gas producer in India
- Executed one of the largest polymers EOR projects in the world
- Footprint over a total acreage of c. 65,000 square kilometres
- Gross proved and probable reserves and resources of 1,151 mmboe

Application areas

- Crude oil is used by hydrocarbon refineries.
- Natural gas is mainly used by the fertiliser sector.

US$809 million
EBITDA

Production Volume

161 kboepd
AVERAGE DAILY GROSS OPERATED PRODUCTION

IRON ORE

One of the largest merchant iron ore miners in India and one of the largest producers and exporters of merchant pig iron in India

Business

IRON ORE INDIA

Asset highlights

- Karnataka iron ore mine with reserves of 67 million tonnes, and life of 10 years.
- Value added business: 3 blast furnaces (0.9 mtpa), 2 coke oven batteries (0.5 mtpa) and 2 power plants (60MW) and one merchant coke plant of capacity 0.1 mtpa

Application areas

- Essential for steel making
- Used in construction, infrastructure and automotive sectors

US$304 million
EBITDA (IRON ORE BUSINESS)

Production volume

5.4 million dmt
IRON ORE

790 kt
PIG IRON

Asset overview

POWER
c.9 GW power portfolio

Business

POWER ASSETS AT TALWANDI SABO, JHARSUGUDA, KORBA & LANJIGARH

Asset highlights

- One of the largest power producers in the country in the private sector*
- Energy efficient, super critical 1,980 MW power plant at Talwandi Sabo

Application areas

- 16% commercial power backed by Power Purchase Agreements
- 84% captive use

*including captive power generation

US$145 million
EBITDA

Volume

11,872 million units
POWER SALES

STEEL
3 mtpa design capacity

Business

ELECTROSTEEL INDIA

Asset highlights

- Design capacity of 3mtpa.
- Largely long steel product

Application areas

- Construction, infrastructure, transport, energy, packaging, appliances and industry
- Product portfolio includes pig iron, billets, TMT bars, wire rods and ductile iron pipes

US$94 million
EBITDA

Production Volume

1,260 kt
STEEL

FACOR
80 KTPA charge chrome / ferro chrome capacity with 100 MW power plant; 250 KTPA chrome ore mining capacity

Business

FERRO ALLOYS CORPORATION LTD

Asset highlights

- Ostapal and Kalarangiatta Mines having 250 KTPA mining capacity
- Charge Chrome Plant of 80 KTPA and Captive Power Plant of 100 MW

Application areas

- Used for making Stainless steel, carbon steel, ball-bearing steels, tool steels as well as other alloy steels.

US$44 million
EBITDA (ALLOY)

Production Volume

75 kt
FERRO CHROME

COPPER
One of the largest copper producers in India

Business

COPPER INDIA

Asset highlights

- Tuticorin smelter and refinery currently not operational.

Application areas

- Used for making cables, transformers, castings, motors and castings and alloy-based products.

US$(15) million
EBITDA

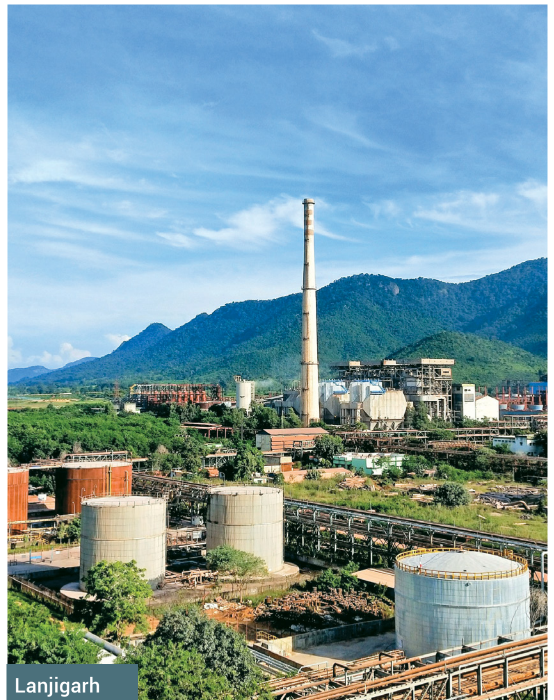
Production Volume

125 kt
CATHODE

Our investment case

Capitalising on inherent advantages to deliver long-term value

India's natural resources industry is likely to contribute substantially to the country's economy and have a significant impact on the international commodity markets. As India's largest and most diversified natural resources company, we are poised to play a major role in supporting India's economic growth. We are making the right investments to grow exponentially, and working with the government to promote inclusive development, raise environmental standards and build public support for the critical minerals and mining sector.



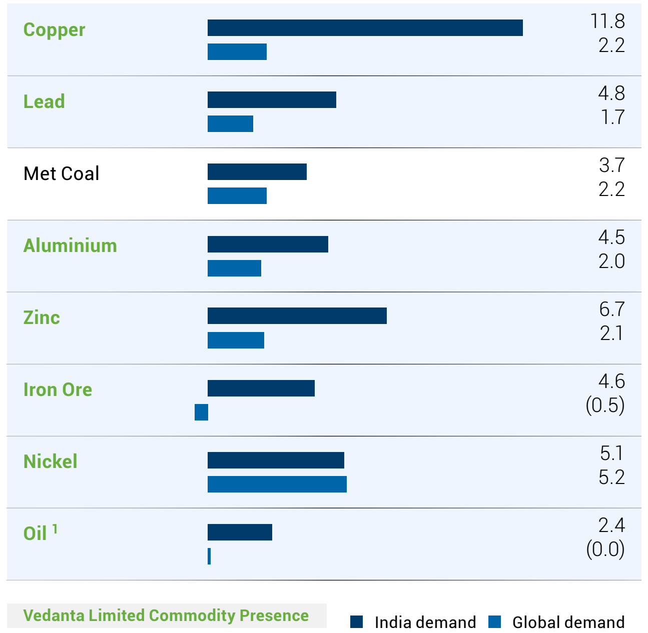
Lanjigarh refinery

1 World-class natural resources powerhouse with low cost, long-life and diversified asset base

Vedanta's large, diversified asset portfolio, with an attractive cost position in many of its core businesses, enables us to deliver strong margins and free cash flows through the commodity cycle. We have an attractive commodity mix, with strong fundamentals and leading demand growth and remain keenly focused on base metals and oil. We also maintained our 1st quartile cost positioning globally, across key segments such as Zinc and Aluminium, led by our resolute focus on structural cost reduction and operational efficiencies.

Vedanta continued its strong growth momentum and witnessed steady volume performance across all businesses, with aluminium and zinc delivering record performance.

DEMAND 2021-2030 CAGR (%)



Source: Wood Mackenzie

1 Oil demand CAGR shown for 2018-2030 period

2 Well placed to contribute to and capitalise on India's growth and benefit through the cycle with attractive commodity mix

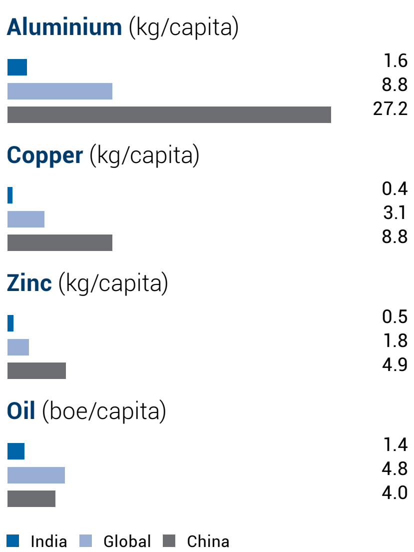
India is our core market, and it has a huge growth potential, given that the current per capita metal consumption is significantly lower than the global average. Also India's GDP, which registered a growth of 10.4% over the course of 2021, showing strong signs of recovery from 2020, is expected to grow 8.2% in the current financial year (IMF; April 2022 estimate) . Urbanisation and industrialisation, supported by government initiatives on infrastructure and housing, a strong response to COVID-19, as well as increase in capital outlay announced in the Union Budget 2022-23 will continue to drive strong economic growth and generate demand for natural resources

Vedanta's unique advantages

- Operating a wide and scalable portfolio of commodities that grow the nation
- A strong market position as India's largest base metals producer and largest private sector oil producer
- An operating team with an extensive track record of executing projects and achieving growth in the Indian geography

Cairn offshore facility

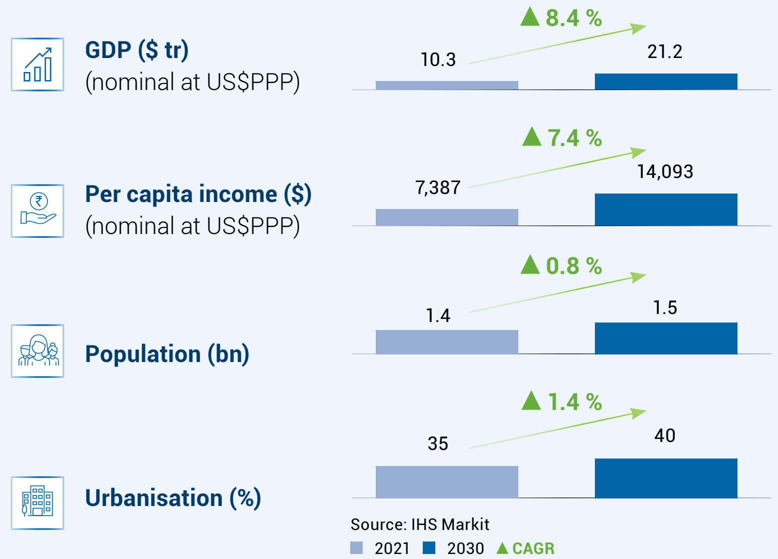
CONSUMPTION



Source: Wood Mackenzie, IMF, IHS Markit, BMI, BP Energy Outlook 2021

Note: All commodities demand correspond to primary demand; figures are for 2021

INDIA GROWTH POTENTIAL



Source: IHS Markit

India Mineral Reserves Ranking Globally

8th Zinc
Reserves: 9.1m tonnes

Crude Oil
Reserves: 4.6bn bbl

7th Iron ore
Reserves: 5.5bn tonnes

8th Bauxite
Reserves: 660m tonnes

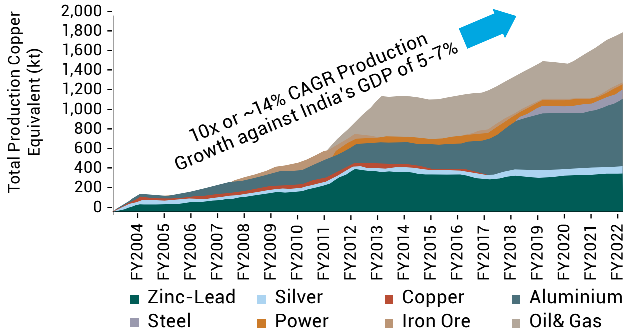
Source: USGS Mineral Commodity Summaries 2022, OPEC Annual Statistical Bulletin 2021

Our investment case

3 Proven track record of operational excellence with high productivity and consistent utilisation rates

- Our management team has diverse and extensive sectoral and global experience. Drawing from this deep insight, the team ensures that operations are run efficiently and responsibly
- Disciplined approach to development; growing our production steadily across our operations with focus on operational efficiency and cost savings
- Since our listing in 2004, our assets have delivered a phenomenal production growth

TOTAL PRODUCTION COPPER EQUIVALENT
(KT)



*All commodity and power capacities rebased to Copper equivalent capacity (defined as production x commodity price / copper price) using average commodity prices for FY2022. Power rebased using FY2022 realisations, Copper custom smelting production rebased at TC/RC for FY2022, Iron ore volumes refers to sales with prices rebased at realised prices for FY2022

4 Focused on digitalisation and innovation to drive efficiency and resilience

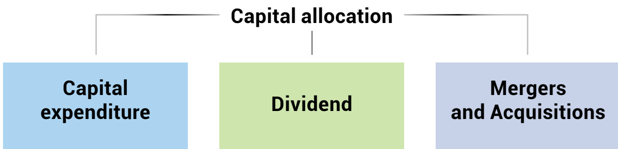
To optimise efficiency and ensure future-readiness in everything we do, we are actively investing in Industry 4.0 technologies, and mainstreaming a digital-first culture throughout the organisation. This has helped achieve a 100% digitally literate workforce, consistent eye on tech-led innovation strong collaboration with start-ups and partners and a continued unlocking of efficiency potential across our integrated value chain.

Our key initiative in this direction has been the Disha programme, which aims to transform Vedanta into a data driven organisation by developing digital dashboards and applying analytics for different verticals, helping the senior management track progress, gather insights, identify issues and bottlenecks proactively. This results in better planning, mitigation and closing the decision loop faster, and in enabling regular production monitoring, tracking of KPIs in terms of maintenance and HSE, and in bettering overall predictability.

Another initiative in this direction is Project Pratham, which focuses on significantly improving volume, cost and improving ease of doing business. This is implemented through global partners by bringing new emerging technologies across the value chain of Vedanta Industry 4.0 framework. Key objectives of this project include EBITDA improvement, gains on intangibles and reducing overall carbon footprint. Apart from our internal digital transformation initiative, we are also leveraging the latest in technology by integrating start-up culture through the Spark programme.

5 Disciplined capital allocation framework with emphasis on superior and consistent shareholder returns

We have unveiled a structured capital allocation policy that prioritises growth and shareholder returns. The policy aligns to three streams across capital expenditure, dividend policy and selective inorganic growth. It will be driven by a consistent, disciplined, and balanced allocation of capital with long term balance sheet management, optimal leverage management and maximisation of total shareholder returns.



Zinc International Gamsberg Plant

6 Robust financial profile with improving ROCE, increasing cash flow and a stronger balance sheet

Our operating performance, coupled with optimisation of capital allocation, has helped strengthen our financials.

- Revenues of US$17.6 billion and EBITDA of US$6.3 billion
- Strong ROCE of ~32%
- Deleveraging and extension of our debt maturities through proactive liability management exercises
- Strong and robust FCF of US$2.1 billion
- Cash and liquid investments of US$4.4 billion
- A strong balance sheet, with respect to Net Debt/EBITDA (1.9x) and gearing, compared to our global diversified peers

RETURN ON CAPITAL EMPLOYED
(%)

7 Committed to ESG leadership in the natural resources sector

- Committed to being the lowest cost producer in a sustainable manner.
- Committed to incorporating global best practices to transform communities, planet and workplace in alignment to our Group objective of 'Zero Harm, Zero Waste and Zero Discharge'.
- Implemented critical risk management across the business to improve workplace safety
- Committed to promoting diversity in all forms at the workplace and building an inclusive work culture
- Committed to attaining Net Zero Carbon by 2050 and reducing absolute emissions by 25% by 2030 from 2021 baseline. Operational efficiency, changing fuel mix, switching to renewables, exploring greener businesses opportunities and developing low carbon product portfolio are the levers that will be deployed to achieve this goal.
- Water efficiency and achieving net water positivity by 2030.
- Committed to keeping community welfare at the core of decision making by implementing global best practices and becoming a developer of choice.
- Committed to positively impacting the lives of 100 million women and children through skilling and education, nutrition and healthcare initiatives.
- Committed to transparency and completeness of disclosure in alignment with GRI, TCFD and IIRC.

Actions taken in FY22

- Electric mobility: Jharsuguda partners with GEAR India to supply 23 e-forklifts; deployed 50+ EVs at HZL and ESL together
- 10-year MoU signed with TERI to develop implementation programs to further our ESG vision
- Signed PDA for 580 MW RE - a significant step towards 2.5 GW RE commitment
- Launched green Aluminium under the brands 'Restora' & 'Restora Ultra' to usher new era of green metals
- Collaboration with TUV-SUD to develop roadmap for our 'Net Water Positive' initiative
- 1st Fly ash rake from Jharsuguda dispatched to cement plant
- Commenced Ash backfilling in one of the coal India's open-cast mine in Mar'22
- Used 17kt biomass in HZL; committed to using 5% biomass in our thermal power plants

Digitalisation to usher in the next

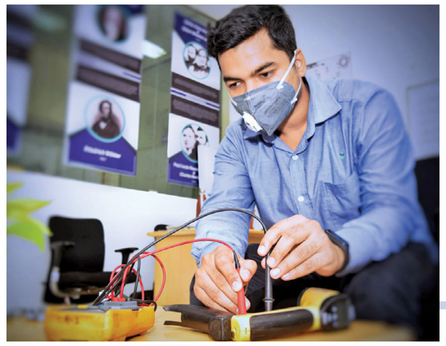
Asset Performance Management at Vedanta Aluminium in Jharsuguda

Asset Performance Management (APM) is an approach to managing all critical power plant assets of Boiler Turbine Generator (BTG) area. APM has become a primary enabler of digital transformation for power plant critical asset management among heavy industries. It focusses on achieving business objectives, improving asset reliability and availability, and minimising risks and operating costs.

The commissioning of APM leads to a range of new possibilities with immediate benefits, such as:

- Reducing ecological footprint
- Reducing asset downtime
- Enhancing revenue and profitability, together with on-time delivery and consistent quality
- Maximising production efficiency, when deployed with Industry 4.0 technologies such as big data, Artificial Intelligence (AI) and Machine Learning (ML)
- Funnelling multiple silos and systems such as Open System Interconnection (OSI), Process Intelligence (PI) and SAP into a single view and enabling working as part of a larger ecosystem. It also enables better collaboration across the asset ecosystem and enhances effectiveness through data-led applications.

The commissioning of APM leads to several benefits, including reduced ecological footprint and decreased asset's downtime



ASSET PERFORMANCE MANAGEMENT (APM)

APM can change the maintenance practices and improve asset life with the combination of visualisation tools, simulation modeling and real-time data acquisition. At Vedanta Aluminium in Jharsuguda, APM implementation has resulted in:

- Collection and centralising asset health data from SAP and plant Operational Technology (OT) system
- Asset health monitoring and failure prediction for power critical assets
- Optimising asset maintenance planning by integrating with SAP system
- Achieving visual analysis using CAD or 3-D model for plant critical assets in BTG area

APM implementation helps in increasing workforce effectiveness by 25%, asset availability by ~15% and reducing maintenance and inspection costs by 50%

Central Historian at Electrosteel Steels Limited (ESL)

For any manufacturing operation, real-time data accessibility and availability is a critical success factor. Reliable data availability and access are imperative in aiding effective, informed and timely decision making. For Vedanta, the installation of Central Historian at ESL Blast furnace is a step in this direction.

Using the Historian OSIPI portal, nearly 1,700 critical data points can be accessed instantly with a whopping 19x data storage enhancement. It has also helped automate generation of several reports, triggered to concerned personnel. This has significantly bolstered internal efficiency, while eliminating manual interventions and room for error, and re-deployment of man-hours into productive work.

The real-time capturing of all data points also enables detection of any deviations observed in critical equipment/ process parameters from their acceptable standards, and auto-triggering of notifications via SMS and e-mail. This has already been recognised as the preventive mechanism for identifying any trips/alarms and thus resulting in significant savings in repairs and replacement costs. The system is highly user friendly and provides the users with functionalities to explore the system at their individual pace. Further, a central dashboard screen has also been developed providing real-time data visibility into critical process parameters.

Robotic Process Automation

RPA is a process where critical but redundant tasks are automated with the help of technology. It enables system-level efficiency and helps in releasing bandwidth of resourceful personnel.

At Vedanta's ESL business, RPA has been used in the processing of Bank Reconciliation Statements, including downloading of bank statements from various different banks, segregating it based on predefined filters, downloading the corresponding files and transferring it to respective stakeholders. Through this, we have achieved significant reduction of individual dependencies, improvement in turnaround time and a 100% accuracy, with more than 90% reduction in pre-automation time.

Leveraging digital technology

Innovation for Waste-to-value: Magnetite Project at BMM

In 2021, Vedanta Zinc International (VZI) piloted a new waste-to-value project at Black Mountain Mine (BMM) operations in Aggeneys, Northern Cape, South Africa in 2021. This is a project to recover iron ore (magnetite) from the BMM tailings. Through the new iron ore product line, BMM is advancing towards developing world-class, sustainable operations.

Conventionally, tailings originating from the mine was diverted to its Tailings Storage Facility or the underground. However, with the commissioning of the iron ore project, the tailings will be now used to develop value-added products with varied utility. More importantly, this project will help us in minimising our environmental footprint, while creating employment opportunities for ~250 people in the Northern Cape area.

Phase 1 of the project expects to produce between 0.7-1 mtpa of iron ore, comprising sinter grade and DMS grade iron ores. In order to consistently produce a high-quality product, BMM worked with global industry experts and partners to design a standardised process. The first part of the project will utilise feed from existing BMM operations and produce premium high-grade iron ore (68%+), which can be utilised as feedstock for the steel and coal industries. The project is progressing well with major earthworks completed and construction in progress. The first production of high-quality iron ore at Fe grade >68%, is expected towards September 2023.

This innovative project will assist in transforming our existing VZI BMM operations to be competitive, globally cost-efficient, and sustainable. It will also enhance the longevity of the mine and will further validate our commitment to being an innovative and responsible natural resources player across our Southern African operations.

Phase 1 of the project expects to produce between 0.7-1 mtpa of iron ore, comprising sinter grade and DMS grade iron ores.

Moving towards waste to value

ABH technology serves in unlocking resources of the Barmer Hills Formation

Cairn Facility

Recent technological advances have helped unlock vast sources of oil trapped in the Barmer Hill Formation. The ability to develop these reservoirs could prove to be a game-changer, paving the way for the development of similar other reservoirs.

Aishwariya Barmer Hill (ABH) is the first tight oil project to monetise the Barmer Hill Formation potential. At ABH, all 39 wells have been drilled, and they are being progressively hooked up to ramp up volumes. Intelligent artificial well design (hydraulically lifted pumps) was key to developing this field with minimal surface footprint and with maximum operational flexibility.

Advanced analysis and modelling techniques were used during longitudinal and transverse frac stages while optimising the lateral length of the wells and distance between each of the stages. The procedure integrated multiple technologies and techniques such as hydraulic fracture analysis, minifrac analysis with diagnostic fracture injection tests, petrophysical analysis and log evaluation, etc.

Petrophysical analysis and log evaluation is used to determine rock and reservoir characteristics to estimate pay, while step rate and minifrac analysis helps define stress, net pressure and fluid efficiency.

More than 450 stages of fracs have been pumped with continuous improvement in fracturing design and methodology. Coil actuated cemented sliding sleeves were used to maximise frac efficiency.

Given the way technology has helped fracking of ABH, it comes as no surprise that there is increasing demand for hydraulic fracturing services.

Results from efficient fracking at ABH wells

5 frac stages
in a single day

4 million+ pounds
of proppant in one well

360K pound
proppant in one stage

Up to 17 frac stages
in a single well

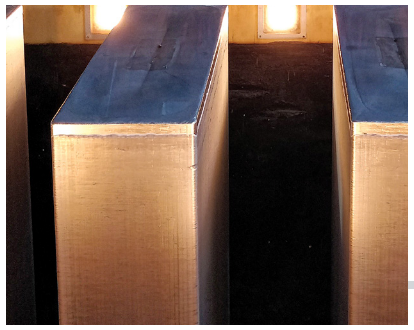
Progressing on our low-carbon journey with 'green' aluminium

Employee in Balco facility

In FY22, we created history by becoming the first Indian aluminium producer to manufacture low-carbon aluminium products under the 'Restora' brand. As the name signifies, Restora is part of our efforts to restore the environmental balance and contribute to the transition towards a low-carbon future. Metals and minerals will play a crucial role in this transition. Aluminium, for example, will find critical application in clean power technologies.

We are offering two product lines under brand Restora – Restora (low carbon aluminium) and Restora Ultra (ultra-low carbon aluminium) – both of which can be manufactured in the form of ingots, billets and other value-added products to suit customer requirements.

With Restora, we have joined the exclusive global club of low-carbon aluminium producers.



Manufactured using renewable energy, Restora's GHG emission intensity is almost half the global threshold of 4 tonnes of CO2 equivalent per tonne of aluminium manufactured. Restora Ultra, manufactured with aluminium recovered from dross, a by-product of the aluminium smelting process, has a near-zero carbon footprint. To produce the first batch of Restora, our Aluminium business consumed nearly 2 billion units of renewable energy in 2021, making it India's largest industrial consumer of renewables.

The launch of Restora marks a proud moment for us. It validates our commitment to decarbonise our operations and provide our customers, more conscious than ever of the provenance of products they use, unmatched competitive advantage with sustainable aluminium products. For the manufacture of Restora Ultra, we have partnered with Runaya Refining, one of India's fast-growing manufacturing start-ups focused on creating innovative solutions for the resources sector.

To fulfil its agenda of lowering its carbon footprint, Vedanta Aluminium is working on a three-fold agenda – highest operational efficiency, more renewables in the energy mix, and transition to cleaner fuels.

As a result of this unwavering focus, in 2021, Vedanta Aluminium broke into the prestigious Dow Jones Sustainability Index (DJSI) world rankings at No. 4, amongst global aluminium producers

Message from the Chairman

Living a new purpose

Anil Agarwal
Chairman

Dear Stakeholders,

At Vedanta, the pandemic challenged us to think differently and act swiftly, both from the perspectives of business continuity and social responsibility. With decisive actions and a strong stakeholder focus, we could mount the imminent challenges and continue to deliver value for everyone.

Even as the pandemic tested our collective mettle, we have many takeaways in our quiver both for business and life that will stay with us. I would like to take this occasion to thank my fellow Board members, all employees of Vedanta, our supplier partners, our investor fraternity and all other stakeholders, who have stood in solidarity with us as we navigated the COVID crisis.

Rebound, revival and opportunities

Post the pandemic, the world has nearly returned to normalcy in terms of restored economic and business activity, unrestricted mobility of people and re-opening of spaces for work. This has enabled the International Monetary Fund (IMF) to forecast a global growth rate of 4.4% in 2022. However, there are downside risks, which are weighing upon optimism, in the form of the Russia-Ukraine conflict and the COVID break-out in China. These have caused a fair share of ripple effect across the globe including disruptions to already battling supply chains, and in turn, muted manufacturing activity in Europe and the United States.

In India, economic growth has bounced back last year, with the National Statistical Office (NSO) pegging GDP growth at a strong 8.9% in its second advance estimates. Government expenditure and domestic spending has shored up the economy well, complemented by a long-term growth-focused budget. The initiatives by the government in the recent past, such as the commodity-intensive National Infrastructure Pipeline (NIP) and Production Linked Incentive (PLI) scheme to boost local manufacturing, are also progressing well. This is encouraging, as such bold and scalable programmes are instrumental in realising the vision of a self-reliant India.

On the policy front, the Mines and Minerals (Development and Regulation) Amendment (MMRDA) Bill, 2021 is also an encouraging move, which calls for private participation in the exploration of key resources such as coal and gold. This paves way for better utilisation of India's natural resources potential and in ensuring better trade balance in India's favour. That said, there is significant space for import substitution of minerals such as Zinc and Oil & Gas, where India freely allows imports for domestic consumption.

In line with India's net zero ambition, we can foresee a strong demand for renewable energy infrastructure and transition material intensive growth. This will lead to an automatic increase in demand for materials such as aluminium and zinc, which forms part of Vedanta's core portfolio.

Strengthening our performance and position

FY2022 witnessed a notable rebound in the commodity markets with the release of pent-up demand and buoyant prices. The demand was further accelerated by the global energy transition, with OEMs and other players sourcing metals and minerals at scale for deployment in renewable energy infrastructure.

In this scenario, Vedanta reaffirmed its position as a strong natural resources player that contributes to national and industrial growth and to global priority of carbon neutrality. We saw a substantial growth across all our businesses, in terms of throughput and volumes, and in improved financial results. Our strong liquidity position and deleveraging focus pegs our debt at a very comfortable level.

During the year, our individual businesses received several accolades on recognised forums such as World Finance, SABERA Awards, World HRD Congress and others. At a Group level, we were awarded for our corporate reporting practices and others.

In March 2022, we conducted focused interactions with more than 100 investors and analyst. The engagements were very successful as we conveyed about our unique position to create long term sustainable shareholder value through our growth plans across commodities, execution capability, disciplined capital allocation, strong dividend distribution policy and commitment to deleverage. We also explained about our resolve to manufacture semiconductors for self-reliant India and value creation opportunities in this space through partnership with worlds one of best semiconductor player.

Becoming developer of choice

Working for a better tomorrow

Prudent capital allocation for strategic growth

In November 2021, we convened to review and unveil our capital allocation policy, which establishes specific guidelines under which we will allocate funds. The policy focusses on rapid but responsible growth and maximising shareholder returns, and is charted under three streams as below:

- Capital expenditure, with a focus on volume augmentation, cost reduction, ESG and moving to value added products; growth projects with a minimum expected IRR of 18%; and sustaining capex on per tonne basis
- Dividend policy, which lays down that a minimum 30% of Attributable Profit after Tax (before special items) of the Company will be distributed as dividends (excluding profits of HZL, dividends of which will pass through in six months). This will be subjected to the Board's evaluation of various factors, such as robustness of cash flows, economic situation, commodity price cycles, natural calamities, etc. for overall optimal cash management
- Inorganic growth, where we will selectively invest in acquisitions, which are accretive to existing businesses or that have synergies with its core businesses.

A new mantra to live by: Transforming for Good

In the recent years, we can clearly see an accelerated inclusion of environmental, social and governance (ESG) aspects in businesses and investments globally and in India. While sustainability has always been a strategic priority for Vedanta, we have now made ESG, a central focus to everything that we do.

With the renewed ESG purpose of 'Transforming for Good', we are making substantial investments in our business on ESG initiatives. The ESG purpose is taken forward by the three pillars of transforming communities, planet and the workplace. Each pillar further has nine specific aims with quantifiable targets for the medium to long term, helping us map tangible progress every year. Further, the purpose also propagates a culture of ESG within the organisation, across levels and businesses.

Transforming communities

Vedanta has always stood by the communities in and around our areas of operations. We staunchly believe that their trust is our social license to operate, and it's our fiduciary duty to operate responsibly and empower them with opportunities and support. The three aims that anchor our community transformation agenda include Responsible business decisions based around community welfare; Empowering over 2.5 million families with enhanced skillsets; and uplifting over 100 million women and children through Education, Nutrition, Healthcare and welfare.

Empowering over 2.5 million families with enhanced skillsets; and uplifting over 100 million women and children through Education, Nutrition, Healthcare and welfare.

Sustainable environment footprint

Transforming planet

We are a natural resources company, and everything we do is closely tied to the availability of natural capital. We are also aware that our operations and value chain, can leave behind substantial environmental footprint. Towards this end, we are investing in climate action and decarbonisation, circular economy, water stewardship and several environment-focussed interventions. The planet transformation agenda is propelled by our aim of Net-carbon neutrality by 2050 or sooner; Achieving net water positivity by 2030; and Innovations for greener business model.

Transforming the workplace

Our people and their collective skills and abilities gives us unparalleled competitive advantage. At Vedanta, our policies and processes are oriented towards inclusivity, equity, meritocracy and satisfaction. Similarly, the health and safety of our people continue to assume highest priority and we continue to put in world-class safety standards in our operations. 'Prioritising safety and health of all employees' and 'Promote gender parity, diversity and inclusivity' forms key aims of this pillar.

A culture of best practices

We are also mindful of the way our organisation is governed. With strict policies and frameworks in place, we ensure that good governance is practiced across the organisation and are continuously striving to raise the bar. 'Adhere to global business standards of corporate governance' is thus the final aim under this pillar.

The future is bright

We are operating in a highly dynamic environment which is flush with opportunities, especially in India. With large-scale infrastructure and energy transition plans, efforts towards self-sufficiency, and a booming consumer economy, the avenues that lie ahead of us are endless. At Vedanta, our hard work and strategic focus over the years has helped position us perfectly to make the best of this environment, and our future plans are focused on achieving accelerated growth. More importantly, we are fully equipped to achieve our potential with tenets of responsibility and sustainability at the core. As we put our best foot forward to do the right things and to do things rightly, we expect your continued support.

Best regards,

Anil Agarwal

The planet transformation agenda is propelled by our aim of Net-carbon neutrality by 2050 or sooner; Achieving net water positivity by 2030; and Innovations for greener business model.

Key performance indicators

Testament to sustained value creation

GROWTH

REVENUE
(US$ billion)

FY2022	17.6
FY2021	11.7
FY2020	11.8

Description: Revenue represents the value of goods sold and services provided to third parties during the year.
Commentary: In FY2022, consolidated revenue was highest ever at US$17.6 billion compared with US$11.7 billion in FY2021. This was primarily driven by higher commodity prices, higher volumes at Aluminium, Copper, TSPL, IOB and FACOR, increased premium at Aluminium and HZL, rupee depreciation, partially offset by lower power sales at VAL and BALCO.

EBITDA
(US$ billion)

FY2022	6.3
FY2021	3.8
FY2020	3.0

Description: Earnings before interest, tax, depreciation and amortisation (EBITDA) is a factor of volume, prices and cost of production. This measure is calculated by adjusting operating profit for special items and adding depreciation and amortisation.
Commentary: Historical high EBITDA for FY2022 at US$6.3 billion, 65% higher y-o-y. This was mainly driven by higher commodity prices at Aluminium, Zinc, Cairn and Iron & Steel and higher sales realisation from Iron ore and Steel business, increased volumes at Aluminium, Zinc International and Iron Ore business, partially offset by Head Wind in the input commodity prices.

ADJUSTED EBITDA MARGIN
(%)

FY2022	40
FY2021	37
FY2020	29

Description: Calculated as EBITDA margin excluding EBITDA and turnover from custom smelting of Copper India and Zinc India businesses
Commentary: Adjusted EBITDA margin for FY2022 was 40% (FY2021: 37%).

INTEREST COVER

FY2022	4.8
FY2021	3.7
FY2020	3.2

Description: The ratio is a representation of the ability of the Company to service its debt. It is computed as a ratio of EBITDA divided by gross finance costs (including capitalised interest) less investment revenue.
Commentary: The interest cover for the Company was at c. 4.8 times, higher y-o-y on account of higher EBITDA.

FCF POST-CAPEX
(US$ billion)

FY2022	2.1
FY2021	1.3
FY2020	0.8

Description: This represents net cash flow from operations after investing in growth projects. This measure ensures that profit generated by our assets is reflected by cash flow, in order to de-lever or maintain future growth or shareholder returns.
Commentary: We generated record high FCF of US$2.1 billion in FY2022, driven by strong cash flow from operations, partially offset by higher sustaining and project capital expenditure.

RETURN ON CAPITAL EMPLOYED (ROCE)
(%)

FY2022	31.9
FY2021	19.4
FY2020	10.3

Description: This is calculated on the basis of operating profit, before special items and net of tax outflow, as a ratio of average capital employed. The objective is to earn a post-tax return consistently above the weighted average cost of capital.
Commentary: Strong ROCE of c.31.9% in FY2022 (FY2021: 19.4%), primarily due to strong operating and financial performance coupled with higher cash flow from operations.

NET DEBT /EBITDA (CONSOLIDATED)

FY2022	1.9
FY2021	2.8
FY2020	3.3

Description: This ratio represents the level of leverage of the Company. It represents the strength of the balance sheet of Vedanta Resources.
Commentary: Net debt/EBITDA ratio as at 31 March, 2022 was at 1.9x (lowest in 5 years), compared to 2.8x as at 31 March, 2021.

LONG-TERM VALUE

GROWTH CAPEX
(US$ billion)

FY2022	0.7
FY2021	0.3
FY2020	0.8

Description: This represents the amount invested in our organic growth programme during the year.
Commentary: Our stated strategy is of disciplined capital allocation on high-return, low-risk projects. Expansion capital expenditure during the year stood at US$0.7 billion.

DIVIDEND
(US cents)

FY2022	46
FY2021	88
FY2020	123

Description: Dividend per share is the total of the final dividend recommended by the Board in relation to the year, and the interim dividend paid out during the year.
Commentary: The Board has recommended a total interim dividend of 46 US cents per share this year compared with 88 US cents per share in the previous year.

RESERVES AND RESOURCES (R&R)

Description: Reserves and resources are based on specified guidelines for each commodity and region.

ZINC INDIA
(million mt)

FY2022	448
FY2021	448
FY2020	403

Zinc India: During the year, combined R&R were estimated to be 448 million tonnes, containing 31.1 million tonnes of zinc-lead metal and 874.7 million ounces of silver. Overall mine life continues to be more than 25 years.

ZINC INTERNATIONAL
(million mt)

FY2022	671
FY2021	566
FY2020	509

Zinc International: During the year combined mineral resources and ore reserves estimated at 671 million tonnes, containing 35.0 million tonnes of metal.

OIL & GAS
(mmboe)

FY2022	1,151
FY2021	1,229
FY2020	1,194

Oil & Gas: During FY2022, the gross proved, and probable reserves and resources stood at of 1,151 mmboe

SUSTAINABLE DEVELOPMENT

TRIFR

FY2022	1.4
FY2021	1.5
FY2020	1.6

Description: The total recordable injury frequency rate (TRIFR), is the number of fatalities, lost time injuries, and other injuries requiring treatment by a medical professional per million hours worked.
Commentary: This year, the TRIFR was 1.40. Safety remains the key focus across businesses.

GENDER DIVERSITY
(%)

FY2022	11.54
FY2021	11.23
FY2020	10.9

Description: The percentage of women in the total permanent employee workforce.
Commentary: We provide equal opportunities to men and women. During the year, female employees made up 11.54% of the total workforce.

WASTE RECYCLING (High Volume Low Toxicity)
(mMT)

	Generation	Recycled
FY2022	19	19
FY2021	18	17
FY2020	15	13

Description: High Volume Low Toxicity (HVLT) are waste present in large quantities and are usually stored in tailings dams/ash-dyes or other secure landfill structures before being sent to other industries as raw materials. HVLT includes fly ash, bottom ash, slag, jarosite, red mud
Commentary: In FY2022, we have achieved ~100% recycling of our HVLT waste.

WATER CONSUMED AND RECYCLED
(million m^3)

	Consumed	Recycled
FY2022	277	86
FY2021	270	83
FY2020	250	71

Description: Water consumed is the portion of water use that is not returned to the original source after being withdrawn. Recycled water or reclaimed water means treated or recycled wastewater commonly used for non-potable (not for drinking) purposes, such as agriculture, landscape, public parks, and golf course irrigation (million m3)
Commentary: In FY2022, we recycled ~86 million m^3 of water, equivalent to around 31% of consumed water.

CSR FOOTPRINT
(million beneficiaries)

FY2022	4.64
FY2021	42*
FY2020	3.26

Description: The total number of beneficiaries through our community development programmes across all our operations.
Commentary: We benefited 4.64 million people this year through our community development projects comprising community health, nutrition, education, water and sanitation, sustainable livelihood, women empowerment and bio-investment. This year our large-scale COVID-19 outreach programme has further augmented the metric.

*Out of 42 million 39 million are from the e-shiksha program

Transforming for better outcomes

INPUTS

Financial capital

We are focused on optimising capital allocation and maintaining a strong balance sheet while generating strong free cash flows. We also review all investments, taking into account the Group's financial resources with a view to maximising returns to shareholders.

- Gross Debt **US$16.1 billion**
- Net Worth **US$1.6 billion**
- Cash and Cash Equivalent **US$4.4 billion**
- Capex **US$0.7 billion**

Manufactured capital

We invest in best-in-class equipment and machinery to ensure we operate as efficiently and safely as possible, both at our current operations and in our expansion projects. This also supports our strong and sustainable cash flow generation.

- Plant and Equipment **US$13.7 billion**

Intellectual capital

As a relatively young Company, we are keen to embrace technological developments and encourage innovation. We encourage our people to nurture and implement innovative ideas, which will lead to operational improvements across our operations.

Human capital

We have employees drawn from across the world, and their diverse skills and experience contribute to our operations. The mining and plant operations require specialised skills for which we employ qualified technical, engineering and geology experts. In addition, we create a culture which nurtures safety, innovation, creativity and diversity, which helps us to meet our business goals while also enabling our employees to grow personally and professionally.

- No of Employees including Contractors **76,185**
- No. of hours of training **1,404,324**
- No. of Man Hours of safety training **1,331,357**
- HSE workforce including Contractors **1,208**
- No of Geologists including contractors **207**
- Employees covered under mentoring & support programs **3,743**

Social & relationship capital

We aim to forge strong partnerships by engaging with our key stakeholders, including shareholders and lenders, suppliers and contractors, employees, governments, communities and civil societies. These relationships help maintain and strengthen our licence to operate.

- Community Investment **c.US$53.7 million**
- Rated by two international rating agencies **S&P & Moody**
- Strong network of global and domestic relationship banks **30+**

Natural capital

India and Africa have favourable geology and mineral potential. These regions provide us with world-class mining assets and extensive R&R. Additionally, operating our mines requires a range of resources including water and energy which we aim to use prudently and sustainably.

- Energy Consumption **564.02 million GJ**
- Water consumed **276.8 million M^3**
- Coal Used **36.8 million MT**
- HVLT Waste Generated **18.9 million MT**
- HVLT Waste Recycled **18.8 million MT**
- Fly Ash Generated **14.5 million MT**
- Fly Ash Used **16.9 million MT**
- R&R Zinc India **448 million tonnes,** containing **31.1 million tonnes** of zinc-lead metal and **874.7 million ounces** of silver
- R&R Zinc International **671 million tonnes,** containing **35.0 million tonnes** of metal
- R&R Oil and Gas **1,151 mmboe** gross proved, and probable reserves and resources

CREATING VALUE FOR STAKEHOLDERS

Shareholders, investors and lenders	A return on investment
Employees	A safe and inclusive working environment
Governments	Generating economic value for the society and delivering sustainable growth
Local community and civil society	Investment in health, education and local businesses
Industry (suppliers, customers, peers, media)	Building long-term partnerships

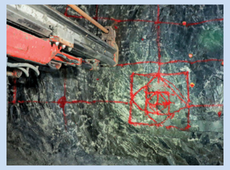
ACTIVITIES

We operate across the mining value chain focusing on long-term and low-cost assets in India and Africa

Explore
We invest selectively in exploration and appraisal to extend mine and reservoir life.

Develop
We develop world-class assets, using the latest technology to optimise productivity.

Extract
We operate low-cost mines and oil fields, with a clear focus on safety and efficiency.



Process
We focus on operational excellence and high asset utilisation to deliver top quartile cost performance and strong cash flow.

Market
We supply our commodities to customers in a wide range of industry sectors, from automotive to construction, from energy to consumer goods.

Restore
We manage our long-life assets as effectively as possible and return them to a natural state at the end of their useful life.

OUTPUTS AND OUTCOMES

- Turnover **US$17.6 billion**
- EBIDTA **US$6.3 billion**
- Total exchequer contribution **US$7.4 billion**
- Dividends paid **46 US cents per share**
- FCF post-capex **US$2.1 billion**
- RoCE **c.31.9%**
- Net Debt to EBITDA **1.9x**

- Zinc India: **Mined Metal- 1.1 mtpa Integrated Metal - 1.0 mtpa**
- Oil & Gas: **161 kboepd**
- Power **11.9 bn kWh**
- Aluminium: **Alumina: 2.0 mtpa, Aluminium 2.3 mtpa**
- Pig Iron **790 Kt**
- Zinc International: **223 Kt**
- Steel **1260 Kt**
- Copper: **125 Kt**

- Attrition Rate **10.66%**
- Diversity Ratio **11.54%**
- Total Recordable Injury Frequency Rate (TRIFR) **1.40**

- CSR programme Beneficiaries **4.64 million**
- Operational Nand Ghars (women-child welfare centres) **2,833**
- Interim dividends paid **46 US cents per share**
- Dividends, royalty and taxes paid to the government **US$7.4 billion**
- Youth benefited from Employment based skills training **5,133**
- Nand Ghars Built till FY2022 **3,261**

- Water Recycled **31%**
- GHG emitted **63 million TCO_2e**
- High Volume Low Toxicity (HVLT) Effect Waste recycled **~100%**
- Fly Ash utilisation rate **~115%**
- Water recycled **~86 million M^3**
- GHG Emissions: **Scope 1 - 59.4 million TCO2e**
- GHG Emissions: **Scope 2 - 3.5 million TCO2e**

Strategic priorities and update

Areas we focus on to deliver sustained value

Our five strategic focus areas reflect our integrated thinking that connects our purpose with our performance. They help us leverage our strengths, take advantage of opportunities, manage risks and navigate business cycles while taking into consideration the material concerns of our heterogeneous stakeholders. Here we map the progress we have made against each focus area and the way forward.

Cairn facility

S1

CONTINUE FOCUS ON WORLD CLASS ESG PERFORMANCE

We operate as a responsible business with a focus on Zero harm, Zero Discharge and Zero Waste. Our revised vision is "Transforming for Good" around three focus areas transforming communities, transforming the planet, and transforming the workplace. Through these focus areas, we work towards generating positive values for our important stakeholders and minimising the impacts on the environment. We promote social inclusion across our operations to promote inclusive growth.

FY2022 Update

- 12 fatalities occurred in the fiscal year; Each of these fatalities was investigated by ICAM methodology with oversight from Group Leadership. Various programs are in place to avoid repeat incidents
- Critical risk management is under implementation across the group to improve workplace safety
- Climate risk assessment and scenario analysis is being carried out for all the business
- Decarbonisation roadmap developed to achieve net carbon neutrality by 2050 or sooner
- We have launched Restora, and Restora Ultra India's first low carbon aluminium
- Tailings dam review by an independent third party was completed, and an action plan was created to close the gaps
- 3,200+ Nand Ghars established

Vision

Transforming Communities

Aim 1 Responsible business decisions based around community welfare

Aim 2 Empowering over 2.5 million families with enhanced skillsets

Aim 3 Uplifting over 100 million women and children through Education, Nutrition, Healthcare, and welfare

Transforming the Planet

Aim 4 Net-carbon neutrality by 2050 or sooner

Aim 5 Achieving net water positivity by 2030

Aim 6 Innovating for a greener business model

Transforming the Workplace

Aim 7 Prioritising safety and health of all employees

Aim 8 Promote gender parity, diversity, and inclusivity

Aim 9 Adhere to global business standards of corporate governance

Objectives for FY2025

- Zero fatality, with 2 fatality-free years.
- Stack emissions to be 25% of 2018 levels. All tailing facilities to be audited and actions closed with real-time monitoring.
- All performance standards to be developed, implemented and part of VSAP.
- Employee and community exposure monitoring.
- Mental health programme to be initiated.
- Achieve zero social non-compliances. Become signatories to and participants in VPSHR. Set up an external SP advisory body.
- Achieve 20% reduction in GHG emission intensity from a 2012 baseline.

KPIs

- Fatalities
- TRIFR
- Number of Cat 5 social incident
- GHG emission intensity
- Compliance tracking
- Source emissions tracking
- Personal exposure monitoring
- CSR footprint
- Gender diversity

Risk

R1 Safety and health of our employees, BPs and communities

R2 Managing positive community relationships

Strategic priorities and update

S2

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 manner and replenish the resources that support our future growth ambitions.

FY2022 Update

Zinc India (HZL)

- Total Ore Reserves stand at 161.2 million tonnes (net of depletion of FY2022 production of 16.3 million tonnes) at the end of FY2022 (150.3 million tonnes at the end of FY2021) due to heightened focus on resource to reserve conversion during the year. Exclusive Mineral Resource totalled 286.73 million tonnes
- Combined R&R were estimated to be 448 million tonnes, containing 31.1 million tonnes of zinc-lead metal and 874.7 million ounces of silver
- Overall mine life continues to be more than 25 years.

Zinc International

- Combined mineral resources and ore reserves estimated at 671 million tonnes, containing 35.0 million tonnes of metal

Oil & Gas

- Seismic acquisition in Assam, Cambay, and Rajasthan for OALP blocks
- Exploration and appraisal wells drilled across PSC and OALP blocks
- Two hydrocarbon discoveries in Rajasthan (KW-2 Updip and Durga -1) and one in Cambay (Jaya-1) have been notified as oil and gas discovery
- Strategic alliances with global players like Halliburton, Schlumberger, and Baker Hughes with the aim to increase R&R across the portfolio
- Shale studies to unlock the potential in Barmer basin
- Gross proved and probable R&R of 1,151 mmboe

Objectives for FY2023

Zinc India

- Target generation at Kayad and RA by integrating application of AI & ML with existing geological data
- Exploration plan to enhance the mineral resource by 20 mt Ore with contained metal of 1.0 mt
- Ore reserves upgradation of 28 mt will lead to total R&R of 470 mt
- Application of advance geophysics techniques for target generation in strike/down dip extension of mineralisation

Zinc International

- Execution of 88 km of drilling across greenfield and brownfield projects in RSA and Namibia
- Addition of 11.5 mt of ore (1.08 mt metal) and upgradation of 26.5 mt of ore (2.3 mt metal)

Oil & Gas

- Exploration and appraisal drilling across the portfolio in Rajasthan, Cambay, Northeast and Offshore blocks
- Drilling pilot wells for shale to establish potential
- New opportunities basket for execution based on evaluation by global players as part of the strategic alliance
- Alkaline Surfactant Polymer (ASP) pilot project in Bhagyam and Aishwariya fields
- Infill wells across operating fields to augment reserve base

Objectives for FY2025

Zinc India

- Securing SK north/SK south PL and other new tenements for R&R growth
- Target generation through application of AI & ML along with advance geophysics
- Enhancement of the mineral resource by 40 mt Ore with contained metal of 2.0 mt and upgrade ore reserves to 42 mt, which will lead to total R&R of 500+ Mt with ~35 mt metal

Zinc International

- Execution of 100 km of drilling across greenfield and brownfield projects in RSA and Namibia
- Addition of 25.0 mt of ore (2.2 mt of metal) and upgradation of 27.0 mt of ore (1.9 mt metal)

Oil & Gas

- Establish the resource pool around OALP blocks to have incremental development opportunities in the portfolio
- Establish commercial potential of shale
- Establish the full potential of ASP in Bhagyam and Aishwariya for commercial development

KPIs

- Total 2P+2C R&R in O&G
- Total R&R in Zinc India and ZI

Risk

R1 Health, safety and environment (HSE)

R5 Discovery risk

R9 Regulatory and legal risk

S3

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

FY2022 Update

Zinc India

- Total mine development increased by 10% to 107 km in FY2022
- Successfully conducted public hearing at Zawar to obtain EC for 6.5 mt capacity
- Hoisting capacity increased at Rajpura Dariba from 0.9 to 1.3 mtpa
- Crusher 2 commissioned at Rampura Agucha
- Ever highest mined metal production at 1,017kt in FY2022
- Ever highest refined metal production at 967kt in FY2022
- Completed all turbine modifications in the CPP plants, thus increasing power generation capacity by 35 MW while also reducing specific coke consumption

Zinc International

- Significant ramp up in Gamsberg production with 170 kt zinc MIC in FY2022

Oil & Gas

- Exploration drilling ongoing across basins. Hydrocarbon discovery notified for Durga -1 in Rajasthan and Jaya-1 in Cambay during the year. Till date, three hydrocarbon discoveries have been notified under the OALP portfolio
- Infill drilling in Mangala, Tight Oil (ABH), Tight Gas (RDG), Satellite Field (NI) and Offshore (Cambay) to augment reserves and mitigate natural decline
- 38 wells drilled across all assets

Aluminium

- Ramp up of Jharsuguda facility
- Debottleneck JSG Billet facility from 400 ktpa to 460 ktpa

ESL

- Record Annual hot metal production since acquisition of 1.3 million tonnes, up 6% y-o-y

Facor

- Highest ever Annual Chrome Ore production since acquisition at 250kt up 70% y-o-y growth
- Historic high annual Ferro Chrome Production of 75kt, up 10% y-o-y

Objectives for FY2023

Zinc India

- Further ramp up of underground mines towards their design capacity of 1.2 mn mtpa
- Combined paste-fill and dry tailing plant at Rajpura Dariba, which will help increase ore production from 1.2 mtpa to 2 mtpa
- New beneficiation plant to start at RDM to increase treatment capacity from 1.1 mtpa to 1.5 mtpa
- Addition of new production centre from Purvanchal at Zawar mines
- Migration to 100% mechanised charging at Zawar leading to improved safety, faster charging, increased pull per blast
- Construction and commissioning of new ZLD plant at Agucha and Zawar
- With the supporting MIC flow, smelters are geared to touch approx. 1,000 – 1,025 kt
- Capacity expansion: Plans waiting for Board approval to include one more roaster in our smelting operations and also to expand our leeching and cell house capacity subsequently
- Commissioning of Fumer to be completed during the year

Zinc International

- Gamsberg Phase 2 project approved by the Vedanta Board. Project includes the mining expansion from 4 mtpa to 8 mtpa and construction of new concentrator plant of 4 mtpa, taking the total capacity to 8 mtpa. MIC production will be 200 ktpa, taking the total South Africa production to >500 ktpa. Target date of completion of project is 18 months
- Skorpion Refinery conversion – awaiting confirmation of power tariff to take the final decision before beginning on ground execution in FY2023
- Black Mountain Iron Ore project intends to recover iron ore (magnetite) from the BMM tailings on track. Best quality iron ore will be produced from the new plant with Fe grade >68%. First production is expected in August 2022, 76 kt planned for Q2 and full production from Q3

Employees at Black Mountain Mining lab

Strategic priorities and update

Employees at Cast House, Vedanta Jharsuguda

Objectives for FY2023

Oil & Gas

- Exploration and appraisal drilling in OALP and PSC blocks to unlock the resource potential
- Monetisation of discoveries notified in OALP blocks
- Unlock the potential of unconventional resources like shale through global technology leaders
- Commence Alkaline Surfactant Polymer (ASP) project execution in the Mangala field to monetise reserves
- Infill well projects across producing fields to add reserves and mitigate natural decline

Aluminium

- Lanjigarh expansion from 2 mtpa to 5 mtpa
- JSG VAP expansion to 1.6 MTPA and Balco VAP expansion to 1.1 MTPA. To be completed by Q2 FY2024
- Operationalise 2 of 3 coal blocks

ESL

- Embark on the expansion journey from 1.5 to 3.0mtpa.
- To be a steelmaker amongst the top quadrant EBIDTA percentile group

Facor

- Expansion of Mines from current capacity of 250 kt to 390 kt
- Metal capacity addition of 60 KTPA through new 33MVA Furnace.

Objectives for FY2025

Zinc India

- Ramp up of underground mines to reach 1.3 mtpa capacity
- Commissioning of second open pit portal at RAM
- Commissioning of vertical conveyor at SKM to mine high-grade shaft pillar area
- Transition to 50% BEV deployment at RA & SK Mines
- Completion of Mill 3 at Zawar to increase beneficiation capacity
- Establishment of new tailing dam at Zawar mines
- Commissioning of 150 kt new zinc smelter to achieve 1.25 mn mt metal capacity and 1,000 mt silver production
- Commissioning of second Fumer
- Waste management through Jarosite utilisation in cement industry by modification in present circuits
- Establishment of 200 MW green power to reduce COP and meet our ESG & Net Zero goals

Zinc International

- Full ramp up of Gamsberg Phase 2 project in FY2025
- Skorpion Refinery conversion – Completion of conversion project expected by FY2024-25
- Gergarub mining and concentrator plant planned to be in production by FY2025, delivering MIC of 100 ktpa
- Gamsberg Smelter planned to treat all zinc concentrate from current operation. Planned first production in FY2026. First phase planned to produce 300 ktpa
- Iron Ore phase 2 – construction of additional plant to treat 2 mtpa of current tailings storage facility with opportunity to construct a pig iron plant

Oil & Gas

- Complete the execution of ASP project at Mangala to deliver incremental volume.
- Monetisation of discoveries from OALP and PSC blocks
- Commence ASP project execution in the Bhagyam and Aishwariya field to monetise reserves
- Commence shale monetisation

Aluminium

- BALCO 414+ ktpa
- DBNK Lanjigarh Refinery expansion from 5 mtpa to 6 mtpa
- 100% value added product portfolio
- Operationalisation of all 3 coal blocks

KPIs

- Revenue
- ROCE
- FCF post-capex
- Growth capex

Risk

- R8 Cairn-related challenges
- R9 Regulatory and legal risk
- R12 Major project delivery

S4

OPTIMISE CAPITAL ALLOCATION AND MAINTAIN A STRONG BALANCE SHEET

Our focus is on generating strong business cashflows and maintaining stringent 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 acquisitions) based on our stringent capital allocation framework to maximising shareholder returns.

FY2022 Update

- Free cashflow (FCF) improvement from US$1.3 billion to US$2.1 billion, up 66% y-o-y
- Net debt (ND) increased from US$10.7 billion to US$11.7 billion.
- Net Debt/EBITDA at 1.9x on a consolidated basis

Objectives for FY2023

- Generate healthy free cash flow from our operations
- Disciplined capex across projects to generate healthy ROCE
- Improve credit ratings
- Reduce working capital

KPIs

- FCF post-capex
- Net Debt/EBITDA (Consolidated basis)
- EPS (before special items)
- Interest cover ratio
- Dividend

Risk

- R9 Regulatory and legal risk
- R10 Tax related matters
- R11 Fluctuation in commodity prices (including oil) and currency exchange rates
- R13 Access to capital

Cairn offshore facility

Strategic priorities and update

S5

OPERATIONAL EXCELLENCE AND COST LEADERSHIP

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 realisations through prudent marketing strategies.

FY2022 Update

Zinc India

- Record ore production of 16.3 mt, despite disruptions on account of COVID-19
- Mined metal production of 1,017 kt and refined zinc-lead production of 967 kt
- APC commissioned at beneficiation plants of RA and Sindesar Khurd mines
- Ever highest production from Dariba Zinc (DSCZ) with current efficiency at 92%
- Cell house revamp at Zinc Smelter Debari (ZSD) completed. Production increased from 240 mt per day to 270 mt per day
- We have also and are continuing zinc oxide treatment at Fumer Circuit CLZS for the additional FG production of approx. 15-20 kt

Zinc International

- BMM achieved consistent production in FY2022 (52 kt)
- Gamsberg ramped up significantly with 170 kt production in FY2022 and several best performances in ore milled tonnes, mill throughput and plant availability. About 81% recovery achieved during March 2022 with a 600 t-650 t/day production to establish run rate of 18 kt-20 kt
- Skorpion remained under care and maintenance following geotechnical instabilities in the open pit

Oil & Gas

- Average gross operated production of 161 kboepd for FY2022, down 1% y-o-y, owing to natural field decline
- Injection of a more efficient and thermally stable polymer –Acrylamide Tertiary Butyl Sulfonic acid (ATBS) commenced in Mangala field
- Commenced engagement of partners for end-to-end management of Operations and Maintenance (O&M) across assets with an objective to leverage expertise, introduce best-in-class practice and adopt digitalisation

Aluminium & Power

- Record aluminium production at 2268 kt, up 15% y-o-y driven by ongoing JSG ramp-up
- Highest ever VAP sales at 911 kt, 21% increase y-o-y
- First in India to manufacture low-carbon aluminium under the brand name Restora with two product lines
- Record alumina production at Lanjigarh refinery at 1,968 kt, up 7% y-o-y
- Alumina COP up by 24% y-o-y due to input commodity headwinds
- FY2022 CoP for aluminium US$1,858 per tonne, up by 38% y-o-y, due to input commodity headwinds mainly coal and carbon
- Booked 15.3 mt of coal in Tranche V at competitive price for the next 5 years

Steel

- Increased Net Sales Realisation from 488 in FY21 to 660 in FY22, up 35%.

Facor

- Increased the EBITDA margin to US$534 per tonne for the year (against US$176 per tonne in FY2021), a threefold increase

Copper and Iron Ore

- At Karnataka, production of saleable ore was 5.4 million tonnes, 8% higher y-o-y.
- In FY2022, Iron ore revenue increased to US$853 million, 40% higher y-o-y mainly due to increase in sales volume at Karnataka & VAB and higher realisations at Karnataka & VAB during the year
- EBITDA increased to US$304 million compared with US$245 million in FY2021 was mainly due to improved margin at Karnataka and higher volume at Karnataka & VAB
- Continued engagement with the Government and local communities to restart operations at Goa and Tuticorin

Objectives for FY2023

Zinc India

- Sustain cost of production at low level through efficient ore hauling, higher volume and grades and higher productivity through ongoing efforts in automation and digitalisation
- All cellhouse op at 92% current efficiency without any interruption of MIC
- Pyro to be run on lead mode to reduce the zinc COP and improve lead and silver production

Zinc International

- Ramp up Gamsberg to design capacity of 250 ktpa in H1 FY2023.
- BMM debottlenecking plant 2 mt resulted in similar production levels despite low grades
- Restart Skorpion post completion of geotechnical studies and feasibility completion of imported zinc oxides

Oil & Gas

- Manage natural decline through near infill well programme across fields
- Establish the full potential of ATBS in the field to generate incremental value
- Stabilise end-to-end O&M across assets with partners and deliver value accretion
- Continue to operate at a low cost-base and generate free cash flow post-capex

Aluminium

- Production at Lanjigarh refinery of around 2.0-2.1 mt, with aluminium production at smelters around 2.2-2.3 mt
- Hot Metal COP at low level
- Improve raw material security & materialisation locally (bauxite & coal) – Start Jamkhani and Radhikapur (West), acquire bauxite mines through competitive bidding
- Increased focus on asset integrity and optimisation, quality and innovation and digitalisation through Centre of Excellence

Copper & Iron ore

- Continue engagement with government and relevant authorities to enable restart of operations In Goa & Tuticorin
- Increase our footprint in iron ore by continuing to participate in auctions across the country, including Jharkhand.
- Advocacy for removal of E-auction/trade barrier in Karnataka.

Steel

- Ensuring business continuity with greater focus on Reliability Centered Maintenance
- Obtain clean Consent to Operate and environmental clearance
- Raw material securitisation through long - term contracts; approaching FTA countries for coking coal

Facor

- Installation of Waste Heat Recovery system and refractory relining in 45 MVA furnace.
- 100 MW Power Generation & sale of additional power.
- New COB plant commissioning of enhanced capacity of 50 TPH.

Objectives for FY2025

Zinc India

- Sustain cost of production at low level through efficient ore hauling, higher volume and grades and higher productivity through ongoing efforts in automation and digitalisation
- Automation of Debari cell house to reduce cost and increase efficiency and recovery
- Mechanisation of Dariba Lead Cellhouse to reduce cost and increase efficiency and recovery

Zinc International

- >500 ktpa production from South Africa at a low cost of production
- 150 ktpa metal production from Skorpion

Oil & Gas

- Increase production from existing assets through use of leading-edge technologies, large-scale artificial intelligence and machine learning (AI-ML) enabled base.
- End-to-end output-based O&M model
- Continue to operate at a low cost-base and generate free cash flow post-capex

Aluminium

- 100% backward and forward integration: 3 mtpa Aluminium, 6 mtpa Alumina, 100% VAP, 100% Coal (captive+linkage)
- Hot Metal cost of production at lower level
- Continued focus on quality, asset reliability and optimisation, digitalisation, innovation and R&D

KPIs

- EBITDA
- Adj. EBITDA margin
- FCF post-capex
- ROCE

Risk

- R1 Health, safety and environment (HSE)
- R3 Tailings dam stability
- R7 Loss of assets or profit due to natural calamities
- R11 Fluctuation in commodity prices (including oil) and currency exchange rates

Mill at Gamsberg

Opportunities

Transformation through responsiveness

The natural resources sector operates amid a dynamic external environment. Several megatrends shape the industry, which are broadly led by aspects of ESG, digitalisation, value-chain management, social stewardship, and others. These key trends are discussed below.

T1

Aligning capital allocation to ESG commitments

Environmental, Social and Governance (ESG) has become essential to the guiding strategy of organisations operating in the natural resources sector. There are fast-evolving expectations from the markets and their stakeholders with regard to ESG alignment, the need to think holistically and reflect capital allocation according to their ESG commitments is the need of the hour.

Vedanta's response

As part of Vedanta's larger ESG vision, the company has charted a clear plan to achieve net carbon zero status by or before 2050. A US$5 billion investment has been pledged over the next decade to accelerate this transition. Similarly, a significant component of the capital allocation has been earmarked for social interventions in the near future.

T2

Embedding ESG into operations

While most mining companies have been under the radar for environmental and social compliance, led by global norms and regional regulations, voluntary compliance to ESG has been on the rise. The opportunities arising from mainstreaming ESG in operations present a host of business benefits for companies, while helping them manage their upside and downside risks.

Vedanta's response

Vedanta has formulated its new ESG purpose – Transforming for Good – which maps specific aims under the pillars of communities, planet and workplace. The new purpose is adopted across the organisation with a view to make Vedanta an ESG-first, organisation.

T3

Playing an enabling role for a low-carbon future

The metals and mining sector has a key role in enabling the global energy transition. Several of the materials used in renewable technology, for example, are naturally occurring in nature, and the extraction, processing and marketing of such material is essential for an accelerated, global shift towards green energy adoption.

Vedanta's response

Vedanta's deeply integrated value-chain ensures that necessary minerals for all renewable energy infrastructure is made available. Some of the key minerals that Vedanta extracts, processes and markets, such as Zinc, Aluminium, and Silver, are core to enabling the RE transition. To this effect, we have launched several pilot programmes including and introduced Low Carbon Green Aluminium under the Restora franchise. We are also exploring the development of green copper with a scalable plan in the pipeline.

We have also committed to become a Net Zero Carbon company by 2050 or before and achieve 25% absolute GHG reduction by 2030. We plan to achieve this by deploying renewable power to the tune of 2.5 GW RE RTC equivalent by 2030. We will also switch our fuels to more sustainable energy sources such as biomass and natural gas and deploy electric vehicles as part of our fleet. Significant progress has been made on this front with businesses such as HZL, ESL and BALCO leading from the front.

T4

A new super-cycle for commodities

Post the global pandemic, the metals and mining industry has soared with the release of pent-up demand, accompanied by buoyant pricing. The opportunity space is clear for large-scale commodity players such as Vedanta to hedge against possible risks and serve the demand with prudence.

Vedanta's response

Vedanta is well-positioned to deliver superior performance operationally and financially. In Oil & Gas, Vedanta is the largest private sector producer of crude oil in India and ranks among the world's lowest cost producers with a pipeline of assets in production, development, and exploration. In Zinc, the Company is the world's largest fully integrated zinc-lead producer. In Aluminium, it is India's largest primary aluminium producer supported by its own captive power generation. With the successful acquisition of a Nickel and Cobalt plant at Goa, Vedanta has become the sole producer of Nickel in India. We continue to deliver strong performance across our business verticals, drive by our asset quality and strength of business model. We have achieved record production across Zinc International and Aluminium businesses and have a strong pipeline of development for other businesses such as Oil and Gas. Together with our underlying strengths and a conducive market scenario, we are well-placed to achieve continued growth across our businesses.

Opportunities

T5

The need for competitive employer value propositions

World over, the labour market has evolved during and post the pandemic. 'The Great Resignation' has seen waves of employees quit their jobs, in pursuit of opportunities that better aligned to their interests. Work from home has nearly become a well-received alternative to traditional modes of office. Social purpose, reimagining work, and building an inclusive leadership culture have become core to maintaining an attractive employer value proposition. It is harder for core industries such as mining, where physical presence and conventional ways of working has ruled the roost for long.

Vedanta's response

Increased efforts on employee engagement and retention; an emphasis on diversity, equity and inclusion; and a razor-sharp health and safety focus are key to attracting industry-best talent to Vedanta.

T6

Corporate citizenship as a key value enabler

Indigenous communities around the world are now distancing themselves from conventional transactional-style relationships with corporates. They are keen to establish novel ways of connecting and understanding entities that operate in their backyard and assigning responsibilities to them in exchange of continued social licence to operate. This puts the onus on companies, especially in the natural resources sector to look for and pursue opportunities that align with local communities' own goals and priorities.

Vedanta's response

Vedanta strives to be the preferred developer of choice in most of its core regions of operations. We enable this by establishing long-lasting community relationships, adhering to globally accepted human rights practices, and by actively investing in the communities through our operational and philanthropic interventions.

T7

Integrated and data-led decision making for winning the future

To ensure agility and responsiveness, mining companies must empower workforce across all levels to take informed, data-driven decisions. Digitalisation has proven its utility in ways more than one in the natural resources sector, across the value chain. However, investments in technology must be met with proportionate interventions to create people-system interactions that can multiply the benefits of digitalisation.

Vedanta's response

With our Disha programme, we aim to transform Vedanta into a data driven organisation by developing digital dashboards and applying analytics for different verticals and business functions. These analytical dashboards enable the management to track progress, get insights, identify issues and bottlenecks proactively. This is achieved through reliable monitoring of KPIs across operations and HSE, critical process parameters for equipment and data-led predictability. This results in better planning, mitigation and closing the decision loop faster.

Apart from this, we are also building a start-up culture through the Spark programme and implementing group-wide digital transformation through project "Pratham", which focuses on significantly improving volume, cost and improving ease of doing business. This is implemented through global partners by bringing new emerging technologies across the value chain of Vedanta Industry 4.0 framework. This is intended to result in a 15% increase in EBITDA, contribute to our zero-harm goal and reduce our carbon footprint.

To sustain our digital transformation, a roadmap is drawn for redesigning the organisation and augmenting digital capabilities, complete with in-house data analysts and data scientists.

Focusing on a digital environment

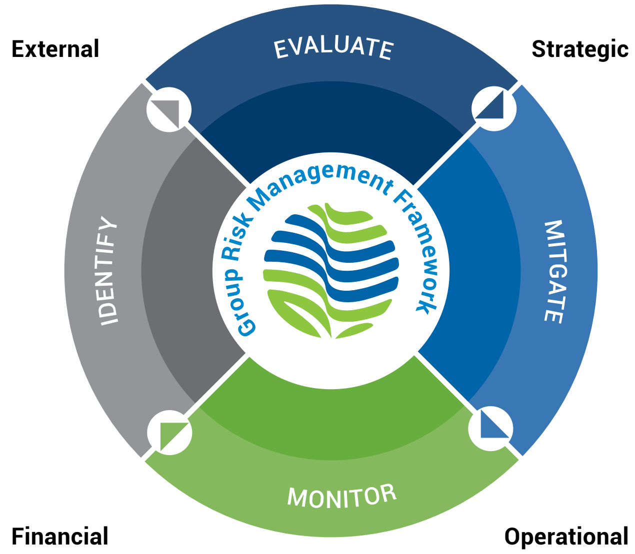
Managing risks and opportunities amidst a dynamic external environment

Our businesses are exposed to a variety of risks given that we operate globally. We have a multi-layered risk management system and robust governance framework that align the Company's operating controls with the Group's overarching vision and mission and help it deliver on its strategic objectives.

Effective management of risk by our competent employees

Risk Governance Framework

Group Risk Management Framework



Enterprise risk management

We identify risks at the individual business-level for existing operations as well as for ongoing projects through a well-crafted methodology. Business-level review meetings, undertaken at least once every quarter, formally discuss risk management. Every business division of the Group has evolved its own risk matrix, which is reviewed by the Business Management Committee. In addition, business divisions have developed their own risk registers.

Respective businesses review the risks, changes in the nature and extent of major risks since the last assessment, control measures and decide on further action. Control measures stated in the risk matrix are also periodically reviewed by the business management teams to verify their effectiveness. These meetings are chaired by the CEOs of the respective businesses and attended by CXOs, senior management and functional heads concerned. The role of risk officers at each business-level and at the Group level is to create awareness on the risks among the senior management, and to develop and nurture a risk-management culture within the businesses. The Company's risk-mitigation plans are integral to the KRAs/KPIs of process owners. Leadership teams of the businesses are responsible for the governance of the risk management framework.

The Audit & Risk Management Committee aids the Board in the risk management process by identifying and assessing any changes in risk exposure, reviewing risk-control measures and approving remedial actions wherever appropriate. The Committee is, in turn, supported by the Group Risk Management Committee (GRMC), which helps it evaluate the design and operating effectiveness of the risk mitigation programme and the control systems. The Risk Management Committee meets at least four times annually to discuss risks and mitigation measures, review the robustness of our framework at the level of individual businesses and map the progress against actions planned for key risks.

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. GRMC discusses key events impacting the risk profile, relevant risks and uncertainties, emerging risks and progress against planned actions.

Our risk management framework is simple and consistent and provides clarity on managing and reporting risks to our Board. Together, our management systems, organisational structures, processes, standards and Code of Conduct and ethics represent the internal control systems that govern how the Group conducts its business and manages associated risks.

The Board shoulders the ultimate responsibility for the management of risks and for ensuring the effectiveness of internal control systems. This includes review of the Audit & Risk Management Committee's report on the risk matrix, significant risks, and mitigating actions. Any systemic weaknesses identified by the review are addressed by enhanced procedures to strengthen the relevant controls, which are reviewed regularly.

Risk management

Since it is critical to delivering on the Group's strategic objectives, risk management is embedded in business-critical activities, functions, and processes. The risk management framework is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable, and not absolute assurance, against material misstatement or loss. Materiality and risk tolerance are key considerations in our decision-making.

The responsibility for identifying and managing risks lies with every manager and business leader. Additionally, we have key risk governance and oversight committees in the Group. They are:

- Committee of Directors (COD) comprising Vice Chairman and Group CFO supports the Board by considering, reviewing and approving all borrowing and investment-related proposals within the overall limits approved by the Board. The invitees to these committee meetings are the CEO, business CFOs, Group Head Treasury and BU Treasury Heads, depending upon the agenda
- Sustainability Committee reviews sustainability related risks
- There are also various Group-level ManComs, such as Procurement ManCom, HSE ManCom, CSR ManCom, and so on which work on identifying risks in those specific areas and mitigating them

Each business has developed its own risk matrix, which is reviewed by its respective management committee/ executive committee, chaired by its CEO. In addition, each business has developed its own risk register depending on the size of its operations and number of SBUs/ locations. Risks across these risk registers are aggregated and evaluated and the Group's principal risks are identified, and a response mechanism is formulated.

This element is an important component of the overall internal control process from which the Board obtains assurance. The scope of work, authority and resources of the Management Assurance Services (MAS) are regularly reviewed by the Audit Committee. The responsibilities of MAS include recommending improvements in the control environment and reviewing compliance with our philosophy, policies and procedures.

The planning of internal audits is approached from a risk perspective. In preparing the internal audit plan, reference is made to the risk matrix, and inputs are sought from the senior management, business teams and members of the Audit Committee. In addition, we refer to past audit experience, financial analysis and the prevailing economic and business environment.

Despite COVID-induced disruptions, Vedanta's BUs dealt with its impact extremely well, resulting in an effective response. This was made possible owing to the following:

- Our safety-first culture that prioritised people's health and well-being
- Our collaboration with communities, governments, and health experts, which ensures that best practices are followed
- Focusing on what is critical to operations and communities, while continuing to build long-term resilience
- Consistent response to the pandemic across the Group
- Establishment of COVID-19 task forces under seasoned leaders
- Investments in new processes, procedures, protocols, health-testing equipment and support for the workforce

As a result, despite the challenges, our facilities remained largely operational during the pandemic. Rather, the disruption created an opportunity for us to identify and work on certain transformational aspects for the future. We continue to remain committed to achieving our objectives of zero harm, zero wastage and discharge, thus creating sustainable stakeholder value.

The order in which the risks appear in the section that follows does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on Vedanta's businesses. The risk direction of each risk has been reviewed based on events, economic conditions, changes in business environment and regulatory changes during the year.

While Vedanta's risk management framework is designed to help the organisation meet its objectives, there is no guarantee that the Group's risk-management activities will mitigate or prevent these or other risks from occurring.

The Board, with the assistance of the management, conducts periodic and robust assessments of principal risks and uncertainties of the Group, and tests the financial plans associated with each.

Sustainability risks

R1 Health, safety and environment (HSE)

Impact	Mitigation	Direction
The resources sector is subject to extensive health, safety and environmental laws, regulations and standards. Evolving requirements and stakeholder expectations could result in increased cost or litigation or threaten the viability of operations in extreme cases. **Emissions and climate change** Our global presence exposes us to a number of jurisdictions in which regulations or laws have been, or are being, considered to limit or reduce emissions. The likely effect of these changes could be to increase the cost of fossil fuels, imposition of levies for emissions in excess of certain permitted levels and increase in administrative costs for monitoring and reporting. Increasing regulation of greenhouse gas (GHG) emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets, is likely to raise costs and reduce demand growth	• HSE is a high priority area for Vedanta. Compliance with international and local regulations and standards, protecting our people, communities and the environment from harm, and our operations from business interruptions, are key focus areas • Policies and standards are in place to mitigate and minimise any HSE-related occurrences. Safety standards are issued/continue to be issued to reduce the risk level in high-risk areas. Structured monitoring, a review mechanism and system of positive compliance reporting are in place • BU leadership continues to emphasise on three focus areas: visible felt leadership, safety critical tasks and managing business partners • The process to improve learning from incidents is currently being improved to reduce re-occurrence of similar incidents • A Vedanta Critical Risk Management programme will be launched to identify critical risk controls and to measure, monitor and report control effectiveness • The Company has implemented a set of standards to align its sustainability framework with international practice. A structured sustainability assurance programme continues to operate in the business divisions covering environment, health, safety, community relations and human rights aspects. This is designed to embed our commitment at the operational level • All businesses have appropriate policies in place for occupational health-related matters, supported by structured processes, controls and technology • To provide incentives for safe behaviour and effective risk management, safety KPIs have been built into performance management of all employees • The carbon forum has been re-constituted with updated terms of reference and representation from all businesses. Its mandate is to develop and recommend to the ExCo and Board the carbon agenda for the Group • Enhanced focus on renewable power obligations • The Group companies are actively working on reducing the intensity of GHG emissions of our operations • A task force team is formulated to assess end-to-end operational requirement for FGD plant. We continue to engage with various stakeholders on the matter	

R2 Managing relationship with stakeholders

Impact	Mitigation	Direction
The continued success of our existing operations and future projects are in part dependent on the broad support and healthy relationship with our local communities. Failure to identify and manage local concerns and expectations can have a negative impact on relations and, therefore, affect the organisation's reputation and social licence to operate and grow.	• CSR approach to community programmes is governed by the following key considerations needs of the local people and the development plan in line with the new Companies Act in India; CSR guidelines; CSR National Voluntary Guidelines of the Ministry of Corporate Affairs, Government of India; and the UN's sustainable development goals (SDGs) • Our BU teams are proactively engaging with communities and stakeholders through a proper and structured engagement plan, with the objective of working with them as partners • Business ExCos factor in these inputs, and then decide upon the focus areas of CSR and budgets while also aligning with the strategic business priorities • All BUs follow well-laid processes for recording and resolving all community grievances • Every business has a dedicated Community Development Manager, who is a part of the BU ExCo. They are supported with dedicated teams of community professionals	

Risk management

R2 Managing relationship with stakeholders

Impact	Mitigation	Direction
	• Our business leadership teams have periodic engagements with the local communities to build relations based on trust and mutual benefit. Our businesses seek to identify and minimise any potentially negative operational impact and risks through responsible behaviour – that is, acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders • Stakeholder engagement is driven basis stakeholder engagement plan at each BU by the CSR and cross functional teams. Regular social and environment risk assessment discussions happen at the BU-level • Strategic CSR communication is being worked upon for visibility. Efforts continue to meet with key stakeholders, showcase our state-of the art technology, increase the organic followers and enhance engagement through social media. • CSR communication and engagement with all stakeholders – within and outside communities.	

R3 Tailings dam stability

Impact	Mitigation	Direction
The release of waste material can lead to loss of life, injuries, environmental damage, reputational damage, financial costs and production impacts. A tailings dam failure is considered to be a catastrophic risk – i.e., a very high severity but very low frequency event that must be given the highest priority.	• The Risk Management Committee included tailings dams on the Group risk register with a requirement for annual internal review and a three-yearly external review • Operation of tailings dams is executed by suitably experienced personnel within the businesses • Third party has been engaged to review tailings dam operations, including improvement opportunities/remedial works required and the application of Operational Maintenance and Surveillance (OMS) manuals in all operations. This is an oversight role in addition to the technical design and guidance arranged by respective BUs. Technical guidelines are also being developed • Vedanta Tailings Management Standard has been reviewed, augmented and reissued, including an annual, independent review of every dam and half-yearly CEO sign-off that dams continue to be managed within the design parameters and in accordance with the last surveillance audit. Move towards dry tailings facilities has commenced • Those responsible for dam management receive training from third party and will receive on-going support and coaching from international consultants • Management standards implemented with business involvement • BUs are expected to ensure ongoing management of all tailings facilities with ExCo oversight with independent third-party assessment on the YoY implementation status of Golder recommendations • Digitalisation of tailings monitoring facilities is being carried out at the BUs • Tailing management standard is updated to include latest best practices in tailing management. The UNEP/ICMM Global Tailings Standard incorporated into Vedanta Standard during FY2021	

Operational risks

R4 Challenges in Aluminium and Power business

Impact	Mitigation	Direction
Our projects have been completed and may be subject to a number of challenges during operationalisation. These may also include challenges around sourcing raw materials and infrastructure-related aspects and concerns around ash utilisation/evacuation.	• Improved LME and improved aluminium demand have led to recovery from the fall which happened last year • Alumina refinery expansion from 2 mtpa to 5 mtpa being pursued • Continue to pursue new coal linkages to ensure coal security • Inbound and outbound supply chain across rail, road and ocean including manpower are functioning well, with no major risks foreseen • Local sourcing of bauxite and alumina from Odisha • Jharsuguda facilities ramped up satisfactorily • Project teams in place for ash pond, red mud, railway infrastructure and FGD • Dedicated teams working towards addressing the issue of new emission norms for power plants • Global technical experts inducted to strengthen operational excellence • Continuous focus on plant operating efficiency improvement programme to achieve design parameters, manpower rationalisation, logistics and cost reduction initiatives • Continuous augmentation of power security and infrastructure • Strong management team continues to work towards sustainable low-cost of production, operational excellence and securing key raw material linkages • Talwandi Saboo (TSPL) power plant matters are being addressed structurally by a competent team	

R5 Discovery risk

Impact	Mitigation	Direction
Increased production rates from our growth-oriented operations create demand for exploration and prospecting initiatives so that reserves and resources can be replaced at a pace faster than depletion. Failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our prospects. There are numerous uncertainties inherent in estimating ore and oil and gas reserves, and geological, technical, and economic assumptions that are valid at the time of estimation. These may change significantly when new information becomes available.	• Dedicated exploration cell with continuous focus on enhancing exploration capabilities • Appropriate organisation and adequate financial allocation in place for exploration • Strategic priority is to add to our reserves and resources by extending resources at a faster rate than we deplete them, through continuous focus on drilling and exploration programme. Exploration Executive Committee (ExCo) has been established to develop and implement strategy and review projects across the Group • Continue to make applications for new exploration tenements in countries in which we operate under their respective legislative regimes • Exploration-related systems being strengthened, and standardised across the Group, and new technologies being utilised wherever appropriate • International technical experts and agencies are working closely with our exploration teams to enhance our capabilities	

R6 Breaches in IT / cybersecurity

Impact	Mitigation	Direction
Like many global organisations, our reliance on computers and network technology is increasing. These systems could be subject to security breaches resulting in theft, disclosure, or corruption of key/strategic information. Security breaches could also result in misappropriation of funds or disruptions to our business operations. A cybersecurity breach could impact business operations.	• Group-level focus on formulating necessary frameworks, policies, and procedures in line with best practices and international standards • Implementation and adoption of various best-in-class tools and technologies for information security to create a robust security posture • Special focus to strengthen the security landscape of plant technical systems (PTS) through various initiatives • Adoption of various international standards relating to information security, disaster recovery and business continuity management, IT risk management and setting up internal IT processes and practices in line with these standards • Work towards ensuring strict adherence to IT-related SOPs to improve operating effectiveness, continuous focus on mandatory employee training on cybersecurity awareness • Periodic assessment of entire IT system landscapes and governance framework, from vulnerability and penetration perspective, undertaken by reputed expert agencies and addressing the identified observations in a time-bound manner	

R7 Loss of assets or profit due to natural calamities

Impact	Mitigation	Direction
Our operations may be subject to a number of circumstances not wholly within the Group's control. These include damage to or breakdown of equipment or infrastructure, unexpected geological variations or technical issues, extreme weather conditions and natural disasters – any of which could adversely affect production and/or costs.	• Vedanta has taken appropriate Group insurance cover to mitigate this risk and an Insurance Council is in place to monitor adequacy of coverage and status of claims • An external agency reviews the risk portfolio and adequacy of this cover and assists us in our insurance portfolio • Engage underwriters are reputed institutions to underwrite our risk • Established mechanism of periodic insurance review in place at all entities. However, any occurrence not fully covered by insurance could have an adverse effect on the Group's business • Continuous monitoring and periodic review of security function • Continue to focus on capability building within the Group	

Risk management

R8 Cairn-related challenges

Impact	Mitigation	Direction
Cairn India has 70% participating interest in Rajasthan Block, the production sharing contract (PSC) of which was till 2020. The Government of India has granted its approval for a 10-year extension at less favourable terms, pursuant to its policy for extension of Pre-New Exploration and Licensing Policy (NELP) Exploration Blocks, subject to certain conditions. Ramp up of production compared to what was envisaged may impact profitability.	• RJ PSC 2020 extension was issued by the Directorate General of Hydrocarbons (DGH) subject to certain conditions. Ongoing dialogue and communication with the government and relevant stakeholders to address the conditions • The applicability of the Pre-NELP Extension Policy to the RJ Block is currently sub judice • Discussions within teams as well as with partners initiated with an objective to optimise cost across all spheres of operations • Constant engagement with vendors/partners to ensure minimal project delay based on the current situation and plan to ramp up • Growth projects being implemented through an integrated contracting approach. Contracts have built-in mechanism for risk and reward. Rigorous project reviews with execution partners/contractors to deliver volumes and returns • Project Management Committee and Project Operating Committee set up to provide support to the outsourcing partner and address issues on time to enable better quality control as well as timely execution of growth projects	

Compliance risks

R9 Regulatory and legal risk

Impact	Mitigation	Direction
We have operations in many countries around the globe. These may be impacted because of legal and regulatory changes in the countries in which we operate, resulting in higher operating costs, and restrictions such as the imposition or increase in royalties or taxation rates, export duty, impacts on mining rights/bans, and change in legislation.	• The Group and its business divisions monitor regulatory developments on an ongoing basis • Business-level teams identify and meet regulatory obligations and respond to emerging requirements • Focus on communicating our responsible mining credentials through representations to government and industry associations • Continue to demonstrate the Group's commitment to sustainability by proactive environmental, safety and CSR practices. Ongoing engagement with local community/media/NGOs • SOx-compliant subsidiaries • Common compliance monitoring system being implemented in Group companies. Legal requirements and a responsible person for compliance have been mapped in the system • Legal counsels within the Group continue to work on strengthening the compliance and governance framework and the resolution of legal disputes • Competent in-house legal organisation is in place at all the businesses; these legal teams have been strengthened with induction of senior legal professionals across all Group companies • SOPs implemented across our businesses for compliance monitoring • Greater focus for timely closure of key non-compliances • Contract management framework strengthened with the issue of boiler plate clauses across the Group which will form part of all contracts. All key contract types have also been standardised • Framework for monitoring performance against anti-bribery and corruption guidelines is in place	

R10 Tax related matters

Impact	Mitigation	Direction
Our businesses are in a tax regime and changes in any tax structure, or any tax-related litigation may impact our profitability.	• Tax Council reviews all key tax litigations and provides advice to the Group • Continue to engage with authorities concerned on tax matters • Robust organisation in place at the business and Group-level to handle tax-related matters • Continue to consult and obtain opinion from reputable tax consulting firms on major tax matters to mitigate tax risks on the Group and its subsidiaries	

Financial risks

R11 Fluctuation in commodity prices (including oil) and currency exchange rates

Impact	Mitigation	Direction
Prices and demand for the Group's products may remain volatile/ uncertain and could be influenced by global economic conditions, natural disasters, weather, pandemics, such as the COVID-19 outbreak, political instability, and so on. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves. Our assets, earnings and cash flow are influenced by a variety of currencies due to our multi-geographic operations. Fluctuations in exchange rates of those currencies may have an impact on our financials.	• The Group's well-diversified portfolio acts as a hedge against fluctuations in commodities and delivers cashflow through the cycle • Pursue low-cost production, allowing profitable supply throughout the commodity price cycle • Vedanta considers exposure to commodity price fluctuations to be integral to the Group's business and its usual policy is to sell its products at prevailing market prices. Its policy is not to enter into price hedging arrangements other than for businesses of custom smelting and purchased alumina, where back-to-back hedging is used to mitigate pricing risks. Strategic hedge, if any, is taken after appropriate deliberations and due approval from ExCo • Our forex policy prohibits forex speculation • Robust controls in forex management to hedge currency risk liabilities on a back-to-back basis • Finance Standing Committee reviews all forex and commodity-related risks and suggests necessary course of action to business divisions • Seek to mitigate the impact of short-term currency movements on the businesses by hedging short-term exposures progressively, based on their maturity. However, large, or prolonged movements in exchange rates may have a material adverse effect on the Group's businesses, operating results, financial condition and/or prospects • Notes to the financial statements in the Annual Report provide details of the accounting policy followed in calculating the impact of currency translation	

R12 Major project delivery

Impact	Mitigation	Direction
Shortfall in achievement of stated objectives of expansion projects, leading to challenges in achieving stated business milestones – existing and new growth projects.	• Empowered organisation structure in place to drive growth projects; project management systems streamlined to ensure full accountability and value stream mapping • Strong focus on safety aspects in the project • Geo-technical audits conducted by independent agencies • Engaged global engineering partner to do complete life of mine planning and capital efficiency analysis to ensure that the project objectives are in sync with the business plan and growth targets • Standard specifications and SOPs developed for all operations to avoid variability; reputed contractors engaged to ensure the completion of the project on indicated timelines • Use of best-in-class technology and equipment to develop mines, ensuring the highest level of productivity and safety. Digitalisation and analytics help improve productivity and recovery • Stage gate process to review risks and remedy at multiple stages on the way • Robust quality control procedures implemented to check safety and quality of services/design/actual physical work • Use of reputed international agency for Geotech modelling and technical support, wherever required	

R13 Access to capital

Impact	Mitigation	Direction
The Group may not be able to meet its payment obligations when due or may be unable to borrow funds in the market at an acceptable price to fund actual or proposed commitments. A sustained adverse economic downturn and/or suspension of its operation in any business, affecting revenue and free cash flow generation, may cause stress on the Company's ability to raise financing at competitive terms.	• Focused team continues to work on proactive refinancing initiatives with an objective to contain cost and extend tenor • Team is actively building the pipeline for long-term funds for near to medium term requirements both for refinancing and growth capex • Track record of good relations with banks, and of raising borrowings in the last few years • Regular discussions with rating agencies to build confidence in operating performance • Business teams ensure continued compliance with the Group's treasury policies that govern our financial risk management practices	

Our ESG strategy

ESG: A business imperative

The natural and social fabric around the world is undergoing a rapid change, which calls for concerted action by public and private bodies alike. There are defining risks that the world at large from realities such as climate change, and the role large organisations can play in mitigating these risks is significant. The newer realities also bring a world of opportunities, to create a more sustainable and equitable world.

Empowering communities

Taking cognisance of the changes in the external environment, and considering a strong business case for sustainability, FY2022 became a watershed year for Vedanta with respect to ESG. While our journey till date has been laden with notable initiatives to conserve the environment, contribute to society and conduct business responsibly, this year was markedly different, as it defined an altogether new prism of thinking within Vedanta. It witnessed us taking a pledge to become ESG leaders within the natural resources sector – a bold ambition, powered by a new purpose.

As we embarked on a journey to raise the aspiration and ambition of our sustainability commitment towards 'Zero Harm, Zero Waste, Zero Discharge', from the Board to business units, from core operations to community and people engagement, we have main-streamed ESG as a mantra that drives our organisation. This ethos is the very foundation of our new ESG purpose, and the driving force behind our sustainability initiatives and investments.

Transforming for Good

Our new ESG purpose, titled 'Transforming for Good' has become our Group tagline as well, indicating to both our internal and external stakeholders that sustainability will be embedded in every decision we make and every action we take as an organisation. This new purpose is supported by a well-established framework of three pillars and nine aims, each with a set of quantifiable goals and commitments. Substantial capital investments, resources and policies have been engaged to ensure that our progress on these commitments fructify within our target years, and contribute to the larger aspirations under the UN SDGs.

ESG Purpose

Transforming for good

Commitments and targets

TRANSFORMING COMMUNITIES	TRANSFORMING THE PLANET	TRANSFORMING THE WORKPLACE
Aim 1 Keep community welfare at the core of business decisions	**Aim 4** Net-carbon neutrality by 2050 or sooner	**Aim 7** Prioritising safety and health of all employees
Aim 2 Empowering over 2.5 million families with enhanced skillsets	**Aim 5** Achieving net water positivity by 2030	**Aim 8** Promote gender parity, diversity and inclusivity
Aim 3 Uplifting over 100 million women and children through Education, Nutrition, Healthcare and welfare	**Aim 6** Innovating for a greener business model	**Aim 9** Adhere to global business standards of corporate governance

Our ESG strategy

ESG governance

As part of our continued commitments to ESG, we have expanded the scope of the erstwhile sustainability board committee and implemented a uniform ESG governance structure across the organisation. The Committee, together with our Group Sustainability and ESG function, will be responsible for activating, mainstreaming and monitoring initiatives under the 'Transforming for Good' agenda. We have also established dedicated forums for regular management oversight at all levels and ESG-themed communities at each BU and SBU to own projects and drive their timely implementation.

ESG GOVERNANCE AND MANAGEMENT STRUCTURE

Forums set up to drive ESG agenda	Description
ESG board sub-committee	
ESG ManCom	Apex executive body convening fortnightly to oversee the overall strategy, decision making and monitor progress • Program update (9 aims - Corp - BU targets against actual) • Key decisions (strategic direction, cross functional support)
Corporate TO	Weekly / Fortnightly TO meeting with GCEO to drive and accelerate the high impact project implementation
Group ESG ExCo (Part of Group ExCo)	Monthly Forum with ExCo to update on overall ESG progress (Overall MIS and updates)
Transformation office (TOs)-BU & Functional	9 BU TOs, Functional TOs and 1 reporting & disclosure TO running on a weekly/fortnightly level to monitor progress and drive implementation across the organisation
Communities of Practice (CoPs)	12 CoPs, Overall CoP leaders, 250+ Community members identified across all BUs/SBUs to drive agenda within communities

External ESG Advisory Committee

To bring the best of the world to implement our ESG agenda, we have tapped into the expertise of globally leading organisations and professionals by partnering with them. Apart from leading consulting organisations, we have brought on-board experts to help our leadership teams get an independent view to shape the ESG agenda for the organisation.

Dr Raj Aseervatham
Non-Executive Director on Boards, author and ESG expert

Mr. Peter Sinclair
Ex-Chief Sustainability Officer – Barrick Gold, Strategic Advisor to the Global Mining Sector and Member on Boards

Mr. Kuldip Kaura
Ex-CEO, Vedanta

Enablers of ESG culture

At Vedanta, we are planning and adopting best-in-class and novel initiatives to mainstream our ESG culture. These include:

- The world's first ESG Academy for in-house competency creation of all our employees and business partners
- New 'green' business build strategy to leverage attractive adjacencies like green metals, renewables, green hydrogen, recycling etc.
- ESG Centre of Excellence for regular monitoring and continuous improvement

Vedanta Sustainability Framework

Developed in line with global standards from international bodies such as International Council on Mining and Metals (ICMM), International Finance Corporation (IFC), Organisation for Economic Co-operation and Development (OECD), United Nations Global Compact (UNGC) and SDGs, the Framework comprises several policies, standards and guidance notes which facilitate its execution.

Robust monitoring

- Annual audit (VSAP) conducted at all Vedanta locations to check compliance with VSF
- Monitored by Group ExCo

Please refer to the Sustainable Development Report 2022 for more information →

9
POLICIES
Biodiversity, Energy & Carbon, HIV-AIDS, Human Rights, Social, Supplier & Contractor Sustainability Management, Water

92
STANDARDS & GUIDANCE NOTES
Covering all the policy subject areas
In line with ICMM, IFC Performance Standards, Global Reporting Initiative (GRI)

Vedanta Sustainability Assurance Process (VSAP)

VSAP is our sustainability risk assurance tool, instrumental in assessing the compliance of all our businesses with the Vedanta Sustainability Framework. It ensures that sustainable development is well integrated into all our decisions and actions at Vedanta. Further, VSAP also guides our annual process with specific tracking of results by the ESG Committee, and the Group Executive Committee, which in turn reports to the Board. The results of VSAP have a direct bearing on the overall performance evaluation of our entire full-time-employee workforce with 15% weightage attributed to sustainability KPIs.

Stakeholder engagement and material matters

To align our priorities and actions towards the new ESG purpose, we refreshed our materiality assessment in FY2022, through a detailed peer benchmarking exercise and limited stakeholder consultations. The results of this assessment has been considered while adopting the three pillars and nine aims of the 'Transforming for Good' ESG framework.

Stakeholders identified

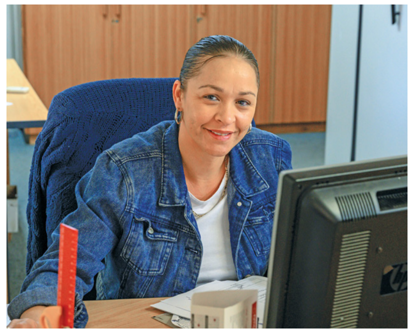
- Local communities
- Employees
- Shareholders, Investors, & Lenders
- Civil Society
- Industry (Suppliers, Customers, Peers, Media)
- Governments

At Vedanta, we engage proactively and regularly with our different stakeholder groups, to actively listen to their key concerns and feedback, and respond adequately. Apart from nurturing strong relationships, this also helps us keeping a watch of the dynamic external environment, and any emerging opportunities or risks that we need to manage. A summary of our communication modes with the stakeholders are provided below.

Our ESG strategy

List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group






	LOCAL COMMUNITY	EMPLOYEES	SHAREHOLDERS, INVESTORS, & LENDERS	CIVIL SOCIETY	INDUSTRY (SUPPLIERS, CUSTOMERS, PEERS, MEDIA)	GOVERNMENTS
Whether identified as Vulnerable & Marginalised Group (Yes/No)	Mixed	No	No	No	No	No
Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	• Community group meetings • Village council meetings, • Community needs/social impact assessments • Public hearings • Grievance mechanisms • Cultural events • Engaging with communities via various community initiatives of Vedanta Foundation	• Chairman's workshops • Chairman's/CEO's town hall meetings • Feedback sessions • Performance management systems • Various meetings at plant level • V-Connect mentor program, • Event management committee and welfare committee • Women's club	• Regular updates • Investor meetings • Site visits (put on hold in the last year due to COVID), • AGM and conference • Quarterly result calls • Dedicated contact channel – Vedantaltd.ir@vedanta.co.in and sustainability@vedanta.co.in	• Partnerships with, and membership of international organisations • Working relationships with organisations on specific projects • Engagement with international, national, and local NGOs • Conferences and workshops • Dedicated contact channel – sustainability@vedanta.co.in	• Customer satisfaction surveys • Vendor scorecards • In-person visits to customers, suppliers, and vendor meetings (put on hold during COVID)	• Participation in government consultation programs, • Engagement with national, state, and regional government bodies at business and operational level • Meet all the regulatory requirement laid down
Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Continuous Connect	Continuous Connect	Quarterly and on case to case basis	As needed basis	Continuous basis	Continuous basis
Purpose and scope of engagement including key topics and concerns raised during such engagement	• Developing and undertaking need-based community projects • Increasing community outreach through our programs • Improving grievance mechanism for community	• Improving training on HSES and other pertinent material issues for the organisation • Providing increased opportunities for career growth through internal talent recognition • Promote culture of care	• Consistent disclosure on economic, social, and environmental performance. • Spread awareness of the development in business with respect to business and ESG initiatives	• Expectation of being aligned with the global sustainability agenda • Commitment to ensuring human rights for all	• Consistent implementation of the Code of Business Conduct and Ethics • Ensuring contractual integrity	• Compliance with laws • Contributing towards the economic development of the nation

Our ESG strategy

Top material topics

We refreshed our materiality matrix in FY20222, seeking guidance from updates made to global frameworks such as SASB, ICMM, industry trends, and demands emerging in our business value-chain. The top priorities across E, S and G have been identified as below.

High

- Climate Change & Decarbonisation
- Water Security
- Solid Waste Management
- Biodiversity
- Air Quality & Emissions Management
- Tailings Dam Management
- Workplace Health & Safety
- Community Development
- Grievance Management
- Compliance to Government Regulations
- Upholding Rights of Indigenous People
- Ethical Business Practices
- Diversity & Equal Opportunity
- Supply Chain Sustainability

ACT

Medium

- Human Rights
- Resource Efficiency
- Transparent Disclosure
- Learning & Development
- Brand Salience
- Innovation
- Governance for Sustainability
- Land acquisition & rehabilitation
- Pandemic response & preparedness
- Talent Attraction & Retention

MANAGE

Low

- Noise & Vibration
- Materials Management
- Use of Recycled Materials

OBSERVE

Priority order of ESG well envisioned

ESG SCORECARD*

Over the years, we have progressed along conserving the environment, protecting our people and empowering the communities. The summary dashboard provided below gives a glimpse to our performance against our goals.

Transforming Communities

TRANSFORMING COMMUNITIES

Aim 1
Responsible business decisions based around community welfare

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Impact Management	Zero social incidents category 4 and above		1 Category 4 social incident			
Transparency & Trust	Signatories and participants on VPSHR		Work to begin in FY2023			
Transparency & Trust	Set up an external Social Performance advisory body		External ESG Advisory Body established with three global experts	Community Development	Social and relationship	8.3
Transparency & Trust	Annual human rights assessment across all the businesses		Human Rights self-assessment conducted across all BUs			

Aim 2
Empowering over 2.5 million families with enhanced skillsets

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Skilling		2.5 million families to be impacted through skill development and training by 2030	*New Target*	Community Development	Social and relationship	2.3, 2.4, 4.4, 8.3

Aim 3
Uplifting over 100 million women and children through Education, Nutrition, Healthcare and welfare

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Nand Ghar			3,200+ Nand ghars completed by FY22	Community Development	Social and relationship	2.1, 2.2, 4.1, 4.2 2.3, 2.4, 4.4, 8.3
Education, Nutrition, Healthcare and welfare		100 million women and children to be uplifted through Nand Ghars, educational by 2030	*New Target*			

* All the targets are based on current business and does not apply to future acquisition.

Our ESG strategy

Transforming Planet

TRANSFORMING THE PLANET

Aim 4
Net-carbon neutrality by 2050 or sooner

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Absolute GHG emissions		25% reduction in absolute emissions by 2030 (baseline: FY2021)	4.3% increase in GHG emissions	Climate Change and Decarbonisation	Natural	7.2, 12.2, 13.2
Renewable Energy	500 MW RE RTC or equivalent by 2025	2.5 GW of RE RTC or equivalent by 2030	460 MW RE RTC equivalent used			

Aim 5
Achieving net water positivity by 2030

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Net Water Positivity		Net water positivity	Water positivity ratio: 0.5	Water Management	Natural	6.3, 6.4, 6.b
Water consumption	15% reduction in freshwater consumption (Baseline 2021)		*New Target*			
Water Related Incidents	Zero category 5 incidents related to water					
Water Recycling	10% increase in the water recycling rate (baseline: FY2021)		Water recycling rate is 31%			

Aim 6
Innovations for greener business model

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Fly ash	Sustain the fly ash utilisation at 100%		Fly-ash utilisation: 115%	Solid Waste Management	Natural	12.5
Legacy Fly ash		Zero legacy ash	*New Target*			
Waste Utilisation	100% low toxicity, high volume generated waste to be utilised		HVLT Utilisation: HVLT ~100%			
Tailings dam audit and findings closure	All tailing facilities and critical actions closed with real-time monitoring		98% of the Golder audit observations closed	Tailings Dam Management		
Biodiversity Risk	Review of site biodiversity risk across all our locations		To be undertaken in FY2023	Biodiversity		15.1 15.2 15.9

Transforming Workplace

TRANSFORMING THE WORKPLACE

Aim 7
Prioritising safety and health of all employees

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Fatalities	Zero fatalities		Fatalities: 12	Health and Safety	Human	8.8
TRIFR	Reduce TRIFR by 30% from 2021 baseline	1.04 TRIFR per mn man hours by 2030	TRIFR: 1.4			
Employee Well-being	100% of eligible employees to undergo Periodic Medical Examinations					

Aim 8
Promote gender parity, diversity and inclusivity

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
% women in the workforce	Equal Opportunity for everyone	Gender diversity (Full-time-Employees): 20%	Gender diversity 11.54%	Diversity and Equal Opportunity	Human	5.1, 5.5, 5.c
% women in the workforce		Gender diversity in leadership roles (Full-time-Employees): 40%	Gender diversity in leadership roles: 29%			
% women in the workforce		Gender diversity in decision-making bodies (Full-time-Employees): 30%	Gender diversity in decision-making bodies (Full-time-Employees): 27%			
% women in technical leader/shop floor roles		Gender diversity in technical / shop-floor roles (Full-time-employees): 10%	*New Target*			

Aim 9
Adhere to global business standards of corporate governance

Key performance indicators	FY2025 Goals	FY2030 Goals	FY2022 performance	Material matters	Capitals	UN SDGs
Supply Chain GHG transition	Work with our long term, tier 1 suppliers to submit their GHG reduction strategies	Align our GHG reduction strategies with our long term tier 1 suppliers	*New Target*	Supply Chain Sustainability	Natural	8.7
Training on Code of Conduct	Continue to cover 100% employees in code of conduct training					

Our ESG strategy

Transforming communities

At Vedanta, we work with communities in and around our operations to build meaningful and long-standing relationships by building trust, being transparent and by adopting globally recognised human rights principles into our everyday actions.

We also continue to transform lives for the better through targeted CSR interventions, and by being the primary economic driver for the communities, in areas we operate. This makes us the developer of choice for these communities.

Transforming lives through targeted CSR initiatives

TRANSFORMING COMMUNITIES

Key highlights

US$53.7 million
TOTAL SOCIAL INVESTMENTS

4.64 million
COMMUNITY LIVES IMPACTED

1,268
TOTAL VILLAGES REACHED

3,200+
NAND GHARS AND COUNTING

SOCIAL GOVERNANCE

We are guided by the Vedanta Sustainability Framework and its associated standards and policies while administering our corporate responsibility and philanthropic initiatives. Further, we also follow identified best practices such as Free, Prior, Informed Consent (FPIC) principles while engaging in areas with indigenous populations. Our standards also align with international guidelines proposed by the IFC.

We have instated a CSR Council comprising a senior business leader, CSR Heads and CSR Executives from all business units. The Council meets every month and reviews the performance, spends and outcome of CSR programmes across units. It is governed by our in-house CSR Policy and ESG Framework, and assumes responsibility for management, governance, learning and synergy the Group's CSR efforts. The CSR council is further governed by the Board-level CSR Committee, which approves the plans and budget, and reviews progress of initiatives.

Social performance & social licence to operate

As a large-scale industrial player, we have a considerable responsibility to engage and give back positively to the communities that offer us a social licence to operate. To measure, manage, and monitor our social performance, we have adopted widely accepted social performance frameworks into our business.

In FY2022, we built upon the learning of the Social Performance study that was conducted in FY2020. Two pilot programs were rolled out at Vedanta-Lanjigarh and HZL's Rampura Dariba Complex. The pilots are meant to operationalise the change management programme that is required to drive social performance at a site-level. Simultaneously, Social Performance Steering Committees (SPSCs) were formed across all our businesses in order to start implementing the requirements of our Social Performance standards as well as receive the learnings emerging from our pilot projects.

Social Performance Steering Committees represent a cross-functional approach to community engagement, thereby breaking the notion that community engagement is the sole responsibility of our CSR teams. Greater participation of site leadership teams, better tracking, investigation and closure of grievances, eliminating any negative impacts on communities, and engaging the communities in economic activities are some of the key outcomes that we seek from this program.

Focus areas and community empowerment

In the past five years, we have spent more than US$267 million as part of our corporate social responsibility initiatives. In FY2022, we progressed across all our key focus areas, by impacting more than 4.64 million beneficiaries throughout the year, with an annual expenditure of US$53.7 million. Apart from our continuous impact areas, we also contributed significantly to COVID-19 response for our communities through targeted interventions under the 'Vedanta Cares' programme.

KEY FOCUS AREAS AND IMPACTS

Healthcare

Nearly 2.4 million
PEOPLE BENEFITED

38+
INITIATIVES

Drinking water and sanitation

More than 323,000
PEOPLE BENEFITED

20+
INITIATIVES

Community infrastructure

96,000+
PEOPLE BENEFITED

50+
INITIATIVES

Sports & culture

Over 69,000
SPORTS PERSONS AND CULTURE ENTHUSIASTS BENEFITED

16+
INITIATIVES

Agriculture and animal husbandry

36,000+
PEOPLE BENEFITED

16+
INITIATIVES

Women's empowerment

47,000+
WOMEN BENEFITED

11
INITIATIVES

Environmental protection & restoration

Over 74,000
SAPLINGS PLANTED AND UNDER MAINTENANCE

Children's well-being and education

Over 700,000
CHILDREN BENEFITED

44+
INITIATIVES

Affordable healthcare

TRANSFORMING COMMUNITIES

Nurturing sustainable livelihoods

A large part of India's working population is engaged in agriculture and allied activities. However, there is significant gap in their overall empowerment, be it in terms of access, knowledge, innovation or collaboration. Vedanta's Hindustan Zinc Limited, is working to bridge this gap, through the 'Samadhan' initiative.

The 'Samadhan' initiative is intended at nurturing community-based institutions and establishing producer organisations to ensure sustainable livelihood of farmers through agriculture and livestock initiatives. Through this programme, we support the farming community with knowledge and access of a variety of services practices, specifically in the areas of vegetable farming, floriculture, orchard farming and animal husbandry. Innovations such as micro-irrigation, hi-tech vegetable cultivation, ultra-high-density plantation, trellis farming, and low tunnel farming methodologies have also been introduced to the farmers.

Further, the programme also plays a pivotal role in establishing farmer producer organisations (FPOs), nurturing community-based institutions such as farmer interest groups (FIGs) and increase shareholding of FPOs.

The impact of the 'Samadhan' programme has been far reaching, touching the lives of 33,000 farmers till date and counting. Key highlights of the programme in numbers include:

8,000+
WOMEN FARMERS
ESTABLISHMENT OF 5 FPOs

183
FIGs

"Samadhan" programme nurturing community

3,511
SHAREHOLDERS WITH US$44 THOUSAND SHAREHOLDINGS

7,000+ FEMALE CALVES AND OTHERS PROVIDED FOR ANIMAL HUSBANDRY

ANIMAL HEALTH CAMPS AND CALF RALLIES ALSO CONDUCTED TO ENCOURAGE HEALTH AND NUTRITION OF LIVESTOCK

REFLECTOR BELTS TIED TO 1000 STRAY CATTLE TO ENSURE THEIR PROTECTION AND AVOID ACCIDENTS

Grooming the countries future

Future impact roadmap

With the launch of Swasth Gaon Abhiyan (Healthy Village Mission) and by working with global partners, we plan to positively impact the lives of over 7.5 million people in the next 5 years.

Transforming the planet

Being a natural resources Company, we have a fiduciary responsibility to conserve and preserve the environment and leave behind a positive footprint. Since inception, we have been cognisant about our environmental footprint both from input and impact perspectives. From time to time we take newer and stringent targets to manage our impact and continuously monitor progress on material environmental matters.

Sustainable Resources

TRANSFORMING THE PLANET

Energy management and climate change

AIM 4

Net-carbon neutrality by 2050 or sooner

On course to Net Zero

Climate change is a reality we acknowledge, and we recognise the role we can play in reducing the industrial, national and global carbon footprint. At present, we are a large consumer of fossil fuel-based energy and intend to transform into a clean energy consumer. We are cognisant of the imminent risks associated with climate change to our organisation and to the world-at-large and are taking strong steps to mitigate this challenge. In FY2022, we have significantly matured our climate change management and decarbonisation agenda.

In addition to the strong commitment to become a Net Zero Carbon organisation by 2050 or sooner, we carried out an in-depth climate risk assessment and scenario analysis, to comprehensively understand and analyse the risks and opportunities posed by climate change to our business. The findings on these studies are being used to develop a carbon strategy and a roadmap to achieve net zero status by 2050. We also made strong strides in inventorising our Scope 3 emissions and plan to publish the results in FY2023. We are also in advanced discussions on developing an Internal Carbon Price for the organisation, which will be rolled out in FY2023.

In FY2022, we also released our first TCFD Climate Change report – a first for the natural resources sector in India. We will continue to publish this document annually.

The company's growing maturity on the subject has not gone unnoticed. The company's CDP rating – which is a global measure of corporate management levels – has seen a three-year upward trajectory (2019: D, 2020: B-, 2021: B).

Target and strategy

We aim to achieve Net Zero Carbon status by 2050 or sooner, 20 years in advance of India's stated commitment.

Our core initiatives to realise this ambition include:

- Use 2.5 GW of Round-The-Clock RE and reduce absolute emissions by 25% by 2030 from 2021 baseline
- Pledge US$5 billion over the next 10 years to accelerate transition to Net-Zero
- No additional coal-based thermal power and coal-based power only till end of power plants life
- Decarbonise 100% of our Light Motor Vehicle (LMV) fleet by 2030 and 75% of our mining fleet by 2035
- Commit to accelerate adoption of hydrogen as fuel & seek to diversify to H2 fuel or related businesses
- Ensure all our businesses account for their Scope 3 emissions by 2025
- Work with long-term tier-1 suppliers to submit their GHG reduction strategies by 2025 and align with our commitments by 2030
- Disclose our performance in alignment with TCFD requirements
- Help communities adapt to the impacts of climate change through our social impact/ CSR programs

Our ESG strategy: Transforming the planet

TRANSFORMING THE PLANET

Key highlights

Renewable power

Committed to using 2.5 GW of RE RTC (eq) by 2030

IN FY2022, Vedanta Aluminium became the largest consumer of green energy in India when it purchased 2 billion units of green power on IEX.

Further strengthening our commitment to decarbonise our energy, the company has signed a Power Distribution Agreement to bring 580 MW of RE RTC (eq) online by FY2024. A break-up of this 580 MW is given below:

- 200 MW at BALCO
- 200 MW at VAL-Jharsuguda
- 180 MW at HZL

Green Metals

Vedanta's approach to decarbonisation has not only been limited to minimising our carbon footprint. In FY2022, we also forayed into developing low-carbon products for the industry. The Aluminium sector launched Restora & Restora Ultra – green product lines for the metal, bringing it into an elite league of global players. The GHG intensity of these metals is significantly below global standards for low-carbon aluminium.

- **Global Standard: 4 TCO_2e/T of metal**
- **Restora: 2.36 TCO_2e/T of metal**
- **Restora Ultra: 0.37 TCO_2e/T of metal**

Our copper business has also been looking at ways to decarbonised and produce low-carbon copper. In FY2022, they piloted 3,000 MT of copper product made from scrap and recycled copper. The company plans to increase production of this low-carbon product line significantly in FY2023.

Fuel Switch Programs

Fuel switch is another key lever of our decarbonisation strategy, and we have several programs underway to reduce the carbon load of our processes.

Biomass firing

Committed to using 5% biomass in our thermal power plants

- 17KT of biomass used in HZL
- Pilot programs at BALCO, VAL-Jharsuguda, VAL-Lanjigarh

Natural Gas

VAL-Lanjigarh/GAIL partnership to supply natural gas for calciner - substituting coal use; potential to decrease plant GHG intensity by 10%

Turbine Revamp

HZL has taken an initiative of Study of Turbine Revamping with an aim of increasing the Unit Load from 80MW to 91.5 MW to sustain the business in future.

- Carbon emission reduction potential of 2.4 Lakh TPA.
- Reduction of Specific Coal Consumption by 25 grams which will be giving saving on Coal consumption.
- Increase in Power Generation (75 MW) to meet out Power requirements
- Auxiliary Power reduction by 0.3%

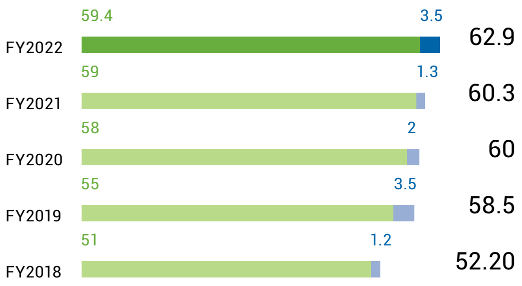
Electric mobility

Committed to decarbonise 100% of LMV fleet by 2030; 75% of mining fleet by 2035

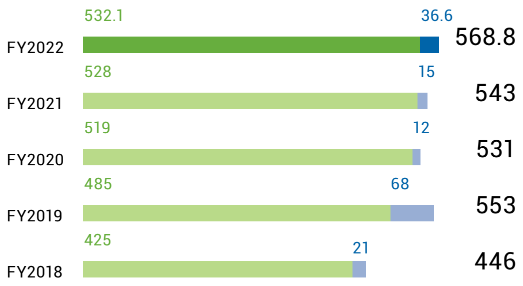
- VAL-J partners with GEAR India to supply e-forklift fleet
- 11 EVs deployed at HZL
- 40 EVs deployed at ESL

Performance trends

GHG EMISSIONS
(million tCO_2e)



ENERGY CONSUMPTION
(million GJ)



We calculate and report Greenhouse Gas (GHG) inventory i.e. Scope 1 (process emissions and other direct emissions) and Scope 2 (purchased electricity) as defined under the World Busine ss Council for Sustainable Development (WBCSD) and World Resource Institute (WRI) GHG Protocol.

Water management

AIM 5

Achieving net water positivity by 2030

Water is a shared resource on which both our host communities and our operations depend upon. At Vedanta, we ensure that water is kept as a central consideration across our operations, through initiatives such as water screening assessment. We manage our water resources as per guidance by the Group water policy and management standards and have consistently improved our water recycling rate in the past four years, with our Hindustan Zinc business turning fully water positive.

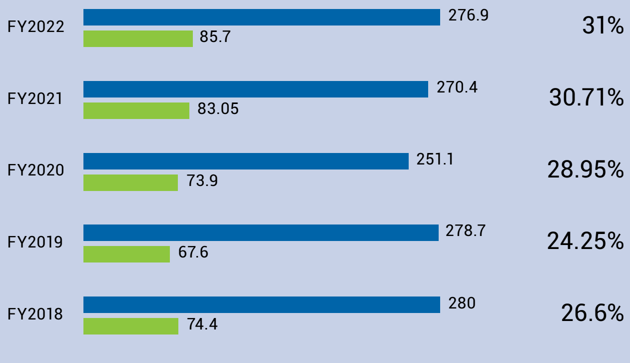
As part of our new ESG framework, we have taken our aim to be water positive by 2030. We will track our performance using specific indicators such as freshwater withdrawal, water consumption, water recycling and water recharge to keep track on this target.

Key highlights

Water | Net water positive by 2030

- On-boarded Agency for water positivity roadmap, water accounting across BUs
- High impact initiatives - Ash pond water reuse at Al |Rain-water harvesting at Cairn | STP water usage at HZL | Upgradation of evaporation based ZLD to RO Based ZLD projects in progress at ESL and HZL
- 3,000 KLD Zero Liquid Discharge plant commissioned at HZL's Debari unit

WATER CONSUMPTION & RECYCLING
(million m^3)



Utmost importance of water as a resource

WASTE AND TAILINGS MANAGEMENT

Across our mining and conversion operations, waste management assumes core priority. Safe and responsible use, recycling and disposal are crucial to the natural environment and human life around our mines and plants.

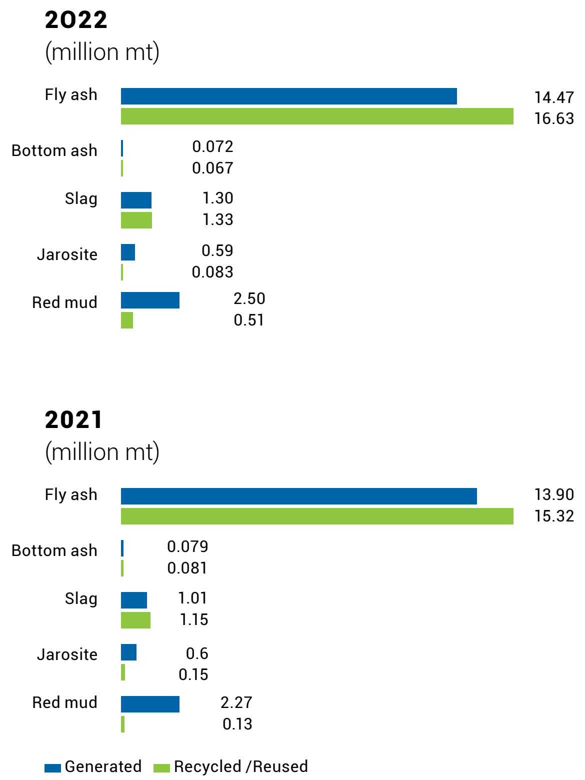
The bulk of hazardous waste we generate is attributed to used/spent oil, waste refractories, spent pot lining and residual sludge from smelters. Non-hazardous waste, on the other hand, is constituted by are fly ash (from captive and merchant power plants), red mud (aluminium refinery waste), jarofix (from zinc smelting), slag, lime grit (process residues from smelters and aluminium refineries) and phosphogypsum (phosphoric acid plant).

Key highlights

Waste management & circular economy | Aim for 100% utilisation of HVLT wastes

- Specific projects underway for Jarofix, Red mud, Slag, Fly ash 100% utilisation | Utilised 115% of fly-ash generated
- VAL-BALCO| Dispatched fly-ash 1st rake to Cement ind. (6.1kt) | Partnered with NHAI - 12-13% annual fly ash offtake
- VAL- Lanjigarh- 32kT Red mud dispatched to Wonder Cement & Ultratech for Pilot

High-volume-low-effect waste



Reducing impact on the environment

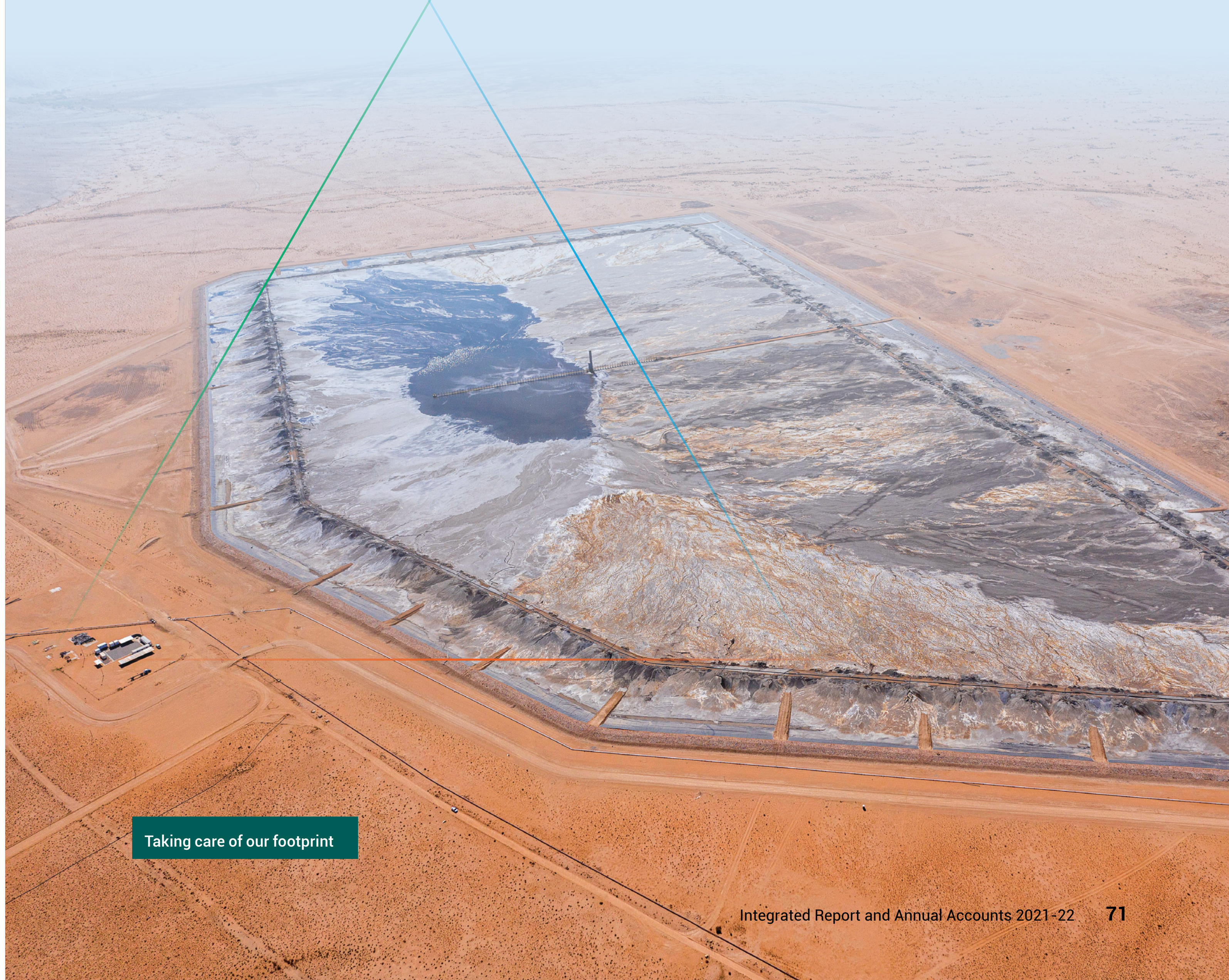
TRANSFORMING THE PLANET

TAILINGS DAM MANAGEMENT

Tailings dams are used to store and manage waste from ores and other mining activities. Any breach to the integrity of the dams can have far-reaching effects on the nature and communities around our operations. At Vedanta, we oversee 19 active, seven inactive, and one closed tailings management facilities (TMFs), and adhere to our Group tailings dam management standards. 100% of our active facilities have undergone independent audit assessment in FY2022.

Additionally:

- We are committed to adopting the Global Industry Standard on tailings in all our operations
- We are working to implement the Global Industry Standard on Tailings Management (GISTM) compliance by FY2025-26
- In 2018 we engaged M/s. Golder Associates, global experts in tailings management, to audit and provide guidance for design, construction, and operation practices of our tailing facilities. This exercise was aimed to ensure that our tailing management facilities operation and maintenance practices are aligned with the global best practices. All the suggestions from the exercise have been implemented and are now part of our management review at highest level.
- In FY2022, after the release of ICMM standards, we have further on-boarded M/s. ATC Williams to validate our existing standards and practices and help build a roadmap for compliance to GISTM across Vedanta sites.



Taking care of our footprint

TRANSFORMING THE WORKPLACE

Transforming workplace

Transforming the Workplace is one of the key pillars of our ESG purpose and framework, which focuses on the health & safety of our workforce and promoting diversity, inclusivity, and gender parity to unleash the full potential of our workforce. We provide equal opportunities in employment, recognition, and development to all our people.

The Group benefits significantly from the skills, experience, and perspectives of the wide range of people who work with us.

Leaders in the making

Health, safety and well-being

While Vedanta remains committed to creating a zero-harm culture and workplace, we are deeply saddened to note that our work areas experienced 12 fatalities in FY2022. All of these fatalities were among our business partner workforce.

FATALITIES AT VEDANTA

FY2022	12
FY2021	8
FY2020	7

TRIFR

FY2022	1.4
FY2021	1.5
FY2020	1.6

The uptick in fatalities is a cause for concern and our leadership teams have been actioned into ensuring that unsafe work conditions are eliminated from our sites. Actions being undertaken include:

- Focus on "Critical Risk Management" to reduce hazardous activities at site
- Launch of cross business audits to ensure best safety practices are transferred across BUs
- On-boarding of a specialised safety agency to improve the safety culture at all BUs and their leadership teams
- Implementation and horizontal deployment of fatality learning across Vedanta, led by our business CEOs
- Launch of new and revised safety standards incorporating safety learnings.

Diversity, engagement and inclusion

Our objective is to achieve gender parity across all levels of the organisation, from the senior leadership and decision-making bodies to our SBUs and enabling functions. We welcome talent from diverse geographies, minorities, ethnicities, and cultures. Our goal in driving inclusivity in our workforce is to further strengthen our position as an equal opportunity employer. We have also taken steps to include members of the LGBTQ+ community within our organisation and will continue to work on their inclusion going forward.

To further our diversity agenda, we have constituted the **Group Diversity, Equity & Inclusion Council**. The council's mandate is to ensure the integration of our DE&I goals under the ESG framework in line with organisation's broader business strategy. The DE&I council's responsibility includes reviewing and revamping policies, creating diversity dashboards, empanelling special colleges and search firms, creating employee resource groups, etc.

On the talent management front, we have dedicated initiatives for promoting a healthy diversity mix. **V-Lead**, our flagship mentoring programme for women, includes our army of 100 women leaders who are being groomed to take on greater responsibilities. They are being anchored by senior leaders in the Company with an objective to retain them and catapult them to our top 200 CXO roles across the Group.

Key DE&I achievements

- Establishment of Diversity, Equity & Inclusion Council
- Deployment of all women security teams at Cairn & VAL
- Women's mine at Zawar

Streamlined, responsible and empowered management

Vedanta is a professionally managed company run by the Management Committee (ManCom), a collective decision-making body, at the centre and at each business. Each business is further independently led by respective CEOs.

We have also set up Centres of Excellence (CoEs), which are responsible for driving initiatives in the areas of quality, IT & security, digital, R&D, innovation and asset optimisation (AO). The function is headed by the CEO, Centre of Excellence, who reports to the Group CEO. This structure is at the centre is replicated at the level of each business.

Our ESG strategy: Transforming workplace

TRANSFORMING THE WORKPLACE

Nurturing a meritocratic culture

We understand that it is the passion and dedication of our people that have propelled the Company ahead. We reward the efforts that our people and business partners make towards Vedanta's continued success through our best-in-class and globally benchmarked people practices and reward programmes. They also receive recognition from our Management and Board for going the extra mile with their endeavours to support the business. These include the Chairman Individual Awards, Chairman Awards for COVID-19 efforts, Chairman Award for Business Partner and Best performing ManCom and the Chairman's Discretionary Award. We also reward high-performing employees through incentive schemes, development programmes, as well as compensation re-structuring practices. Our appraisal and remuneration programmes also include a ESG component, which correlates employee performance to safety, sustainability and carbon footprint reduction.

Engaging best-in class talent

As part of our overarching initiative of on-boarding talent through campus hiring from esteemed institutions, we inducted 1,000+ young professionals during the year with a focus on enhancing workforce diversity across gender, region, faith and culture. We are also inducting talent with new-age specialisations such as digital, data science & analytics, quality, R&D, sustainability, forensics, and so on. Our Group philosophy is to grow leaders from within than hire lateral talent. Over the last year, we have identified 1,000+ leaders through industry leading initiatives such as workshops, V-Reach, Internal Job Posting and Act-Up programmes.

Fast track career within the group for youth

3,000+
TALENT IDENTIFIED ACROSS 15 FUNCTIONS COVERED THROUGH THE ACT-UP PROGRAMME

We have initiated hiring from global campuses at mid- and entry-level positions across businesses and functions. We are targeting top campuses in the US, UK, Australia, Asia etc. for inducting 100 candidates who will be nurtured to for the role of CXOs in the organisation. V-Excel, a one-of-a-kind structured talent development programme, was launched to complement this. This initiative will provide each new hire, a single digitally driven platform that will enable performance, provide the right anchoring, continuous engagement, and recognition from an early stage of their career.

Another flagship programme is Vedanta Leadership Development Programme (VLDP), wherein we hire bright students from top IITs and IIMs.

Through our flagship ACT-UP programme, we identify and nurture high performers and develop leaders for tomorrow. This year, we completed a talent management programme focused specifically on our senior leadership. Globally, one of the biggest leadership development programmes, the Management ACT-UP was launched in partnership with Korn Ferry, a global management consulting firm, as a unique succession planning initiative for our senior roles. We have replicated the broad structure for another such programme targeting our business partners as well. So far, we have identified over 300 individuals, almost 35% of whom are women.

Grooming the youth

We have robust plans in place for the 5,000+ strong talent pool who joined us as graduates and who form the backbone of our businesses. The V-Reach programme, launched digitally in three phases, will identify the top 500 talent from this pool and provide them elevated roles and opportunities to fast-track their career within the Group.

To groom leaders among Cost and Management Accountants (CMA professionals), we launched the V-Aspire programme, and the V-Reach Tech programme for young engineers.

We have two ongoing special programmes – Chairman's Young Leaders Program and Vice-Chairman's SBU engagement workshops – where the top talent gets to interact directly with the Chairman and Vice Chairman.

We have a strong re-hiring project, initiated as part of the drive to build a strong talent pipeline, with a focus on individuals who superlatively contributed towards Vedanta's stellar growth over the years, and who wish to return to the Company in an elevated capacity.

Through all these initiatives, we ensure that a robust pipeline of successors is nurtured and prepared to take the place of the leaders in key positions as per need.

For knowledge dissemination among the top talent, we have a central and BU-level learning and development programme in place. Gurukul is Vedanta's first-ever Group-wide platform, which is end-to-end digitally driven. It promotes knowledge sharing while encouraging employees to come up with innovative and disruptive ideas.

Enhancing people experience through digital

In partnership with Darwinbox, we are working on building a consolidated, digitalised, and centralised management information system for people management. The module is structured through phases. The first phase of the module deals with the areas of organisation management, HR workflows, performance management systems, learning management systems, employee help-desks and an internal social networking platform.

Readying the succession line-up

At Vedanta, we have a structured process to identify and nurture high performers and develop leaders of tomorrow. Through rigorous training and grooming, they absorb the necessary values and skills to take on responsibilities, keeping us future-ready. Aligned with this practice, we have launched Management ACT-UP – the biggest ever, industry-leading global leadership identification and development program.

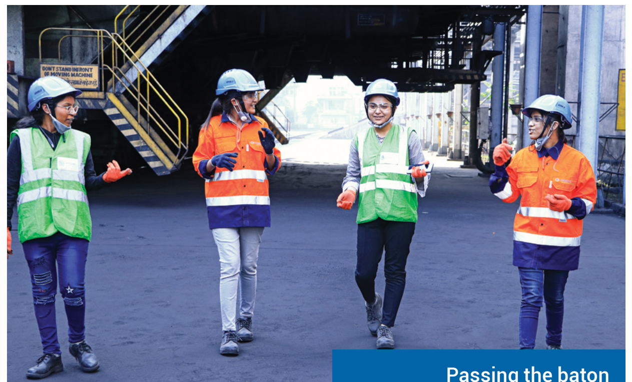
The programme in 2021 engaged 1,800 senior leaders across the Group, from whom 400 were shortlisted after a detailed desktop study. All 400 leaders were put through a rigorous online psychometric and leadership assessment tool hosted by our partner, Korn Ferry, a global consulting firm. A further shortlist was created of 230+ participants, who had the unprecedented opportunity to showcase to an exclusive panel their ideas on how they could contribute to the Group's critical business priorities including ESG, People Development, Cost & Volume and Digital & Innovation, among others and promote their personal aspirations. The panel comprised industry stalwarts, Board members of reputed organisations and key subject matter experts, who provided their own unique outside-in perspective.

Over a record four weeks of panel evaluations and discussions with the senior management, including Chairman, Vice Chairman, Group CEO, Business CEOs, Functional CXOs, around 100 leaders were identified to take up higher roles across Vedanta.

Of the 100 leaders identified through Management ACT-UP

- **40% have moved into Cross Business & Location**
- **50% have been placed in SBU Leadership/Deputy and shadow roles**
- **51% have been identified with future CXO potential**

Management ACT-UP does not end here. The identified leaders will go through a high impactful learning and development journey at top global and Indian institutes, which will sharpen their skills and hone their leadership acumen.



Passing the baton

Awards

Operational and business excellence

Sr. No	Name of award	Category/Recognition	Recipient(Business Unit)
1	Best Corporate Finance team and Best CFO	AIAI (all India association of Industries) summit and awards 2021	Vedanta Limited
2	'Icon of Trust | The Extraordinaire – Brand' 2020-22	Brand Vision Summit & Awards	Vedanta Aluminium Business
3	'India's Largest Silver Miner and Refiner'	IGC Excellence Award Committee	HZL
4	Gold and Silver award	CII National Kaizen competition	IOK, IOB
5	National Award for Manufacturing Competitiveness (NAMC)	Business Excellence	HZL
6	S&P Global and RobecoSAM Sustainability Yearbook	Business Excellence	Vedanta Limited
7	Federation of Indian Mineral Industries (FIMI) Awards CII National Awards	Business Excellence	Vedanta Limited
8	Frost & Sullivan - India Manufacturing Excellence Award	Business Excellence	Vedanta Limited
9	Association of Business Communicators in India (ABCI)	Branding	Vedanta Limited
10	Business Tycoon Award	CFO, ESL, awarded 'Most Innovative Leader for the use of technology in Finance'	ESL
11	Best Indirect Tax Team	5th Annual GST Summit & Awards 2022	ESL
12	Industry Leadership Award - Base, Precious and Speciality Metals	S&P Global Platts Global Metal Award	HZL
13	Best Brands of 2021	Economic Times	IOB
14	Gold Award	Quality Circle Forum of India (QCFI) on the initiative 'Quality Improvisation of Ravva Sales Gas' at the 21st Chapter Convention held at Vishakhapatnam	Cairn
15	League of American Communications Professionals (LACP)	Gold award for excellence within the report's competition class and Top 100 Communication Materials with a rank of 56 among all entries under the Spotlight awards 2021 category for the integrated annual report FY2020-21	HZL
16	Dow Jones Sustainability Index	Business Excellence	Vedanta Limited
17	National Convention on Quality Concepts (NCQC) 2021	1 Excellent & 2 Distinguished Award by QCFI Coimbatore	FACOR
18	CCQC (Convention on Quality Concepts) Award-Kaizen	Quality Circle Forum of India (QCFI)	ESL
19	Gold and Silver award	CII National Kaizen competition	IOB

People

Sr. No	Name of award	Category/Recognition	Recipient(Business Unit)
1	Great Place to Work	People Practices	Vedanta Limited
2	'Best Employer Brand Award'	South India Best Employer Brand Awards 2021 held by World HRD Congress	IOB
3	Greentech Award 2021	CSR & HR Excellence	BALCO
4	Green Tech Award	For Employee Engagement & Technology in HR	IOB
5	Winner, Human Capital Award	For 'Developing Future Leaders' by Frost & Sullivan.	Cairn
6	Legal Team of the Year	India Legal Awards 2021	Cairn
7	Bronze Award	For "Excellence in Reward and Recognition" category at the Economic Times Human Capital Awards	VAL-L
8	CII HR Excellence Award	Strong Commitment to HR Excellence	VAB
9	Greentech Award 2021	Abhijit Pati, CEO and WTD of BALCO, awarded Greentech Leading Director Award 2021	BALCO

Environmental and Social

Sr. No	Name of award	Category/Recognition	Recipient(Business Unit)
1	Dow Jones Sustainability Index 2021	Ranked 5th globally, 1st in Asia Pacific and 1st Globally in Environment dimension in the Metal and Mining sector	HZL
2	S&P Global Sustainability Awards	ESG	HZL
3	Apex Green leaf award	Gold Award for Environment Excellence in Metal and Mining Sector category	VAL-J
4	Silver Award	For Best Regional Campaign Category for Mission Kalahandi: Zero Poverty, Zero Hunger	Aluminium Business
5	Winner' at the 5th CII National HR Circle Competition 2021.	For efforts in 'Inclusion and Social Impact'	HZL
6	Most Sustainable Company in Mining Industry for 2021	World Finance Magazine	HZL
7	Excellence in Corporate Governance	Greentech Foundation	Balco
8	Most Sustainable Company in the Mining Industry – 2021	World finance at their Sustainability Awards 2021	HZL
9	Sustainability 4.0 Awards 2021	The "Challengers Award" under Mega Large Business Metals Category.	Sterlite Copper (Silvassa)
10	Apex India Green Leaf Award	For Environment Excellence from Apex India Foundation	IOB
11	SABERA Award 2021	For its CSR efforts under the Responsible Business of the Year category	BALCO
12	Frost and Sullivan & TERI Sustainability Award	Sustainability 4.0 Award 2021 : Leaders' Award Under Mega Large Business Sector	Cairn
13	Golden Peacock Awards	For Energy Efficiency – 2021	BALCO

Health and Safety

Sr. No	Name of award	Category/Recognition	Recipient(Business Unit)
1	British Safety Award	HSE	FACOR
2	Greentech Effective Safety Culture Award 2021	Safety Award	Vizag General Cargo Berth Private Limited, Visakhapatnam, IOB
3	Bronze	Apex India Safety Award 2021	ESL
4	British Safety Council (BSC).	Cairn's three mines in Barmer, Rajasthan – Mangala, Bhagyam and Aishwariya (MBA) received 'Five Star' ratings in the Occupational Health and Safety Audit	Cairn
5	CII Health, Safety and Environment Excellence Award	CII Odisha Annual Meet 2021-22	VAL J- Vedanta Ltd., Jharsuguda
6	The Best Rural Health Initiative Award under the Gold Category	5th CSR Health Impact Awards organised by Integrated Health & Well-being Council.	Cairn Oil & Gas, Vedanta Limited
7	International Safety Award 2021 Merit	Awarded by the British Safety Council for the project at the Rajpura Dariba Complex	HZL
8	World CSR Congress Forum	The Best Rural Health Initiative	Cairn
9	COVID Warrior Award	District Hospital	Cairn

Digitalisation

Sr. No	Name of award	Category/Recognition	Recipient(Business Unit)
1	Confederation of Indian Industry (CII).	Innovative Award' for 'HR Digitisation'	Cairn
2	Gold Awards	For Manufacturing Excellence & Digital Smart Manufacturer categories at IMexl Integrated Manufacturing Excellence Initiative	VAL J- Vedanta Ltd., Jharsuguda
3	IDC India Future Enterprise awards	Winner of 'Best in Future of Digital Infrastructure' award	VAL-J
4	CII Digital Transformation (Dx) Award	Digitalisation	HZL
5	World Book of records	Certificate of Participation for Largest virtual marathon - Cairn Pink City Half Marathon	Cairn

Management Discussion and Analysis

Finance review

Executive summary

We had a strong operational and financial performance in FY2022 amidst the challenges faced due to the pandemic. The company continues to focus on controllable factors such as resetting cost base through diverse cost optimisation initiatives, disciplined capital investments, working capital initiatives, marketing initiatives & volume with strong control measures to ensure safe operations across businesses within framed government and corporate guidelines amidst the pandemic.

In FY2022, we recorded an EBITDA of US$6.3 billion, 65% higher y-o-y and robust adjusted EBITDA margin1 of 40%. (FY2021: US$3.8 billion, margin 37%).

Higher sales volumes resulted in increase in EBITDA by ~US$212 million, driven by higher volumes at Aluminium, Zinc International and Iron ore business.

Market factors resulted in increase in EBITDA by US$2,418 million. This was primarily driven by increase in the commodity prices, rupee depreciation, partially offset by input inflation and change in Profit Petroleum Tranche.

Gross debt as on 31 March 2022 was US$16.1 billion, a decrease of US$0.30 billion since March 31, 2021. This was mainly due to the repayment of debt at HZL, BALCO and CIHL partially offset by increase in borrowing at Vedanta Resources standalone.

Net debt as on 31 March 2022 was US$11.7 billion, increased by US$1 billion since 31 March 2021 (FY2021: US$10.7), primarily driven by stake increase in VEDL, capex payment and working capital built up, partially offset by strong cash flow from operations.

The balance sheet of Vedanta Limited continues to remain strong with cash & cash equivalents, of US$4.4 billion and Net Debt to EBITDA ratio at 1.9x (FY2021: 2.8x)

Consolidated operating profit before special items

Operating profit before special items increased by 86% in FY2022 to US$5.0 billion. This was mainly driven by higher commodity prices, higher sales realisation from Iron ore and Steel business, increased volumes primarily at Aluminium business, partially offset by input inflation and increase in cost of production.

(US$ million, unless stated)

Consolidated EBITDA	FY2022	FY2021	% change
Zinc	1,930	1,313	47
- India	1,793	1,236	45
- International	137	77	78
Oil & Gas	502	151	-
Aluminium	2,058	816	-
Power	68	111	(39)
Iron Ore	272	215	27
Steel	56	80	(30)
Copper India	(35)	(42)	(19)
Others	176	57	-
Total EBITDA	**5,027**	**2,701**	**86**

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$ crores, unless stated)

EBITDA for FY2021[1]	**2,701**
Market and regulatory: US$2,418 million	
a) Prices, premium / discount	3,775
b) Direct raw material inflation	(1,232)
c) Foreign exchange movement	(16)
d) Profit petroleum to GOI at Oil & Gas	(106)
e) Regulatory changes	(3)
Operational: US$(161) million	
f) Volume	212
g) Cost and marketing	(373)
h) Others	198
Depreciation and amortisation	(129)
Operating profit before special items for FY2022	**5,027**

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

a) Prices, premium/discount

Commodity price fluctuations have a significant impact on the Group's business. During FY2022, we saw a net positive impact of US$3,775 million on operating profit due to commodity price fluctuations.

Zinc, lead and silver: Average zinc LME prices during FY2022 increased significantly to US$3,257 per tonne, up 34% y-o-y; lead LME prices decreased to US$2,285 per tonne, up 22% y-o-y; and silver prices increased to US$24.6 per ounce, up 7% y-o-y. The cumulative impact of these price fluctuations increased EBITDA by US$793 million.

Aluminium: Average aluminium LME prices increased to US$2,774 per tonne in FY2022, up 54% y-o-y, this had a positive impact of US$2,131 million on operating profit.

Oil & Gas: The average Brent price for the year was US$80.9 per barrel, up 83% y-o-y. This had positive impact on EBITDA by US$436 million.

Iron & Steel: Higher realisations positively impacted operating profit at ESL by US$223 million and IOB by US$162 million.

b) Direct raw material inflation

Prices of key raw materials such as imported alumina, thermal coal, carbon and caustic have increased in FY2022, negatively impacting EBITDA by US$1,232 million, primarily at Aluminium, Zinc and Iron & Steel business.

Key exchange rates against the US dollar:

(US$ million, unless stated)

	Average year ended 31 March 2022	Average year ended 31 March 2021	% change	As at 31 March 2022	As at 31 March 2021
Indian rupee	74.46	74.11	0.5%	75.59	73.30

c) Profit petroleum to GOI at Oil & Gas

The profit petroleum outflow to the Government of India (GOI), as per the production sharing contract (PSC), increased by US$106 million.

d) Volumes

Higher volume led to increase in operating profit by US$212 million by following businesses:

Aluminium (positive US$154 million)

In FY2022, the Aluminium business achieved metal sales of 2.26 million tonnes, up 15% y-o-y. This volume increase had a positive impact on operating profit of US$154 million.

FACOR (positive US$29 crores)

Increased operating profit driven by increase in sales volumes at FACOR.

Zinc International (positive US$15 million)

Sales volume increased at Gamsberg mine.

e) Cost and marketing

Higher costs resulted in decrease in operating profit by US$373 million over FY2022, primarily due to increased cost, partially offset by higher premia realisations at Aluminium and Zinc business.

f) Others

This primarily includes the impact of higher capex and opex recovery at Oil & Gas business, inventory and foreign exchange adjustments during the FY2022 partially offset by lower power EBITDA, impacting EBITDA positively by US$198 million.

INCOME STATEMENT

(US$ million, unless stated)

Particulars	FY2022	FY2021[1]	% Change
Revenue	17,619	11,722	50%
EBITDA	6,255	3,800	65%
EBITDA margin (%)	36%	32%	10%
EBITDA margin without custom smelting (%)	40%	37%	8%
Special items	408	(49)	-
Depreciation and amortisation	(1,228)	(1,099)	12%
Operating profit	5,435	2,652	-
Operating profit without special items	5,027	2,701	86%
Net interest expense	(1,249)	(917)	36%
Interest cost-related special items	-	(58)	-
Other gains /(losses)	(38)	6	-
Profit before taxation	4,148	1,683	-
Profit before taxation without special items	3,740	1,795	-
Income tax expense	(1,400)	(316)	-
Income tax (expense)/credit (special items)	(170)	18	-
Effective tax rate without special items (%)	37.8%	17.7%	-
Profit for the year from continuing operations	2,578	1,385	91%
Profit for the period/year from continuing operations before special items	2,340	1,479	63%
Profit for the year from discontinuing operations (special items)	-	91	-
Profit for the period /year	2,578	1,476	79%
Profit for the period /year without special items	2,340	1,479	63%
Non-controlling interest	1,576	1,153	37%
Non-controlling interest without special items	1,515	1,176	29%
Attributable profit	1,002	323	-
Attributable profit without special items	825	303	-
Underlying attributable profit	844	334	-

1. Previous period figures have been regrouped/rearranged wherever necessary to conform to current period presentation.

Management Discussion and Analysis

Finance review

Revenue

Revenue for the year was US$17,619 million, higher 50% y-o-y. This was driven by higher commodity prices, higher volumes at Aluminium business, Copper, TSPL, Iron Ore and, FACOR, increase in premium in Aluminium and Zinc and rupee depreciation.

(US$ million, unless stated)

Consolidated revenue[1]	FY2022	FY2021	Net revenue % change
Zinc	4,446	3,328	34%
- India	3,844	2,960	30%
- International	602	368	64%
Oil & Gas	1,669	1,016	64%
Aluminium	6,833	3,865	77%
Power	783	725	8%
Iron Ore	852	611	40%
Steel	869	630	38%
Copper India	2,035	1,469	38%
Others[2]	132	76	72%
Total EBITDA	**17,619**	**11,722**	**50%**

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

Consolidated EBITDA[1]

The consolidated EBITDA by segment is set out below:

(US$ million, unless stated)

Consolidated revenue[2]	FY2022	FY2021	Net revenue % change
Zinc	2,376	1,688	41%
- India	2,170	1,568	38%
- International	206	120	72%
Oil & Gas	809	438	85%
Aluminium	2,328	1,046	-
Power	145	190	(24)%
Iron Ore	304	245	24%
Steel	94	117	20%
Copper India	(15)	(21)	(31)%
Others[3]	214	97	-
Total EBITDA	**6,255**	**3,800**	**65%**

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

[2] Excludes customs smelting at Copper business.

[3] Includes FACOR, port business and eliminations of inter-segment sales.

(US$ million, unless stated)

Key drivers	EBITDA margin % FY2022	EBITDA margin % FY2021
	53%	51%
Higher price realisation	56%	53%
	34%	33%
Higher brent	48%	43%
Higher volume & Higher LME's	34%	27%
	19%	26%
Higher price realisations and higher volumes	36%	40%
Higher price realisation offset by increased COS	11%	19%
	(1)%	(1)%
	–	-%
EBITDA margin[1]	36%	32%
Adjusted EBITDA margin[2]	**40%**	37%

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

EBITDA and EBITDA Margin

EBITDA for the year was US$6,255 million, 65% higher y-o-y. This was mainly driven by higher commodity prices, higher sales realisation from Iron ore and Steel business, increased volumes at Zinc International and Aluminium business, and rupee depreciation; partially offset by input inflation and change in Profit Petroleum Tranche.

We maintained a robust adjusted EBITDA margin1 of 40% for the year (FY2021: 37%)

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

In FY2022 special items stood at US$238 million. For more information, refer note [6] on special items is set out in financial statement.

Net Interest

The blended cost of borrowings was 8.08% for FY2022 compared to with 7.52% in FY2021.

Finance cost for FY2022 was US$1,402 million, 11% higher compared to US$1,267 million in FY2021 mainly on account of increase in average borrowings and increase in blended cost of borrowings.

Investment income for FY2022 stood at US$153 million, 48% lower compared to US$292 million in FY2021. This was mainly due to Mark to Market movement and change in investment mix.

Other gains/(losses) excluding special items

Other gains/(losses) excluding special items for FY2022 amounted to US$(38) million, compared to US$11 million in FY2021.

Taxation

The normalised ETR is 35% (excluding tax on special items of US$170 mn, tax on distributable reserves of subsidiaries US$63 mn and DTA reversal on ESL losses US$16 mn) compared to 38% (excluding tax on dividend from HZL US$117mn and tax on special items of US$18 mn, new tax regime impact of (US$34)mn and Deferred Tax Asset of US$420mn recognised on losses in ESL) which is primarily on account of profit mix of Plc losses in total profit (Plc losses as a percentage of Vedanta consol profit (16%) as compared to (25%) in FY2022 and reduction in profit contribution of entities taxable at higher statutory rates.

Attributable profit after tax (before exceptional items)

Attributable PAT before special items was US$825 million in FY2022 compared to US$303 million in FY2021.

Fund flow post-capex

The Group generated free cash flow (FCF) post-capex of US$2,083 million (FY2021: US$1,253 million), driven by strong cash flow from operations and lower sustaining and project capital expenditure.

Fund flow movement in net debt[1]

Fund flow and movement in net debt1 in FY2021 are set out below.

(US$ million, unless stated)

Particulars	FY2022	FY2021
EBITDA[2]	6,255	3,800
Working capital movements	(657)	(576)
Changes in non-cash items	(11)	(2)
Sustaining capital expenditure	(697)	(467)
Movements in capital creditors	(32)	(164)
Sale of property, plant and equipment	44	23
Net interest (including interest cost-related special items)	(1,314)	(938)
Tax paid	(829)	(242)
Expansion capital expenditure	(676)	(325)
Free cash flow (FCF) post capex1	2,083	1,109
Dividend paid to equity shareholders	(131)	(162)
Dividend paid to non-controlling interests	(1,075)	(992)
Dividend Received	-	-
Tax on dividend from Group companies	-	-
Acquisition of subsidiary	-	(8)
Discontinued operations of Copper Zambia[2]	-	-
Payment for acquiring non-controlling interest	(1,971)	(403)
Others	138	(253)
Movement in net debt	(955)	(709)

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

The Gross debt decreased from US$16.4 billion in FY2021 to US$16.1 billion, mainly on account of repayment of debt at Vedanta Limited partially offset by increase in borrowings at Vedanta Resources Limited Standalone level.

During FY2022, Net Debt increased from US$10.7 billion to US$11.7 billion, primarily driven by stake increase in VEDL, capex payment and working capital built up, partially offset by strong cash flow from operations.

Our total gross debt of US$16.1 billion comprises:

US$15.2 billion as term debt (March 2021: US$15.9 billion);

US$0.7 billion of short-term borrowings (March 2021: US$0.3 billion); and

US$0.2 billion of working capital loans (March 2021: US$0.2 billion).

The maturity profile of term debt of the Group (totalling US$15.2 billion) is summarised below:

Particulars	As at 31 March 2022	As at 31 March 2021	FY 2023	FY 2024	FY 2025	FY 2026 & beyond
Debt at Vedanta Resources	9.1	8.6	2.7	2.9	2.9	0.5
Debt at subsidiaries	6.1	7.3	1.3	1.1	1.0	2.8
Total term debt[1]	15.2	15.9	4.0	4.0	3.8	3.3

1.Term debt excluding preference shares.

Cash and liquid investments stood at US$4.4 billion at 31 March 2022 (31 March 2021: US$5.6 billion). The portfolio continues to be 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.

Prior to current period, the last going concern assessment carried out for the period ended 30 September 2021 was approved by the Board of Directors in December 2021. The Directors were confident that the Group will be able to ensure: the production is not materially impacted by the COVID-19 virus, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

Management Discussion and Analysis

Finance review

Since then, while the other mitigating actions as highlighted in the period ended 30 September 2021 financial statements remain available to the Group, several recent significant developments have had a positive bearing on the liquidity and company's ability to continue as going concern. [For more information, please refer to, Note 1(d) of the Consolidated Financial Statements]

Notwithstanding the factors described above, the Directors have confidence in Group's ability to execute sufficient mitigating actions. Based on these considerations, the Directors have a reasonable expectation that the Group and the Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Company's standalone financial statements.

Covenant Compliance

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. The Group has complied with all the covenant requirements till 31 March 2022

Credit rating

In August 2021, Moody's while affirming the Corporate Family Rating of Vedanta Resources Ltd at B2, upgraded its rating on the senior unsecured notes of the company to 'B3' from 'Caa1' and changed the outlook to "Stable" from "Negative". The outlook revision was driven by expected improvement in operating and financial metrics in the prevailing commodity price improvement. However, on 16 February 2022, Moody's again revised the outlook to "Negative" in view of the near-term refinancing requirements amid tightening liquidity in the capital markets. Meanwhile, S&P Global' s rating of VRL has remained unchanged at 'B-' during FY2022. In April 2022, Moody's and S&P acknowledged the large dividend declaration by Vedanta Limited as a positive towards Vedanta Resources Limited's refinancing efforts.

Balance Sheet

(US$ million, unless stated)

Particulars	31 March 2022	31 March 2021
Goodwill	12	12
Intangible assets	90	99
Property, plant and equipment	13,484	12,968
Exploration and Evaluation Assets	220	334
Other non-current assets	2,961	3,115
Cash, liquid investments and Financial asset investment net of related liabilities	4,476	5,957
Other current assets	4,411	2,834
Total assets	25,654	25,319
Gross debt	(16,082)	(16,377)
Other current and non-current liabilities	(8,037)	(6,611)
Net assets	1,535	2,331
Shareholders' equity	(3,113)	(3,147)
Non-controlling interests	4,648	5,478
Total equity	1,535	2,331

Shareholders' (deficit)/equity was US$(3,113) million at 31 March 2022 compared with US$(3,147) million at 31 March 2021. Non-controlling interests decreased to US$4,648 million at 31 March 2022 (from US$5,478 million at 31 March 2021).

Property, plant and equipment (including exploration and Evaluation Assets)

As at March 31, 2022, PPE was at US$13,484 million (FY2021: US$12,968 million). The increase of US$516 million was primarily driven by additions US$485 million (Oil & Gas US$112mn, ESL US$80mn, Aluminium division US$120mn, Malco/GNRE US$55mn, Zinc International US$24mn, Zinc India US$17mn, Power US$13mn), CWIP US$983 million, Impairment reversal at O&G Business ~$700 million partly offset by FCTR ~US$336 million, depreciation charge US$1227 million, net disposals US$102 million.

Motivated Employees

Contribution to the exchequer

The Group contributed c.US$7.4 billion to the exchequer in FY2022 compared to US$4.7 billion in FY2021 through direct and indirect taxes, levies, royalties and dividend, which was made by Vedanta Resources Limited.

(US$ crores, unless stated)

Capex in progress	Status	Total capex approved[2]	Cumulative spend up to 31 March 2021[3]	Spent in FY2022[3]	Unspent as at 31 March 2022[4]
Cairn India[1]					
Mangala Infill, Bhagyam & Aishwariya Polymer, Liquid Handling, ASP, OALP, Tight Oil & gas etc	On - going	3,100	1,028	184	1,888
Aluminium Sector					
Balco smelter and rolled product capacity expansion	In Progress	935	1	69	865
Jharsuguda 1.25 mtpa smelter, 550 ktpa VAP capacity expansion	In Progress	3,280	2,961	74	245
Zinc India					
Mine expansion	Ongoing	2,077	1,770	39	267
Others		261	165	1	94
Zinc International					
Gamsberg Phase II Project	In Progress	466	-	-	466
Iron Ore Project	In Progress	37	-	9	28
Copper India					
Tuticorin smelter 400ktpa	Project is under force majeure	717	198	-	519
ESL- Growth Project		349	-	24	325
Avanstrate Inc					
Furnace Expansion and Cold repair		116	54	26	36
Capex flexibility					
Metals and Mining					
Lanjigarh Refinery (Phase II) – 5mtpa	Ongoing	1,563	919	45	599
Skorpion refinery conversion	Currently deferred till pit 112 extension	156	14	-	142

1. Capex approved for Cairn represents Net capex, however Gross capex is US$4.2 bn
2. Based on exchange rate prevailing at time of approval.
3. Based on exchange rate prevailing at the time of incurrence.
4. Unspent capex represents the difference between total capex approved and cumulative spend as at March 31, 2022

Management Discussion and Analysis

Operational review

Zinc India

THE YEAR IN BRIEF

Mine production progressively improved during the year with record ore production for the full-year up 6% y-o-y to deliver a record 16.3 million MT, supported by strong production growth at Zawar mines, SK Mines and Rampura Agucha mine, which were up 12%, 8% and 6% respectively. Highest ever Mined metal production was up 5% y-o-y to 1,017 kt primarily on account of higher ore production & milling recovery partly offset by lower ore metal grade.

~25,000

BUSINESS PARTNERS COVERED BY THE GROUP CORONA KAVACH POLICY

Diverse Workforce

Occupational health & safety

It is with deep sadness that we report the loss of four colleagues (Business partners) in work-related incidents at our managed operations. These incidents happened despite continuous effort to eliminate fatalities and attain zero harm work environment. A thorough investigation was conducted to identify the causes of these incidents and to share lessons learned across HZL, with the aim of preventing repeat or similar incidents.

LTIFR for the year was 0.79 as compared to 0.97 in FY2021.

LTIFR for the last quarter was 0.62 as compared to 0.89 (Qtr-4) in FY2021 driven by several safety awareness, investigation and prevention initiatives implemented. As compared to a year ago, number of LTIs decreased from 13 to 10 in the fourth quarter. LTIFR for the year was 0.79 (total 50 LTIs for year). There has been greater management focus to bring a cultural change via felt leadership programs, town halls, enabling tools like safety whistle blower as well as reward & recognition for near-miss reporting.

During the second wave of COVID 19, we set up an oxygen bottling plant in record 5 days; commissioned to produce 500 oxygen cylinders per day helping local government and hospitals in fight against Covid 19. New field hospital established in Dariba, having capacity of 100 beds with air conditioning facility and medical assistance. Apart from these efforts the company has extended all kind of support to the Local Health Administrations for fighting against covid. Unfortunately reported loss of 59 employee and contract employees during wave 1 and wave 2 of COVID.

To ensure vaccination to all the employees, business partners and their family members, mega drives were organised during the year. The company has also introduced the Group Corona Kavach Policy that covers more than ~25000 business partners in Rajasthan and Pantnagar in Uttarakhand. This cashless policy covers all corona related diagnostic charges including pre-hospitalisation and post-hospitalisation expenses. There is also a dedicated 24×7 Covid Care Apollo helpline number to provide any kind of healthcare support and assistance for all employees and their dependents. Post covid care drive also initiated to boost the motivation level of the employee. Company has also rolled out Group Term Life policy which provides life (term) insurance protection in case of death of active regular executive. The coverage limit is 5 Times of Fixed Salary of each employee up to a max. Limit i.e., INR 5.5 Cr.

During the year we commissioned first made in India emergency escape route staircase type in underground at Rajpura Dariba Mine and underground rescue station at Rampura Agucha Mine which significantly improves the response time in emergency cases. Qualitative and Quantitative Exposure Assessment completed for all units and exposure mitigation plan developed. 22 Digitised safety modules launched for easy understanding of safety standard requirements and road map developed to eliminate manual charging by all mining locations.

HZL is also using & deploying IOT solutions for safety of its employees and equipment. Connected work force solution which are safety wearables & tags, is one such technology that will alert management proactively to ensure safety of employees and to intervene on priority for necessary support and rescue. Detect technology is another IOT that uses of Artificial intelligence and video analytics, of presently installed CCTV cameras and identify and capture Unsafe conditions and Unsafe acts which gets reported and help Line leadership to act on violators and build around the clock assurance for preventing safety incidents. Through this technology, we are achieving autonomous system for detection of safety violations during turnarounds through a network of cameras, supported by back-end data analytics & frontend real-time reporting.

Demonstrating the highest standards of health and safety management during the year, Chanderia CPP and Debari both received the prestigious 'Sword of Honor' from British Safety Council for showing excellence in the management of health and safety risks at work. This came as a double swoop following the top Five-Star rating achieved by Chanderia CPP and Debari, for successfully completing the best practice Occupational Health and Safety Audit conducted by the British Safety Council. Our Kayad Mine was also awarded the National Safety Award from the Government of India for Longest Accident-Free in metal mines and for lowest injury frequency rate (LIFR).

Management Discussion and Analysis

Operational review: Zinc India

Environment

Hindustan Zinc commits to 'Long-term target to reach net-zero emissions by 2050' in alignment with Science Based Targets initiative (SBTi) aiming to have clearly defined path to reduce emissions in line with the Paris Agreement goals. To achieve the target, we are working towards improving our energy efficiency, switching to low carbon energy sourcing, introducing battery operated electrical vehicles and increasing the role of renewables in our energy mixes.

Company has made notable technological advancements in energy conservation. Zinc Smelter Debari has revamped the Cell House and eliminated current losses through electrolytic cells by successfully replacing 600+ concrete cells with poly concrete cells. As a result, the power rating has improved. Additionally, the turbine revamping project is certified as a carbon reduction project by VERRA (the world's most widely used voluntary GHG program) resulting in a decrease of 270,000 tCO2e per year. For Decarbonising the future of Indian mining, Hindustan Zinc partnered with leading global manufacturers for introducing BEVs in underground mines. All units of HZL are certified to ISO 50001 (Energy Management system).

At HZL, we recognise the reality of climate change, Therefore, our risk management processes embed climate change in the understanding, identification, and mitigation of risk. We have published our first TCFD (Task Force on Climate-related financial disclosure) report during the year which sets the adoption of the TCFD framework for climate change risk and opportunity disclosure. HZL actively participated in 'Business Leaders Group COP26' and was engaged for shaping the agenda for COP26 which was held at Glasgow (UK) in Nov'21. Endeavouring towards sustainable organisation HZL enhanced the governance by

10 MLD

Sewage Treatment Plant (STP) commissioned

One of the most notable achievements has been the successful commissioning of a 3000 KLD Zero Liquid discharge (RO-ZLD) plant at the Zinc Smelter Debari.

Effluent Treatment Plant, Dariba Smelting Complex

establishing Board Level ESG & Sustainability Committee formed to overview the ESG progress of the organisation.

Hindustan Zinc joins the Taskforce on Nature-Related Financial Disclosures (TNFD) Forum to tackle nature-related risks. Miyawaki Method of Afforestation pilot project completed at DZS and horizontal deployment will be done across HZL. 3 years Engagement with IUCN will help in development of Biodiversity Management Plan focusing No Net Loss approach to achieve Sustainability Goal 2025.

One of the most notable achievements has been the successful commissioning of a 3000 KLD Zero Liquid discharge (RO-ZLD) plant at the Zinc Smelter Debari. Expansion of 3200 KLD ZLD plant at Dariba Smelter is under progress and shall be commissioned by first Quarter of FY 23. Apart from that Zawar (ZM) and Rampura Agucha Mine ZLD projects of 4000 KLD capacity each have been initiated to improve recycling and strengthen the zero discharge. Like ZM, Dry tailing plant at Rajpura Dariba Mine is also under final stage of commissioning and will result in significant amount of water recovery from the tailings.

The company has also commissioned 10 MLD Sewage Treatment Plant (STP) and 5 MLD facility in Udaipur, bringing the total Udaipur STP capacity built up by it to 60 MLD. This will treat nearly all of Udaipur's sewage, and the treated sewage is used by Beneficiation, Smelters and Captive Power Plants, lowering its freshwater use. In the area of water stewardship Rampura Agucha Mine has also completed astonishing project of executing groundwater recharge intervention project across 4 blocks of Bhilwara district having ground water recharge potential of 8.5 MCM/ annum.

Successful public hearing was conducted during the year for Expansion of Zawar Mines from 4.8 million TPA (Tones per annum) to 6.5 million TPA and Beneficiation from 4.8 million TPA to 7.3 million TPA.

Our sustainability activities received several endorsements during the year

- The Company is ranked 1st in Asia-Pacific and globally 5th in Dow Jones Sustainability Index in 2021 amongst Mining & Metal companies. (1st in environment Dimension among the metal and mining sector globally)
- Company won the 1st Bronze Medal and been featured in the prestigious Sustainability Yearbook for the fifth year in a row by S&P Global.
- The company received the award for 'Outstanding Accomplishment in Corporate Excellence and Dariba smelter received the award for excellence in Environment management' in 16th CII-ITC Sustainability Awards.
- HZL received IEI Industry Excellence Award 2021, instituted by The Institution of Engineers (India)
- HZL's RAM and Kayad mine received 5 Star Rated Mines' award by the Ministry of Mines, Govt. of India.
- Hindustan Zinc wins at ESG India Leadership Awards – Leadership in Environment and Green House Gas Emissions Reduction Categories organised by ESGRisk.ai, India's first ESG rating company.
- Kayad received FIMI Bala Gulshan Tandon Award of Excellence for the year.
- HZL has been awarded the Most Sustainable Company in the Mining Industry by World finance at their Sustainability Awards 2021
- Hindustan Zinc has been Awarded as Most Innovative Project (CLZS- Restoration of Jarofix Yard Project) and Innovative Project (RDM-Biodiversity Park) in the renowned CII National Award for Environmental Best Practices 2021
- Hindustan Zinc's Dariba Smelting Complex wins Prestigious CII-National Awards for Excellence in Water Management.

Hindustan Zinc is a law-abiding corporate citizen and will always uphold the law. National Green Tribunal (NGT) appointed a seven-member committee of subject matter experts, and this committee submitted its report recommending plantation of trees worth INR 90 lakhs, which Hindustan Zinc Limited is willing to comply with.

However, NGT has directed that the company under the precautionary principle should spend INR 25 crores towards community welfare programmes under the aegis of a newly constituted committee. For us, our local communities have always been an integral part of all our social initiatives and will continue to be so.

We are already preparing a blueprint for INR 1000 crores CSR plan, to be executed in the next 4 to 5 years, along with the local administration and stakeholders for the socio-economic welfare of communities in all our areas of operations.

While we continue with our social welfare work on ground, Hindustan Zinc Limited will be filing an appeal against certain observations made by NGT, that are contradictory to the finding of the expert committee and the realities on the ground.

Production performance

PRODUCTION (kt)

	FY2022	FY2021	FY2020
Total mined metal	1017	972	5%
Refinery metal production	967	930	4%
Refined zinc –integrated	776	715	8%
Refined lead – integrated[1]	191	214	(11%)
Production – silver (in tonnes)[2]	647	706	(8%)

1. Excluding captive consumption of 6,951 tonnes in FY2022 vs. 6,424 tonnes in FY2021.
2. Excluding captive consumption of 37.4 tonnes in FY2022 vs. 34.6 tonnes in FY2021.

Operations

For the full-year, ore production was up 6% y-o-y to 16.3 million tonnes on account of strong production growth at Zawar mines, SK mines & Rampura Agucha mines, which were up 12%, 8% and 6% respectively. FY2022 saw the best ever Mined metal production of 1,017,058 tonnes compared to 971,975 tonnes in the prior year in line with higher ore production across Mines supported by improved recovery.

For the full year, we saw our ever-highest metal production, up 4% to 967 kt in line with better plant and MIC availability, while silver production was 8% lower at 647 MT in line with lower Lead metal production.

Management Discussion and Analysis
Operational review: Zinc India

Production performance

PRICES

Particulars	FY2022	FY2021	% Change
Average zinc LME cash settlement prices US$ per tonne	3,257	2,422	34%
Average lead LME cash settlement prices US$ per tonne	2,285	1,868	22%
Average silver prices US$/ ounce	24.58	22.89	7%

Global zinc consumption growth will slow from the 7.1% seen in 2021 to 2.3% in 2022 and an average of 1.7% p.a. in 2023 and 2024. Compared with zinc's recent pre-pandemic history, this is still a robust growth rate and sufficient to lift consumption to 14.5Mt, surpassing the 2017 all-time high of 14.2Mt. In 2023 and 2024, the pace of growth is projected to moderate further with average growth of 1.7% pa or approximately 250kt/a, lifting consumption to just under 15Mt. Tightness in the refined market continues to be evidenced in the spot markets of Europe and North America where spot premiums remain high. However, the backwardation together with high prices and premiums is encouraging consumers to buy on a hand to mouth basis. Meanwhile, the concentrate market has seen indicative spot TCs jump to US$135-150/t of concentrate, up from US$85/t in December 2021. Spot TCs will have to remain at elevated levels until the arbitrage of Chinese prices over the LME returns, or any shortage of domestic concentrates force Chinese smelters into the international market.

Although the Russia/Ukraine conflict has rocked many commodities markets, the impact on the zinc market has been negligible, a reflection of the fact that Ukraine is of modest importance as a zinc consumer. The roughly 20kt/a of zinc consumed by the country is largely supplied by Kazzinc. With Ukraine's 500kt of continuous galvanising capacity being idled in the face of the conflict, the zinc normally destined for the country will be readily re-directed into the tight refined markets in other parts of the world. The more profound impacts for zinc will be indirect. Energy prices were already high, and the conflict has only exacerbated the situation. As a result, a significant easing of European electricity prices, and the financial pressure on Europe's smelters is unlikely this summer.

ZINC DEMAND – SUPPLY

Zinc Global Balance In KT	CY 2020	CY 2021	CY 2022 E
Mine Production	12276	13094	13083
Smelter Production	13679	13867	13937
Consumption	13205	14147	14469

The metal market is little changed, the refined zinc market outside of China is fundamentally tight. The cash-to three months spread has been in backwardation for virtually all of the first two months of the year. Although the average backwardation has halved from US$30/t in January to just under US$15/t in February, it remains significant. Meanwhile, LME stocks have continued to drip lower ending February at 144kt, 10kt lower than January. At the equivalent of just 4 stock days this is extremely low.

India's manufacturing PMI increased to 54.9 in February, a slight improvement from January's 54.0, signalling a stronger improvement of the sector. "The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index® (PMI®) was at 54.9 in February, up from 54.0 in January and signalling a stronger improvement in the health of the sector. Growth has now been seen in each of the latest eight months, with the headline figure remaining above its long-run average of 53.6," stated IHS Markit in its report.

The report added that firms responded to strong increases in new work intakes by lifting production, input buying and stocks of purchases. Employment fell at the softest pace and favourable demand conditions improved sentiments to its strongest since October. Demand for raw materials strengthened to lead to another marked rate of input price inflation.

As government spending continues in infrastructure, highways, electrification and transmission projects, the major demand for zinc came from the structural segment. Buying activity was higher in February for Indian manufacturers due to higher output in new order inflows.

UNIT COSTS

Particulars	FY2022	FY2021	% Change
Unit costs (US$ per tonne)			
Zinc (including royalty)	1,567	1,286	22%
Zinc (excluding royalty)	1,122	954	18%

For the full year, zinc COP excluding royalty was US$1122, higher by 18% y-o-y (18% higher in INR terms). The COP has been affected by higher coal & commodity price increase partially offset by benefits from better volumes, operational efficiencies & recoveries

FINANCIAL PERFORMANCE

Particulars	FY2022	FY2021	% change
Revenue	3,844	2,960	30%
EBITDA	2,170	1,568	38%
EBITDA margin (%)	56%	53%	-
Depreciation and amortisation	377	332	14%
Operating Profit before special items	1,793	1,236	45%
Share in Group EBITDA (%)	35%	41%	-
Capital Expenditure	378	281	35%
Sustaining	339	225	51%
Growth	39	56	(30)%

Revenue from operations for the year was US$3,844 million, up 30% y-o-y, primarily on account of higher metal prices, higher production & higher sulphuric acid realisations

EBITDA in FY2022 increased to US$2,170 crores, up 38% y-o-y. The increase was primarily driven by higher revenue and partly offset by higher cost of production.

Projects

In HZL journey of 1.25 mtpa MIC expansion, some of key projects are under execution at RD Mines complex. We have successfully completed RD Mines Shaft & Conveyor upgradation for enhancement of ore hoisting capacity in Q3 of this FY. In line with our ESG journey, we have completed installation of Dry Filtration & Paste fill plant to enable effective tailings managements by switching from Wet to Dry tailing management system. Commissioning of plant will start by Q1 of next FY. For enhancing metal recovery, we have placed order for RD Beneficiation plant revamping, enabling better Pb, Zn & Ag recoveries and improving plant reliability by replacing obsolete Grinding, Floatation & Filtration circuits. Civil construction already ongoing and plant is scheduled to be commissioned in Q3 of next FY.

At Zawar, in order to enhance the ventilation capacities and working conditions of West Mochia and North Baroi mines, installation of underground ventilation fans has started. For increasing the capacity of Tailing storage Facility, design and stabilisation studies have been conducted and the dry stacking is under progress.

The development of North Decline (ND1) was completed at Rampura Agucha (RA) mine. This improves the accessibility of shaft section, alternate emergency evacuation, ease in mine equipment deployment at lower levels of mine, face charging with emulsion explosives, face drilling with long feed jumbo, etc.

Treatment of Raw Zinc Oxide (RZO) in RKD circuit (component of overall Fumer project) continued during the entire year. Process for applying employment visa for the Chinese experts coming for Fumer commissioning has started. Regular follow ups are being done with government authorities for speedy issuance of the visas. Fumer Commissioning is targeted by Q1 of FY23.

Exploration

Zinc India's exploration objective is to upgrade the resources to reserves and replenish every ton of mined metal to sustain more than 20 years of metal production by fostering innovation and using new technologies. The Company has an aggressive exploration programme focusing on delineating and upgrading Reserves and Resources (R&R) within its license areas. Technology adoption and innovations play key role in enhancing exploration success.

The deposits are 'open' in depth, and exploration has identified number of new targets on mining leases having potential to increase R&R over the next 12 months. Across all the sites, the Company increased its surface drilling to assist in Resource addition and upgrading Resources to Reserves.

In line with previous years, the Mineral Resource is reported on an exclusive basis to the Ore Reserve and all statements have been independently audited by SRK (UK).

On an exclusive basis, total ore reserves at the end of FY2022 totalled 161.21 million tonnes and exclusive mineral resources totalled 286.73 million tonnes. Total contained metal in Ore Reserves is 9.57 million tonnes of zinc, 2.45 million tonnes of lead and 298.3 million ounces of silver and the Mineral Resource contains 13.17 million tonnes of zinc, 5.86 million tonnes of lead and 576.27 million ounces of silver. At current mining rates, the R&R underpins metal production for more than 20 years.

Strategic Priorities & Outlook

Our primary focus remains on enhancing overall output, cost efficiency of our operations and disciplined capital expenditure. Whilst the current economic environment remains uncertain our goals over the medium term are unchanged.

Our key strategic priorities include:
- Further ramp up of underground mines towards their design capacity, deliver increased silver output in line with communicated strategy.
- Continue to maintain 1st quartile cost curve positioning globally through efficient ore hauling, higher volume & grades and higher productivity through ongoing efforts in automation and digitisation
- Disciplined capital investments in minor metal recovery to enhance profitability
- Increase R&R through higher exploration activity and new mining tenements, as well as upgrade resource to reserve

Management Discussion and Analysis

Operational review

Zinc International

THE YEAR IN BRIEF

During FY2022, Zinc International continued to ramp up production from its flagship project Gamsberg mine and achieved record production of 170kt. Several milestone projects were completed including rougher cells commissioning at Gamsberg resulting in throughput increase from 535tph to 575tph and the BMM plant debottlenecking project which resulted in throughput of 238tph, up from 213tph.

Black Mountain continued to have a stable production of 52kt, slightly lower than FY21 due to lower head grades and mining challenges including Deeps Shaft dewatering system failure.

Skorpion Zinc has been under Care and Maintenance since start of May 2020, following cessation of mining activities due to geotechnical instabilities in the open pit. Activities to restart the mine are progressing well.

Gamsberg facility, Zinc International

Safety

The LTIFR rate improved to 1.1 in FY2022 (FY2021 1.7). Black Mountain Mine had a fatality on 11 November 2021 when a business partner employee succumbed to injuries sustained after a rockslide inside the blast hole. As part of the remedial measures, the drilling and blasting of blastholes were reviewed to improve fragmentation and eliminate boulders. Planned Task Observations are conducted to enforce these remedial measures and prevent employees entering blast holes.

With regards to Gamsberg South Pit failure that happened in November 2020, rescue and recovery search are continuing and remains our first priority. Revised plan and approach has been shared with Department of Mineral Resources with expected date of completion being Q1 FY2023.

Employee engagement is an integral part of our Safety strategy, and our leaders are required to conduct Frequent, Caring and Risk based Visible Felt Leadership Interactions to coach and address behavioural issues at both our operations. Both Black Mountain and Gamsberg Mines have embarked on a Critical Control Management programme where all the employees are required to know the Top High-Risk activities in their area of work as well as the mitigating strategy.

Occupational Health

At Vedanta Zinc International, we take the health and safety of our employees and stakeholders very seriously and we remain committed to communicating timeously and transparently to all stakeholders. Since the start of the COVID-19 pandemic, we have recorded 880 positive cases, 873 recoveries and 6 deceased. We have implemented stringent protocols to mitigate COVID-19 spread and we have social programs in place to assist communities in which we operate. We have also embarked on a Workplace (and community) Vaccination programme to ensure 100% coverage of vaccination for the employees and their families.

Airborne particulate management remains a key focus in reducing Lead and silica dust exposures of employees. Black Mountain Mine has had 9 blood lead withdrawals for FY22, against more stringent limits than required by law. We have strengthened our Employee Wellness Programme, focussing on the increased participation of employees and communities in VCT for Aids / HIV, Blood donation and wellness.

Environmental

Gamsberg further reduced water consumption in the plant by implementing conversions from potable (RAW) water to process water and successfully reduced the plant water intensity to 0.45m3/t. A strategy that will enable Vedanta Zinc International to transition to a low carbon operation was finalised and the two main projects is in early stages of implementation. These projects include reducing reliance on the coal-based electricity from ESKOM through implementation of Renewable energy replacements of 77MW for Black Mountain and Gamsberg. The first phase of implementing a programme to replace current diesel fuelled underground TMM with Battery Electrical Vehicles commenced which will culminate in a full replacement strategy of the total BMM mining TMM fleet with Battery Electrical Vehicles.

The Gamsberg Nature Reserve Strategic Management Plan has approved, and the properties transferred to Department Public Works. A major campaign saw the collaboration between the South African police force, Department Environment Nature conservation and SANBI, to spread awareness of biodiversity and endangered species of the Region.

PRODUCTION PERFORMANCE

Particulars	FY2022	FY2021	% Change
Total production (kt)	223	203	10%
Production – mined metal (kt)			
BMM	52	58	(9)%
Gamsberg	170	145	18%
Refined metal Skorpion*	-	-	-

* The mine is under care & maintenance since May'20 onwards

223KT
TOTAL PRODUCTION FOR ZINC INTERNATIONAL

Management Discussion and Analysis
Operational review: Zinc International

Operations

During FY2022, total production stood at 223,000 tonnes, 10% higher y-o-y. This was primarily through ramp up and higher production in Gamsberg.

At BMM, production was 52,000 tonnes, 9% lower y-o-y. This was mainly due to lower grades of zinc (2.1% vs 2.6%), lead (2.1% vs 2.3%), lower zinc recoveries (75.2% vs 80.2%) and lower lead recoveries (81.6% vs 81.8%) offset by 13.6% higher throughput.

Gamsberg's production was at 170,000 tonnes as the operation continues to ramp up with improved performance during current financial year.

At Skorpion Zinc engagement with technical experts to explore opportunities of safely extracting the remaining ore is ongoing. The pit optimisation work is complete. The business is currently evaluating options to restart mining.

UNIT COSTS

Particulars	FY2022	FY2021	% Change
Zinc (US$ per tonne) unit cost	1,442	1,307	10%

The unit cost of production increased by 10% to US$1,442 per tonne, from US$1,307 per tonne in the previous year. This was mainly driven by higher mining cost and local currency appreciation offset by higher production at Gamsberg and higher BMM copper production and credits.

During the year, revenue increased by 64% to US$602 million, driven by higher sales volumes compared to FY2021 due to higher production at Gamsberg and higher LME prices, partially offset by higher costs. EBITDA increased by 72% to US$206 million, from US$120 million in FY2021 mainly on account of higher LME prices and sales volumes.

FINANCIAL PERFORMANCE (US$ million, unless stated)

Particulars	FY2022	FY2021	% change
Revenue	602	368	64%
EBITDA	206	120	72%
EBITDA margin (%)	34%	33%	-
Depreciation and amortisation	69	43	59%
Operating Profit before special items	137	77	78%
Share in Group EBITDA (%)	3%	3%	-
Capital Expenditure	133	44	-
Sustaining	133	44	-
Growth	-	-	-

Projects

Refinery Conversion

Substantial progress has been made on Skorpion Zinc Refinery conversion Project with the completion of FEED, feasibility study, tendering activities & techno-commercial adjudication. All regulatory approval is in place to start project execution. Previously completed feasibility study also has been updated. With power tariffs being very critical for the viability of the project, discussions/ negotiations are happening with the state power utility along with the option of renewable power which is also being explored. We are only waiting for confirmation of power tariff to take the final decision and starting the execution on the ground by H1 2022-23.

Gamsberg Phase 2

Gamsberg Phase 2 project includes the mining expansion from 4 mtpa to 8 mtpa and Construction of New Concentrator plant of 4 mtpa, taking the total capacity to 8 mtpa. This will have additional Metal in concentrate (MIC) of 200+ which will take the total MIC production capacity to 450+. The EOI for the Concentrator plant was floated and proposals were received. The project was approved by Vedanta Board in March 2022. The execution philosophy is on EPC basis and the project is on track for start of execution in Q1 FY2023.

Gamsberg Smelter

We would set-up a 300 KTPA Smelter Project by repeating the conventional Roaster-Leach-Electrolysis(R-L-E) process along with necessary modifications required for capacity upgrade to treat Gamsberg Concentrate. We have received the environmental approval for Bulk water pipeline construction and outcome of ESIA is also expected in April 2022. We are appointing an Advocacy partner for engaging with Gov. of South Africa on the other critical success factors like SEZ, power price, sulphuric acid offtake, logistics infrastructure and other regulatory approvals which are absolutely vital for economic feasibility of the project.

Black Mountain Iron Ore project

This is a project to recover iron ore (magnetite) from the BMM tailings. The 0.7 mtpa Iron Ore plant is currently under execution with the EPC contractor being Lead EPC. Owners' Engineer for the project has been appointed. World class Iron Ore will be produced from the new plant with Fe grade > 68%. First production is expected in August 2022.

Exploration

5.8% reduction in reserve metal tons from 8.3Mt to 7.8Mt, with 24.0% increase in resources from 21.9Mt to 27.2Mt metal

Total R&R for VZI increased from 566Mt to 671Mt of ore, while metal increased from 30.2Mt to 35.0Mt (15.9% increase in total metal)

Reduction in reserve largely attributed to smaller open pit design at Gamsberg North, while main factors affecting resources is discovery of Gamsberg Kloof deposit, remodelling of Gamsberg East and lower CoGs for resources.

Strategic Priorities & Outlook

Zinc International continues to remain focused to improve its YoY Production by sweating its current assets beyond its design capacity, debottlenecking the existing capacity and adding capacity through Growth Projects. Our Immediate priority is to ramp up the performance of our Gamsberg Plant at Designed capacity and simultaneously develop debottlenecking plan to increase Plant capacity by 10% to 4.4Mt Ore throughput. Likewise, BMM continues to deliver stable Production performance and focus is to debottleneck its Ore volumes from 1.6Mt to 1.8Mt. Skorpion is expected to remain in Care and Maintenance for H1 FY23 while management is assessing feasible & safe mining methods to extract Ore from Pit 112. Zinc International continues to drive cost reduction programme to place Gamsberg operations on 1st Quartile of global cost curve with COP< US$1100 per tonne.

In addition to above, Core Growth strategic priorities include:

- Completion of Magnetite project in H1 FY2023.
- Commencement of construction activities of Gamsberg Phase 2 project with aim to start production in H2 FY2024.
- Continue to improvise Business case of Skorpion Refinery Conversion Project and Gamsberg Smelter Project through Government support, Capex and Opex reduction.

Gamsberg Wet Area

Management Discussion and Analysis

Operational review

Oil & Gas

THE YEAR IN SUMMARY

During FY2022, Oil & Gas business delivered gross operated production of 161 kboepd, down by 1% y-o-y, primarily driven by natural reservoir decline at the MBA fields. The decline was partially offset by addition of volumes from ramp up of gas volumes, commissioning of Aishwariya Barmer Hill facility, impact of polymer injection in Bhagyam and Aishwariya fields, new infill wells brought online in Mangala field and reduced operational downtime.

In OALP blocks, seismic acquisition programme has been completed in Assam, Cambay, Rajasthan and Offshore region. As part of the 15 well drilling program, 11 wells have been drilled till date across basins. Of these, two hydrocarbon discoveries in Rajasthan (KW-2 Updip and Durga -1) and one in Cambay (Jaya-1) have been notified as oil and gas discovery

Employees at operational site

Occupational Health & Safety

There are seven lost time injuries (LTIs) in FY2022. Frequency rate stood at 0.20 per million-man hours (FY2021: 0.16 per million-man hours) amidst increased development activities.

Our focus remains on strengthening our safety philosophy and management systems. We were recognised with awards conferred by external bodies:

- Five Star Rating in Occupational Health & Safety Audit conducted by British Safety Council for Mangala, Bhagyam and Aishwarya Mines
- Raageshwari Gas Terminal (RGT) recognised for Quality with Excellence Award in the 46th International Convention on Quality Control 2021
- Golden Peacock Occupational Health & Safety Award 2021 for Cambay asset
- Gold award for Ravva asset from Quality Circle Forum of India (QCFI) at 21st Chapter Convention
- Apex Gold Award in Occupational Health & Safety for Mangala, Bhagyam and Aishwarya mines
- Cairn awarded Greentech Safety Excellence Award 2021.

Cairn Oil & Gas has taken various initiatives:

- COVID-19 mass vaccination drive for employees, their family members, and Business Partners. 100% of eligible employees of Cairn and Business Partners have completed both dose of vaccination.
- "5S" certification for Mangala, Bhagyam and Aishwarya Mines.
- Launched Business Partner's awards to recognise HSE initiatives to make workplace and work environment safe.

Digital initiatives: Drone based inspection of Overhead Power Lines, Artificial Intelligence (AI) based CCTV Camera in Suvali, High voltage proximity detectors for cranes and tippers to avoid incident with overhead electrical lines, e-Lock for crude tankers, Solar based traffic light system, Contactless Breath Analyser, Hazard reporting through Kiosk and Mobile App etc.

Environment

Our Oil & Gas business is committed to protect the environment, minimise resource consumption and drive towards our goal of 'zero discharge'. Highlights for FY2022 are as:

- NABL accreditation (ISO 17025:2017) and ILAC-MRA (International Laboratory Accreditation Cooperation - Mutual Recognition Arrangement) approval for Environment Lab at Mangala Processing Terminal, Barmer
- Leaders Award in Sustainability 4.0 under Mega large business category conferred by Frost & Sullivan and TERI
- Reduction in GHG emission:
  a. Commissioning of pipeline from Raag Oil to RGT for gas transportation instead of flaring resulted in ~0.8 mmscfd gas with annual GHG reduction potential of 32,500 tons of CO2e.
  b. Diversion of condensate from Bridge plant to RDG resulted into saving of 1 mmscfd gas with annual GHG reduction potential of 27,750 tons of CO2e/annum
  c. Commissioned 100 KWP Solar Plant at Sara WP#01.
  d. Green OB project: Commissioned 530 KWP Solar Plant at Operation Base Camp at MPT (Annual GHG reduction potential of 790 tons of CO2e/annum.
- Reject water treatment plant commissioned at MPT to increase produced water recycling rate: ~194,811 KL recovered
- Hydrocarbon recovery by processing of skimmed oil: ~18,233 bbls.

Mangala Processing Terminal

Management Discussion and Analysis

Operational review: Oil & Gas

PRODUCTION PERFORMANCE

	Unit	FY2022	FY2021	% change
Gross operated production	Boepd	160,851	162,104	(1%)
Rajasthan	Boepd	137,723	132,599	4%
Ravva	Boepd	14,166	19,177	(26%)
Cambay	Boepd	8,923	10,329	(14%)
OALP	Boepd	39	-	100%
Oil	Bopd	135,662	140,353	(3%)
Gas	Mmscfd	151	131	15%
Net production – working interest	Boepd	103,737	101,706	2%
Oil*	Bopd	87,567	88,923	(2%)
Gas	Mmscfd	97	77	26%
Gross operated production	Mmboe	58.7	59.2	(1%)
Net production – working interest	Mmboe	37.9	37.1	2%

* Includes net production of 535 boepd in FY2022 and 441 boepd in FY2021 from KG-ONN block, which is operated by ONGC. Cairn holds a 49% stake.

Operations

Average gross operated production across our assets was 1% lower y-o-y at 160,851 boepd. The company's production from the Rajasthan block was 137,723 boepd, 4% higher y-o-y. The increase was primarily due gains realised from ramp up of gas sales, continued impact of polymer injection in Bhagyam & Aishwariya fields and new infill wells brought online in Mangala field. Production from the offshore assets, was at 23,089 boepd, 22% lower y-o-y, owing to natural field decline.

Production details by block are summarised below.

Rajasthan block

Gross production from the Rajasthan block averaged 137,723 boepd, 4% higher y-o-y. The natural reservoir decline has been offset by ramp-up of gas production, infill wells in Mangala field and impact of polymer injection in Bhagyam and Aishwariya fields.

Gas production from Raageshwari Deep Gas (RDG) averaged 158 million standard cubic feet per day (mmscfd) in FY2022, with gas sales, post captive consumption, at 128 mmscfd.

On 26th October 2018, the Government of India, acting through the Directorate General of Hydrocarbons (DGH), Ministry of Petroleum and Natural Gas, 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 15th May 2020. The Division Bench of the Delhi High Court in March 2021 set aside the single judge order of May 2018 which allowed extension of PSC on same terms and conditions. We have filed a Special Leave Petition (SLP) in Supreme Court against this Delhi High court judgement. We have also filed application for amendment of SLP to bring additional grounds and question of law on 8th March 2022 along with the application for seeking interim relief.

137,723
boepd
Average Gross production from the Rajasthan block

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 interim relief application was heard by the Tribunal on 15th December 2020 wherein it was directed that the GoI should not take any coercive action to recover the disputed amount of audit exceptions which is presently in arbitration and that during the arbitration period, the GoI should continue to extend the tenure of the PSC on terms of current extension. The GoI has challenged the said order before the Delhi High court which is now listed on 25th May 2022.

We have filed Statement of Reply and Defence to Counterclaim on 30th November 2021. Rejoinder to Statement of Reply and Statement of Reply to Defence to Counterclaim has been filed by GoI on 7th March 2022.

The GoI has also filed application before the Tribunal objecting to its jurisdiction to decide issues arising out of or relating to the PSC extension policy dated 7th April 2017, the Office Memorandum dated 1st February 2013, as amended and audit exceptions notified for FY2016-18. We have filed our objection to this assertion by GoI. Tribunal's Procedural Order dated 23rd September 2021 dismissed the motion and ordered costs in favour of Vedanta. The costs are not payable until the end of the arbitration or further order in the meantime.

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 the matter is now listed for hearing on 25th May 2022.

Further to above stated letter from GoI on 26th October 2018, in view of pending non-finalisation 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 14th May 2022, whichever is earlier.

Ravva block

The Ravva block produced at an average rate of 14,166 boepd, lower by 26% y-o-y, owing to natural field decline. Previous year production included impact of infill drilling campaign.

Cambay block

The Cambay block produced at an average rate of 8,923 boepd, lower by 14% y-o-y. This was primarily due to natural field decline partially offset by well interventions and production optimisation measures.

PRICES

Particulars	FY2022	FY2021	% Change
Average Brent prices –US$/barrel	81.15	44.3	83

Crude oil price averaged US$81.15 per barrel, compared to US$44.3 per barrel in FY2021. The continuous upward movement is mostly driven by accelerating global oil market rebalancing, increasing vaccination rates, continued easing of COVID-19-related mobility restrictions and increasing geopolitical tensions around the world.

Early in the year, demand dampened amid deteriorating situation around the world due to surge in COVID-19 Delta variant taking the oil prices downwards. However, increased COVID-19 vaccination rate, continued efforts by OPEC to follow their scheduled crude oil production increase of 400,000 barrels per day (b/d) and natural factors effecting production in US, offset the sudden downward spikes in the prices due to planned and unplanned outages.

Later during the year, crude prices remained volatile bolstered by fast spreading omicron variant, raising demand concerns and need for harsh lockdowns. However, low death rates and higher vaccinations around the world nullified the concerns over demand.

Russian invasion further into Ukraine on February 24 and the subsequent escalation of armed conflict, contributed to rising crude oil prices crossing 100$/bbl mark. The increase in crude oil prices reflects potential effects of the extensive sanctions levied by the United States, European Union, and others on Russian entities in response to Russia's continued invasion of Ukraine, as well as the risk of potential disruptions to crude oil and energy production and infrastructure related to the conflict. In addition to western sanctions and the U.S. import ban, weather-related disruptions at Kazakhstan's Caspian Pipeline Consortium (CPC) terminal along Russia's Black Sea Coast, as well as a fire related to a Houthi missile attack at a Saudi Aramco oil storage and distribution facility in Jeddah, contributed to additional volatility and risk of supply disruptions, led to a continued rally in prices.

Management Discussion and Analysis

Operational review: Oil & Gas

FINANCIAL PERFORMANCE (US$ million, unless stated)

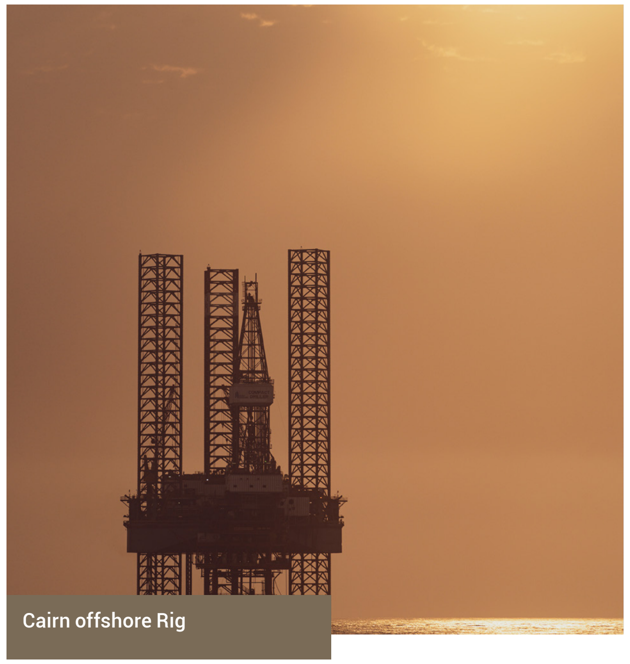
Particulars	FY2022	FY2021	% change
Revenue	1,669	1,016	64%
EBITDA	809	438	85%
EBITDA margin (%)	48%	43%	-
Depreciation and amortisation	307	287	7%
Operating Profit before special items	502	151	-
Share in Group EBITDA (%)	13%	12%	-
Capital Expenditure	233	233	-
Sustaining	9	9	-
Growth	225	224	-

Revenue for FY2022 was 64% higher y-o-y at US$1,669 million (after profit petroleum and royalty sharing with the Government of India), as a result of the increase in oil prices. EBITDA for FY2022 was at US$809 crores, higher by 85% y-o-y in line with the higher revenues.

The Rajasthan operating cost was US$10.1 per barrel in FY2022 compared to US$7.7 per barrel in the FY2021, primarily driven by increase in polymer commodity index, owing to oil price rally and increased interventions. Previous year cost included impact of lower maintenance activities due to COVID-19.

Growth Projects Development

The Oil & Gas business has a robust portfolio of infill development & enhanced oil recovery projects to add volumes in the near term and manage natural field decline. Some of key projects are:



Cairn offshore Rig

Infill Projects

Mangala

Based on the success of the FM3 infill drilling campaign, opportunities to further accelerate production by drilling 4 horizontal wells and 1 vertical well in FM3 & FM5 sands were identified. The project also entails drilling of few deviated wells for FM2/3 sands and conversion of 3 wells to polymer injector.

As of March 31, 2022, drilling campaign of 5 wells is completed, of which 4 horizontal wells are hooked up.

Tight Oil (ABH)

Aishwariya Barmer hill stage II drilling programme enabled to establish the confidence in reservoir understanding of ABH. Based on the success of it, drilling of 5 additional wells were conceptualised and drilling of which completed in fourth quarter of fiscal year 2022. Of these, 2 wells have been hooked up.

NI Infill

The project entails drilling, completion, and hook-up of 3 producer wells in the NI field. Drilling and hook up of 3 well campaign has been completed during fiscal year 2022.

Tight Gas (RDG)

In order to realise the full potential of the gas reservoir, an infill drilling campaign of 27 wells has commenced during fiscal year 2022. As of March 31, 2022, 6 wells have been drilled and they are being progressively hooked up to ramp up volumes.

Satellite Fields

In order to monetise the satellite fields, an integrated contract for the appraisal and development activity through global technology partnership has commenced. Till March 31, 2022, 14 wells have been drilled, of which 2 wells are hooked-up.

Offshore (Cambay)

Infill programme in Cambay over the last few years has resulted in incremental recovery. New opportunities have been identified basis integration of advanced seismic characterisation, well and production data. Drilling commenced during third quarter of fiscal year 2022. As of March 31, 2022, 2 wells have been drilled of which 1 well is hooked-up.

Discovered Small Field (DSF)

Hazarigaon: Well intervention and testing activities was carried out in Hazarigaon-1 well. Extended well testing and monetisation is under planning.

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 have completed drilling of 3 exploration wells during fiscal year 2022. We also performed appraisal activities in Felsic (oil) zone in RDG and monetisation is under planning. We are also evaluating further opportunities to drill low to medium risk and medium to high reward exploration wells to build on the resource portfolio.

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 for prioritising area of hydrocarbon prospectivity has been completed in Assam, Cambay, Rajasthan & Kutch region. Seismic acquisition programme has been completed in Assam, Rajasthan, Cambay, and Offshore region.

15 wells exploration (risked resource potential of 122 mmboe) work programme spread over Rajasthan, Cambay, and North-east with drilling cost of US$118 million is under execution. Till March 31, 2022, 11 wells have been drilled (3 in Rajasthan, 6 in Cambay and 2 in North-east). Additional drilling, fracking, and related preparation activities are ongoing in Rajasthan, Cambay, and North-east.

Till date three hydrocarbon discoveries have been notified under the OALP portfolio.

- Rajasthan (2 Discoveries): KW2-Updip-1 was notified as oil discovery and is under extended testing. Durga -1 notified as oil discovery during fiscal year 2022 and monetisation is under planning.
- Cambay (1 Discovery): Jaya-1 is a gas and condensate discovery, and monetisation is under planning.

Geophysical and geotechnical site survey is ongoing in Offshore region Drilling is expected to commence during first half of fiscal year 2023.

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:

- Infill projects across producing fields to add volume in near term
- 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

Cairn facility overview

Aluminium

THE YEAR IN BRIEF

In FY2022, the aluminium smelters achieved India's highest production of 2.27 million tonnes. It has been a remarkable year as we inched towards our vision of 3 mtpa Aluminium. Though this year saw headwinds in cost due to rising commodity prices and the coal crisis, we undertook several structural initiatives to make our business immune from market induced volatilities. These reforms coupled with our continued focus on operational excellence, optimising our coal and bauxite mix, improved capacity utilisation across refinery, smelter and power plant, will further help reduce our cost in sustainable manner and make the business more predictable and improving our price realisation to improve profitability in a sustainable manner through well-structured PMO approach. The hot metal cost of production for FY2022 stood at US$1,858 per tonne. We also achieved record production of 1.97 million tonnes at the alumina refinery through continued debottlenecking.

Occupational health & safety

We report with deep regret, five fatalities of business partner employees during the year at our Aluminium business, two each at Lanjigarh project site and at Jharsuguda and one at BALCO. We have thoroughly investigated all the five incidents and the lessons learned were shared across all our businesses to prevent such incidents in future.

This year, we experienced total 30 Lost Time Injuries (LTIs) resulting in LTIFR of 0.41 at our operations.

We conducted safety stand-downs across the sites to communicate the learnings from safety incidents and prevent repeated future incidents. Our safety leadership regularly engages with the business partner site in-charges and their safety officers for their capability development and strengthening the culture of safety at our sites. We follow a zero-tolerance policy towards any safety related violations with stringent consequence management.

To enhance competencies of our executives, engineers, and supervisors of business partners and inculcate culture of Safety, we have engaged DuPont Safety Solutions. The initiative is known as Sankalp – demonstrates our resolve to provide Safe and Healthy workplace to all our employees. Under this initiative the unit Leadership are trained to provide visible felt leadership and lead effective safety interactions with the employees. Safety Committees are formed across the business to drive and review safety performance across the business. Training is being given in various areas of safety to improve the safety culture. Visible felt leadership is core to our operations and all leaders are expected to demonstrate highest level of safety discipline in their respective areas of operations ensuring inclusivity of Business Partners as well.

To build a culture of CARE, a new initiative of assigning 10 to 15 business partner employees to an executive, who will work with them to drive safe behaviour and eliminating unsafe practices has been implemented. This is an attempt / opportunity to solidify the relations between workers and executive.

Environment

During the year, Jharsuguda has recycled 11.5% of the water used, while BALCO has recycled 10.6%.

Our specific water consumption at VLJ metal was 0.39 m3/t, BALCO metal was 0.54 m3/t and alumina refinery was 1.90 m3/t.

Several Projects are being taken in water conservation to increase the amount of recycled water at each of our location. Reverse Osmosis plant has been commissioned at JSG thermal power plant to recycle water.

EV vehicles will be used in operations as part of the green drive. Under this initiative, the Jharsuguda unit has signed a contract to use 23 Electrical forklift instead of diesel-based forklift. We have planned to shift to 100 % EV LMV by FY 30. This will help us eliminate our in-plant scope 3 GHG emission from LMV operations at the Jharsuguda business.

This year we launched our low carbon aluminium brand, Restora, manufactured using Renewable energy through our two product lines – Restora and Restora Ultra. GHG emission intensity for these product lines are about half the global threshold for low carbon aluminium. A Strong step towards our commitment to achieve GHG emission intensity reduction of 25% by 2030 and Net zero carbon by 2050.

Restora Ultra is an ultra-low carbon aluminium brand in collaboration with Runaya Refining. Near zero carbon footprint – one of the lowest in the world. Testament to our focus on 'zero waste' through operational efficiencies and recovery from dross.

In the current fiscal year, we have reduced our GHG emission intensity by about 8.2% compared to the FY 21 baseline.

Management of hazardous waste such as spent Pot line, aluminium dross, and high volume low toxic waste such as fly ash, red mud etc. are material waste management issues for the aluminium business.

During the year, our operations have utilised 120% of Ash and 102% Dross. Ash is being utilised in partnership with NHAI and cement companies as part of circular economy model. JSG operations is supplying fly ash for highway construction activities in and around Odisha as part of partnership with NHAI. This partnership aims at creating a connected economy aligned to our vision of creating a cleaner, greener and sustainable tomorrow. BALCO is associated with Cement industries in the vicinity through road mode and striving to achieve economies of scale and enterprise solution which is environmentally friendly and cost effective. For the very purpose, BALCO has ventured into supplying the conditioned Fly Ash through Rake. This meaningful, sustainable increase in fly ash utilisation at locational, distant thermal power plant is mutual win for both Cement companies and BALCO. BALCO is also engaged in Mine back filling of Manikpur Mines which will further support the effort to utilise Fly Ash. Our Lanigarh operation has placed an order for manufacturing of red mud bricks. It is in the direction of waste-to-wealth initiative. On similar lines, JSG unit is working with Runaya refining for extracting valuable metals from Dross as part of waste-to-wealth initiatives.

Management Discussion and Analysis

Operational review: Aluminium

The organisation is working proactively towards the vision of Zero Waste.

PRODUCTION PERFORMANCE

Particulars	FY2022	FY2021	% Change
Production (kt)			
Alumina – Lanjigarh	1,968	1,841	7%
Total aluminium production	2,268	1,969	15%
Jharsuguda I	550	533	3%
Jharsuguda II1	1,137	867	31%
BALCO I	226	265	(15%)
BALCO II	355	304	17%

Alumina refinery: Lanjigarh

At Lanjigarh, production was 7% higher y-o-y at 1.97 million tonnes, primarily through continued plant debottlenecking and improved capacity utilisation.

Aluminium smelters

We ended the year with all time high production of 2.27 million tonnes. Our smelter at BALCO continued to show consistent performance.

Coal Security

We continue to focus on the long-term security of our coal supply at competitive prices. We added Jamkhani (2.6 mtpa), Radhikapur (West) ;(6 mtpa) and Kuraloi (A) North (8 mtpa) coal mines through competitive bidding process by GOI. We intend to operationalise Jamkhani and Radhikapur (West) in the next fiscal year. These acquisitions, along with 15 million tons of long-term linkage will ensure 100% coal security for Aluminium Business. We also look forward to continuing our participation in linkage coal auctions and secure coal at competitive rates.

PRICES

Particulars	FY2022	FY2020	% Change
Average LME cash settlement prices (US$ per tonne)	2,774	1,805	54%

Average LME prices for aluminium in FY2022 stood at US$2,774 per tonne, 54% higher y-o-y. The LME aluminium price has seen a wild swing this year, especially in the last quarter owing to both supply and demand side disruptions. Post the covid resurgence, the aluminium market is in a growth phase now with dedicated focus to accelerate development and reached to pre covid levels. This demand growth is expected to increase from 68 million tons to 75 million tons by 2025 driven by sunrise sectors such as Electric Vehicle, Renewable Energy, Défense and Aerospace. On supply side, during Q2 & Q3 FY2022, the energy price skyrocketed due to closure of coal mines in China, exceptionally higher demand for oil and closure of oil refinery in the east coast of Americas. Pertaining to exceptionally higher energy prices, several European smelters closed during the FY2022 causing a deficit of ~1.5 million tonnes in CY21. The deficit is expected to intensify with the ongoing geopolitical situation and continued high energy prices in CY22. FY2022 also witnessed demand growth stabilisation around the world.

UNIT COSTS

(US$ per tonne)

Particulars	FY2022	FY2021	% change
Alumina cost (ex-Lanjigarh)	291	235	24 %
Aluminium hot metal production cost	1,858	1,347	38 %
Jharsuguda CoP	1,839	1,304	41 %
BALCO CoP	1,913	1,450	32 %

During FY2022, the cost of production (CoP) of alumina increased to US$291 per tonne, due to headwinds in the input commodity prices, partially offset via benefits from increase in locally sourced bauxite, continued debottlenecking and improved capacity utilisation

In FY2022, the total bauxite requirement of about 5.8 million tonnes were met through domestic as well as import sources. ~63% of the Bauxite requirement was catered from Odisha through our LTC with the Government of Odisha and remaining 37% through imports from LTC with a reputed supplier.

In FY2022, the CoP of hot metal at Jharsuguda was US$1,839 per tonne, increase by 41% from US$1,304 in FY2021. The hot metal CoP at BALCO stood at US$1,913 per tonne, increase by 32% from US$1,450 per tonne in FY2021. This was primarily driven by the headwinds in commodity prices and reduced materialisation of domestic coal from Coal India Limited (CIL) with higher auction premiums.

FINANCIAL PERFORMANCE (US$ million, unless stated)

Particulars	FY2022	FY2021	% change
Revenue	6,833	3,865	77%
EBITDA	2,328	1,046	-
EBITDA margin (%)	34%	27%	-
Depreciation and amortisation	270	230	17%
Operating Profit before special items	2,058	816	-
Share in Group EBITDA (%)	37%	28%	-
Capital Expenditure	460	221	-
Sustaining	166	162	3%
Growth	293	59	-

During the year, revenue increased by 77% to US$6,833 million, driven primarily by rising LME Aluminium prices and higher production volumes. EBITDA was significantly up at US$2,328 million (FY2021: US$1,046 million), mainly due to higher sales volumes and increased sales realisation.

Value-added Product Portfolio

Strategic priorities & outlook

With the primary aluminium demand expected to increase and the ongoing geopolitical issues, the outlook for FY2023 is strong. European premiums are soaring while US premiums are supported by high demand and low stocks. The deficit is expected to intensify in 2022.

The input commodity prices across carbon are moving on a higher side driven by continued demand increases. We are looking at ways to continuously optimise our costs, while also increasing the price realisation to improve profitability sustainably.

India's market is expected to have robust growth, supported primarily by growing industrial activity and government focus on infrastructure sector and domestic manufacturing in the country. Several government initiatives (Make in India, Production-linked Incentive for domestic manufacturing, National Infrastructure Pipeline and National Rail Plan) will enhance aluminium demand, going forward.

Vedanta continues to expand its value-added product portfolio in line with evolving market demand, making it poised to grow in the Indian aluminium market.

At our power plants, we are also working towards improving materialisation from CIL, reducing gross calorific value (GCV) losses in coal as well as improving plant operating parameters which should deliver higher plant load factors (PLFs) and a reduction in non-coal costs. Vedanta is working out a plan to expedite operationalisation of Jamkhani, Radhikapur and Kuraloi coal mines.

Whilst the current market outlook remains bullish, our core strategic priorities include:

- **ESG:** Focus on the health & safety of our employees, business partners, customers, and community
- **Asset Optimisation:** Deliver alumina and aluminium production through structured asset optimisation framework
- **Growth:** Complete Lanjigarh Expansion, Expedite Value Added Product Projects
- **Raw Material Security:** Enhance bauxite and alumina security through LTCs and new mines auctions.
- **Coal security:** Expedite operationalisation of Jamkhani, Radhikapur and Kuraloi coal block, improve linkage coal materialisation
- **Quality:** Zero slippage in quality in entire value chain
- **Operational Excellence:** Improve our plant operating parameters across locations; and
- **Product Portfolio:** Improve realisations by enhancing our value-added product portfolio

Management Discussion and Analysis

Operational review

Power

THE YEAR IN BRIEF

In FY2022, TSPL's (Talwandi Sabo Power Limited) plant availability was 76% and Plant Load Factor (PLF) was 51%.

Occupational health & safety

In FY2022 TSPL focus on Category 5 Safety Incident elimination such as Critical Risk management, Catastrophic Risk Management, Horizontal deployment of Safety alert learnings, Vedanta Safety Standard Implementation and Engineering / Controls such as Line of Fire Prevention and Safety improvement project.

We continue to strengthen the 'Visible Felt Leadership 'through the on-ground presence of senior management, improvement in reporting across all risk and verification of on-ground critical controls. We also continue to build safety assisting infrastructure development through the construction of pedestrian pathways, dedicated route for bulkers, creation of secondary containment for hazardous chemicals and other infra development across sites.

Environment

TSPL focus on environment protection measures such as maintaining green cover of over 800 acres, continue the expansion of green cover inside plant premises and nearby communities. TSPL ensure availability of environment protection system such as ESP, Fabric Filters, water treatment plant and RO Plant. In Tailing Dam Management, TSPL has implemented all the recommendation of M/s Golder associates for ash dyke. Additional desk top review of TSPL Ash Dyke Facility by ATC Williams, Australia & TATA Consultancy (TCE) as Engineer of Records (EOR) to ensure Ash Dyke stability to review dyke design, quality assurance during for ash dyke raising and quarterly audit of ash dyke facility. In FY22, TSPL achieved 91% Ash utilisation in Road Construction, in Building sector for bricks, blocks, cements and low-lying area filling. TSPL has signed various MOUs with stakeholders to increase ash utilisation.

TSPL facility

TSPL has recycled 16.7% of the water used & Reduce the Fresh water consumption by various operation controls. TSPL continue its focus on energy saving projects such as CWP RPM reduction, HPT performance improvement, replacement of conventional lighting fixtures with LED lighting fixtures.

To stimulate efforts and reach towards new heights of sustainable business practices, TSPL established ESG transformation office. Under this initiative, TSPL has accelerated its efforts in Environment, Social and Governance aspects. TSPL ESG Transformation Office was created which included 12 communities of practice from each aspect of sustainability. Communities of Practice included Carbon, Water, Waste, Biodiversity, Supply chain, People, Communities (CSR), communication, Safety and Health, Acquisitions, Expansions. Each Community is led by a senior leader in the concerned department. Each community is driving sustainability initiatives in their community. In FY2021-22, total 55 projects are identified, and improvement initiatives works are in progress.

PRODUCTION PERFORMANCE

(US$ per tonne)

Particulars	FY2022	FY2021	% Change
Total power sales (MU)	11,872	11,261	5%
Jharsuguda 600 MW	2,060	2,835	(27%)
BALCO 300 MW*	1,139	1,596	(29%)
MALCO#	-	-	-
HZL wind power	414	351	18%
TSPL	8,259	6,479	28%
TSPL – availability	76%	81%	-

Continues to be under care and maintenance since 26 May 2017 due to low demand in Southern India.

* We have received an order dated 01 Jan 2019 from CSERC for Conversion of 300MW IPP to CPP w.e.f. 01 April 2017. During the Q4 FY2019, 184 units were sold externally from this plant.

Operations

During FY2022, power sales were 11,872 million units, 5% higher y-o-y. Power sales at TSPL were 8,259 million units with 76% availability in FY2022. At TSPL, the Power Purchase Agreement with the Punjab State Electricity Board compensates us based on the availability of the plant.

The 600MW Jharsuguda power plant operated at a lower plant load factor (PLF) of 53% in FY2022.

The 300 MW BALCO IPP operated at a PLF of 63% in FY2022.

The MALCO plant continues to be under care and maintenance, effective from 26 May 2017, due to low demand in Southern India.

UNIT SALES AND COSTS

Particulars	FY2022	FY2021	% Change
Sales realisation (US cents/ kWh)[1]	4.2	4.2	-
Cost of production (US Cents/kWh)[1]	3.2	3.2	3%
TSPL sales realisation (US Cents/kWh)[2]	4.9	4.0	22%
TSPL cost of production (US Cents/kWh)[2]	3.7	2.8	31%

(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 sale prices, excluding TSPL, remained flat and the average generation cost was marginally higher at US cents 3.25 per kWh (FY2021: US cents 3.16 per kWh).

In FY2022, TSPL's average sales price was higher at Us cents 4.9 per kWh (FY2021:US cents 4 per kWh), and power generation cost was higher at US cents 3.7 per kWh (FY2021: US cents 2.8 per kWh).

FINANCIAL PERFORMANCE (US$ million, unless stated)

Particulars	FY2022	FY2021	% change
Revenue	783	725	8%
EBITDA	145	190	(24%)
EBITDA margin (%)	19%	26%	-
Depreciation and amortisation	77	79	(1%)
Operating Profit before special items	68	111	(39%)
Share in Group EBITDA (%)	2%	5%	-
Capital Expenditure	6	3	77%
Sustaining	6	3	77%
Growth	-	-	-

* Excluding one-offs

EBITDA for the year was 24% lower y-o-y at US$145 million from US$190 million.

Strategic priorities & outlook

During FY2023, we will remain focused on maintaining the plant availability of TSPL and achieving higher pant load factors at the BALCO and Jharsuguda IPPs.

Our focus and priorities will be to:

- Resolve pending legal issues and recover aged power debtors;
- Achieve higher PLFs for the Jharsuguda and BALCO IPP; and
- Improve power plant operating parameters to deliver higher PLFs/availability and reduce the non-coal cost.
- Ensuring safe operations, energy & carbon management

Management Discussion and Analysis

Operational review

Iron Ore

THE YEAR IN BRIEF

Production of Crude ore at Karnataka stood at 5.60 wet million tons. With the order of Central Empowered Committee (Supreme Court appointed body) on 21st March'20, our annual mining capacity has been increased up to 5.89 mtpa. In line with this the Govt. of Karnataka on Feb'2021 has allocated the production quantity of 5.60 wet million tons from FY2021 onwards to maintain the SC allocated district cap.

Meanwhile, operations in Goa remained in suspension in FY2021 due to a state-wide directive from the Supreme Court. However, we continue to engage with the Government to secure a resumption of mining operations.

Amona Plant night view

Occupational health & safety

With our vision towards the of Zero Harm we are committed to achieve zero fatal accident at Iron ore Business. Our Lost Time Injury Frequency Rate (LTIFR) is 0.85 compared to 0.56 (FY 21). We are now focusing on bringing down the number of Injuries by conducting a detailed review of critical risk controls through critical task audits, strengthening our work permit and isolation system through identification and closure of gaps, on site audits, increasing awareness of both Company and business personnel by conducting trainings as per requirements considering the sustainability framework.

We have strived to enhance the health and safety performance by digitalisation initiatives such as COVID Marshalls, usage of non-contact type voltage detectors, underground cable detectors, usage of AI cameras for spotting safety violations etc. Currently we are working on implementing virtual reality training for our manpower in areas such as safety performance standards, hazards, risk control measures, and best practices in the field of Safety. We are also considering the possibility of implementing geo fencing so as to achieve better access control at various locations across the plant.

In order to achieve highest levels of safety at site we have identified key personnel from operation and maintenance to serve as safety stewards in addition to their current roles and responsibilities. Those who are nominated as safety stewards have been made to pursue a distance Masters degree in safety from reputed universities from the country which will enable them to identify and rectify issues at site using sophisticated tools.

We have also conducted trainings through third party on incident investigations in which various investigation tools such as ICAM, etc are covered. At IOK we have conducted trainings through a third-party post which a selected number of employees have been nominated as certified machine safety experts. These certified machine safety experts will be responsible for improving machine guarding design and implementation of the same as per Vedanta Safety Standards. At VAB we have conducted a training on crane and lifting safety through a third party so as to authorise a shortlisted group of competent personnel for approving critical lift plan and better focus on safety in areas of lifting and critical lifts.

In addition to employees nominated as safety stewards we also conducting training on NEBOSH and IOSH for shortlisted Vedanta personnel from departments such as Operation, Maintenance and Environment.

In FY2023 we will be further strengthening our Fatality Prevention Programme and also improving our safety management system through cross business audits.

Environment

At our Value-Added Business we recycle and reuse almost all the wastewaters. Only the non-contact type condenser cooling water of the power plant is cooled and treated for pH adjustment and discharged back into the Mandovi river, which is a consented activity by the authorities.

8500 numbers of plantation were done in the year 2021-22, including 7500 numbers of plantation through Miyawaki method.

Also, Value Added Business received Environmental Clearance for expansion project for installing Ductile Iron plant, oxygen plant & Ferro Silicon Plant along with increasing hot metal production capacity.

At Iron ore Karnataka, continuing with its best practises, company has constructed 38 check dams, 7 settling pond and 2 Harvesting pits. Additionally, company has de-silted 6 nearby village ponds increasing their rainwater harvesting potential by 60000 m3/annum.

In FY2022, around 18 Ha of mining dump slope was covered with biodegradable geotextiles to prevent soil erosion & 45,000 native species sapling were planted. Various latest technologies like use of fog guns; environment friendly dust suppressants mixed with water were adopted on the mines to reduce water consumption for dust suppression without affecting the effectiveness of the measures.

8,500

Numbers of plantation were done in the year 2021-22

Management Discussion and Analysis

Operational review: Iron Ore

Awards and accolades

For the year FY2022 various IOB units have received awards for their performance in Health and Safety such as Green Triangle Safety Award by Factories & Boilers for VAB, Apex India Gold Award for Safe Work Place Management and Apex India Green Leaf Award for Environment Excellence for Also our Sanquelim mine won Platinum award for Best environment Practises from International Conference on Geotechnical Challenges in mining , Tunnelling and Underground Structures, 2021.

PRODUCTION PERFORMANCE

Particulars	FY2022	FY2021	% Change
Production (dmt)			
Saleable ore	5.4	5.0	8%
Goa	-	-	-
Karnataka	5.4	5.0	8%
Pig iron (kt)	790	596	33%
Sales (dmt)			
Iron ore	6.8	6.5	4%
Goa	1.1	2.1	(50%)
Karnataka	5.7	4.4	30%
Pig iron (kt)	790	609	30%

Operations

At Karnataka, production was 5.4 million tonnes, 8% higher y-o-y. Sales in FY2022 were 5.7 million tonnes, 30% higher y-o-y due to Covid-19 Impact in the previous financial year. Production of pig iron was 789,717 tonnes in FY2022, higher by 30% y-o-y due to Covid-19 Impact in previous year and efficiency improvement post relining.

At Goa, mining was brought to a halt pursuant to the Supreme Court judgement dated 7 February 2018 directing all companies in Goa to stop mining operations with effect from 16 March 2018. We continue to engage with the Government for a resumption of mining operations.

We bought low grade iron ore in auctions held by Goa Government in Auction No -25, 26 & 27. This ore along with opening stock of ore purchased in 23rd & 24th auction and fresh royalty paid ore moved out of mines post the supreme court order, was then beneficiated and around 1.1 million tonnes were exported which further helped us to cover our fixed cost and some ore were used to cater to requirement of our pig iron plant at Amona.

FINANCIAL PERFORMANCE (US$ million, unless stated)

Particulars	FY2022	FY2021	% change
Revenue	852	611	40%
EBITDA	304	245	24%
EBITDA margin (%)	36%	40%	-
Depreciation and amortisation	32	30	8%
Operating Profit before special items	272	215	27%
Share in Group EBITDA (%)	5%	6%	-
Capital Expenditure	22	14	59%
Sustaining	9	6	42%
Growth	12	7	75%

In FY2022, revenue increased to US$853 million, 40% higher y-o-y mainly due to increase in sales volume at Karnataka & VAB and higher realisations at Karnataka & VAB during the year. EBITDA increased to US$304 million compared with US$245 million in FY2021 was mainly due to improved margin at Karnataka and higher volume at Karnataka & VAB.

Metallurgical Coke

Strategic priorities & outlook

Our near-term priorities comprise:

- Resume mining operations in Goa through continuous engagement with the government and the judiciary
- Realign and revamp resources, assets, HEMM's for starting the mine's operation
- Grow our footprint in iron ore by continuing to participate in auctions across the country, including Jharkhand.
- Advocacy for removal of E-auction/trade barrier in Karnataka.

Vedanta Sesa Goa

Management Discussion and Analysis

Operational review

Steel

THE YEAR IN BRIEF

ESL is an integrated steel plant (ISP) in Bokaro, Jharkhand, with a design capacity of 2.5mtpa. Its current operating capacity is 1.5mtpa with a diversified product mix of Wire Rod, Rebar, DI Pipe and Pig Iron. This year business has achieved highest ever hot metal production of 1,355kt, since acquisition.

In FY2022, ESL Steel Limited (ESL) has achieved highest ever NSR during the year since acquisition resulting in favourable EBITDA margin of US$74 per tonne.

ESL facility

Occupational health & safety

We had one unfortunate incident in the month of September where we had lost 3 of our business partners while carrying out a job on lift. A detailed investigation was carried out by cross business experts and actions implemented in letter and spirit. The current LTIFR for FY22 is 0.80

As part of our safety culture transformation journey, we had come up with various safety initiatives to enhance our safety performance.

Given below are few of the significant initiatives:

- **Project Prarambhik**: We have engaged DuPont Sustainable Solutions in our safety transformation journey with key focus on safety interactions and people engagement in executing safe operational practices.
- **Safety Park**: An on-site demonstration facility for trainings on various VSS Standards developed with prototypes for better understanding.
- **AR/VR**: Virtual Reality technology used for safety trainings to place the employees and business partners in the work environment and build their capability before actually placing them in the workplace.
- **Safety Portals**: Introduced various safety portals-Safety Interaction portal, Incident Management portal, mQuiz Portal, Safety Projects portal to provide user friendly platforms to capture various leading indicators of safety promoting a better workplace.
- CCTV cameras with AI detection technology
- **NDO**: Night Duty Officer concept initiated where senior leaders are engaged in night duties for better vigilance round the clock on observations.
- **Joint Safety Walks**: Site leadership team visits each shop/floor on every Saturday to have a site walk-through survey and conducts safety interactions to identify gaps and handhold the team in mitigating the risks.
- **Surakshavahan**: A mobile safety van concept to provide on job safety training to business partners and employees with audio visual facility for effective training with maximum engagement.
- **Theme based campaigns:** Every month we select one safety standard as a theme and drive various awareness initiatives and competitions including trainings and webinars along with quick wins

On COVID preparedness we have successfully ensured business continuity during the third wave with reinforcing various facilities including the Vedanta Field Hospital in Bokaro City. Vaccination of both the doses have been arranged for employees, business partners and their families.

Various projects and safety initiatives

Environment

In **Waste Management** system, ESL has attained 100 % utilisation of BF granulated Slag and Fly Ash by sending it to nearby cement Industries and Brick manufacturers. Recyclable Hazardous waste is sent to PCB authorised recyclers/re-processors and rest is sent to TSDF for which membership has already been taken. E-waste is also sent to authorised dismantlers.

In **Water Management**, treatment of 4500 Kl of effluent daily in the Effluent Treatment Plant is done and it is being re-utilised in several processes such as Coke Quenching, BF Slag granulation, in Greenbelt Development, Fire Fighting, Dust Suppression and in operations of Lime and Dolo, DIP and others. Recycling percentage has increased from 12% to 28 %. Settling pits at different locations are constructed and proper retention time is given for better treatment of water. In FY 22 till date 2,272,125 KLD of water is saved through different projects and initiatives being undertaken in ESL.

In **Energy Management**, the usage of waste heat from coke oven flue gas for generation of steam which ultimately helps in power generation, reduction in auxiliary power consumption from 12 % to 8 % through improvement in station heat rate is carried out.

Usage of LP steam in blast furnace to minimise the fuel requirement, LD gas and BF gas in several operations such as reheating furnace of rolling mills, Blast Furnace, DIP and lime and Dolo to reduce the fuel consumption, Running of TG through steam generated from Waste Heat recovery.

Management Discussion and Analysis

Operational review: Steel

In **Air Emission Management**, Revamping of Oxygen Convertor Gas Recovery (OG) system in Steel Melting Shop (SMS) to reduce fugitive emission, Upgradation of Air pollution control equipment's to meet the norms stipulated by the regulatory authorities, ESP revamping of Sinter Plant, Installation of fixed sprinklers all along the roads in RMHS area and dry fog system in all the closed conveyors and deployment of mechanical sweepers for road sweeping is carried out. Apart from that fixed type of fog guns are also installed in RMHS and CHP area of CPP in order to arrest the dust. Provision of water tanker is also there where fixed sprinklers are not installed.

Several initiatives have been taken in Biodiversity section as well. Miyawaki Forest development is carried out in ESL in 1.25 acres area and altogether 35000 saplings are planted during FY 22. Wildlife conservation plan for schedule 1 species is prepared and approved from all the levels in order to conserve them for 10 kms of area surrounding the plant.

We at ESL are driving ESG in order to facilitate sustenance in long run. Several CoPs (community of parties) are framed keeping into consideration all the three pillars Environment, Social and Governance. Several initiatives are taken in order to move towards Net Zero carbon by 2050 and net water positive by 2030. ESL is focused on deployment of EVs (Electrical vehicle) in order to reduce its Scope 3 emissions as well. In the renewable section the work is already in progress for installation of 4.5 MW rooftop Solar Power Plant.

Several community development programmes are carried out all along the area for women empowerment, livelihood generation, Health & Nutrition, Education, Water and Sanitation for all. In social front several initiatives are undertaken by Human resource for diversity inclusion and development of potential leaders from within by several employee development programmes.

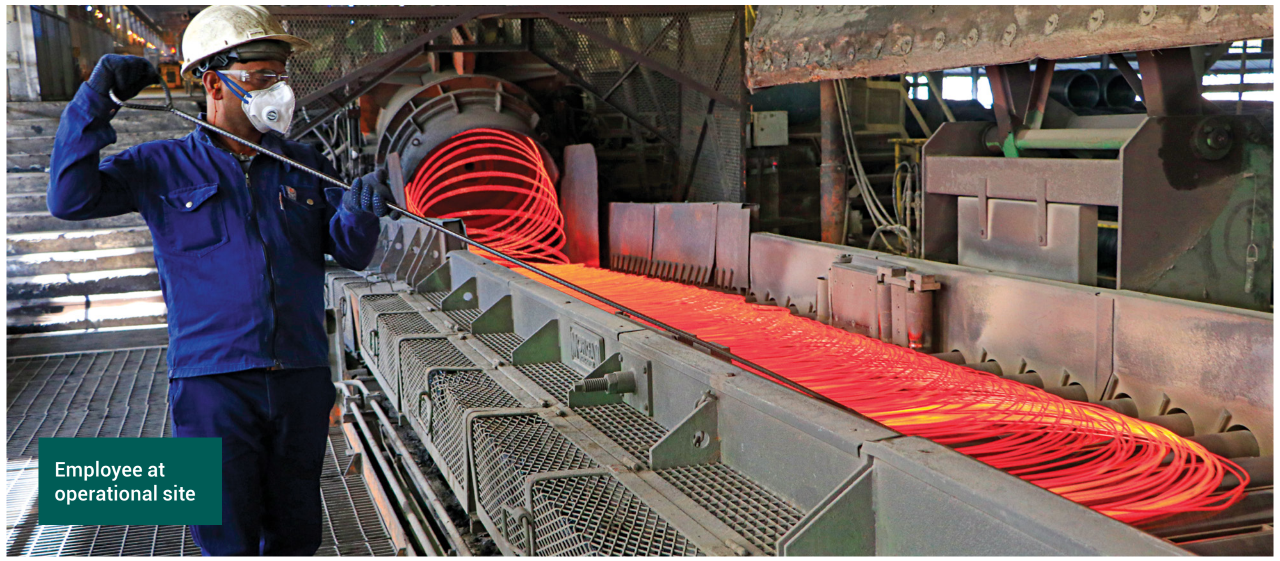
PRODUCTION PERFORMANCE

Particulars	FY2022	FY2021	% Change
Production (kt)	1,260	1,187	6 %
Pig iron	186	189	(2)%
Billet	91	165	(45)%
TMT bar	399	338	18%
Wire rod	421	361	17%
Ductile iron pipes	164	135	22%

Operations

There have been significant gains in Sales & NSR front. However, operational inefficiencies higher raw material prices of coking coal & other market factors resulted in higher cost of sales. We are trying to stable our raw material prices. We have acquired two iron ore mines to achieve raw material long term security & pricing stability.

During FY2022, we produced 1,260,000 tonnes of saleable product, higher by 6% y-o-y on account of increased availability of hot metal due to higher production.



Employee at operational site

The priority remains to enhance production of value-added products (VAPs), i.e., TMT Bar, Wire Rod and DI Pipe. ESL maintained 78% of VAP sales, in line with priority.

Our Consent to Operate (CTO) for the steel plant at Bokaro, which was valid until December 2017, was not renewed by the Jharkhand State Pollution Control Board (JSPCB). This was followed by the Ministry of Environment, Forests and Climate Change (MoEF&CC) revoking the Environmental Clearance (EC) dated February 21, 2018. MoEF&CC, on August 25, 2020, has granted a Terms of Reference to ESL for 3 mtpa plant with conditions like fresh EIA/EMP reports and public hearing. The Honorable High Court of Jharkhand had extended the interim protection granted in the pending writ petitions till September 16, 2020. Hon'ble High Court on September 16, 2020, pronounced and revoked the interim stay for plant continuity w.e.f September 23, 2020. ESL filed a SLP before Hon'ble Supreme Court against September 16, 2020, order for grant of interim status quo order and plant continuity. Vide order dated September 22, 2020, Hon'ble Supreme Court issued notice and allowed plant operations to continue till further orders. In furtherance of the Supreme Court orders for plant continuity, MoEF vide its letter dated 02.02.2022 has deferred the grant of Environment Clearance till Forest Clearance Stage-II is granted to ESL. ESL has submitted its reply against MoEF letter vide letter dated 11.02.2022 for reconsidering the decision and not linking EC with FC since as per the applicable law and available precedents, grant of FC Stage - II is not a condition precedent for grant of EC. CTO will be procured post furnishing the EC.

PRICES

(US$ per tonne)

Particulars	FY2022	FY2021	% Change
Pig Iron	545	382	43%
Billet	612	336	82%
TMT	687	539	27%
Wire rod	706	537	31%
DI pipe	628	544	15%
Average steel price (US$ per tonne)	**659**	**488**	**35%**

Average sales realisation increased 35% y-o-y from US$488 per tonne in FY2021 to US$659 per tonne in FY2022. Prices of iron and steel are influenced by several macro-economic factors. These include global economic slowdown, US-China trade war, supply chain destocking, government expenditure on infrastructure, the emphasis on developmental projects, demand-supply dynamics, the Purchasing Managers' Index (PMI) in India and production and inventory levels across the globe especially China. Even though the NSR increased by US$171 per tonne, we were unable to increase our EBITDA margin & landed to US$ 74 per tonne for the year (against US$95 per tonne in FY2021) due to increased raw material prices of coking coal.

UNIT COSTS

Particulars	FY2022	FY2021	% Change
Steel (US$ per tonne)	585	393	49%

Cost has increased by 49 % y-o-y from US$393 per tonne to US$585 per tonne in FY2022, primarily on account of heavy increase in coking coal prices during the year, uncontrollable factors and operational inefficiencies.

FINANCIAL PERFORMANCE (US$ million, unless stated)

Particulars	FY2022	FY2021	% change
Revenue	869	630	38%
EBITDA	94	117	(20%)
EBITDA margin (%)	11%	19%	-
Depreciation and amortisation	38	37	1%
Operating Profit before special items	56	80	(30%)
Share in Group EBITDA (%)	2%	3%	-
Capital Expenditure	118	(21)	-
Sustaining	15	14	7%
Growth	102	(36)	-

Revenue increased by 38% to US$869 million (FY2021: US$630 million), primarily due to higher volume. EBITDA decreased by 20% to US$94 million even after higher sales due to increased cost of production.

Strategic priorities and outlook

Steel demand is expected to surge owing to the gradual recovery in economic activities across the world, and the emphasis of governments to ramp up infrastructure spend. The focus is to operate with the highest Environment, Health and Safety standards, while improving efficiencies and unit costs.

The focus areas comprise:

- Ensuring business continuity
- Greater focus on Reliability Centred Maintenance
- Obtain clean 'Consent to Operate' and environmental clearances
- Raw material securitisation through –long-term contracts; approaching FTA countries for coking coal
- Ensure zero harm and zero discharge, fostering a culture of 24x7 safety culture

Ferro Alloys Corporation Limited (FACOR)

THE YEAR IN BRIEF

FACOR has achieved highest ferro chrome ore production of 250kt, since acquisition through operationalisation of two ore mines. Also achieved historic high ferro chrome production of 75kt and ever highest sales of 77 kt.

Building talent through teamwork

Health Safety Environment

In FY22, HSE and Sustainability Policies were rolled out. HSE E-library launched for easy access to HSE documents. For capability developments trainings given on Lifting plan, Defensive Driving, Machine Guarding, Work at Height, Forklift operation, Fire extinguisher to Employees & BPs. Training on Compliance, IFC/ICMM, HIV, Incident Investigation, VSAP/VSS modules were also given to all Employees. We also introduced Golden Safety rules and Cardinal rules for risk mitigation at workplace. We also framed SOPs related to Permit to Work, JSA, HIRA and PSSR. Visual Signage displayed at all strategic locations. Man-machine segregation & wheel Choke provided at strategic locations to mitigate risks. Mandatory PPEs and PPEs zone were introduced for all Employees and BPs.

For environment well-being and to ensure zero harm to environment we installed Sewage Treatment Plant, Effluent Treatment Plant at Mines & Power plant. Wheel wash system, HD IP Camera, Rainwater harvesting structure were also installed at FPL to reduce environmental risks. First ever VSAP, IMS Level 1 and Level 2 Audits conducted at FACOR.

Under the guidance of our CEO and unit wise cross functional teams, for implementation of all the preventive and precautionary measures, are engaged in prevention and control of the virus. We were implemented the COVID protocol/SOP formulated to ensure business continuity by ensuring minimum footfall and mitigating COVID risk. This includes staggered shift schedules, mandatory screening, social distancing, usage of masks, contact tracing, work from home, zero touch auto sanitising facilities, daily sanitisation of workplace, vaccination for frontline warriors, SOP & handbook on COVID, Vigilance of PPE compliances through automation, Cardinal COVID rules, etc.

PRODUCTION PERFORMANCE

Particulars	FY2022	FY2021	% Change
Ore Production (kt)	250	147	69%
Ferrochrome Production (kt)	75	68	10%
Ferrochrome Sales (kt)	77	71	8%
Power Generation (MU)	294	274	7%

At Mining division, we recorded ever highest Chrome Ore production of 250 kt in FY22 since acquisition. Through disrupt ideas and out of the box thinking we also achieved ever highest monthly and quarterly Ore Production of 45 kt in June'21 and 123 kt in Q1 FY22 since acquisition. Ensuring our commitment towards zero harm we installed Slope Stability Radar (SSR) for real time pit slope & dump monitoring at our Ostapal Mines and installed fatigue monitoring system in all dumpers at Mines. We also installed Renewable Energy (RE) based solar panels for energy savings at Ostapal & Kalarangiatta Mines.

At Charge Chrome Plant (CCP), we recorded ever highest Ferrochrome metal volume of 75 kt in FY2022 since inception. We also achieved 1st and 2nd ever highest Ferrochrome metal volume of 6,902 and 6,852 MT in May and December since inception and highest metal volume of 20,058 MT in Q-3 FY2022 since acquisition. We started blending Met Coke with Anthracite coal and Coke Fines Briquettes in FY2022 and were able to achieve average blending of 15% (10% Anthracite Coal and 5% Coke Fine Briquettes) in FY2022. We also reduced our specific Power consumption up to levels of 3,347 Kwh/T against 3,450 Kwh /T and specific Ore consumption up to 2.4 against 2.5 in FY22.

At Power Plant, we recorded annual Power Generation of 292 MU in FY22, increased 8% Y-o-Y. We achieved first ever 100MW Power plant operation since inception.

FINANCIAL PERFORMANCE (US$ million, unless stated)

Particulars	FY2022	FY2021	% change
Revenue	111	37	-
EBITDA	44	9	-
EBITDA margin (%)	39%	25%	-
Depreciation and amortisation	6	4	-
Operating Profit before special items	38	6	-
Share in Group EBITDA (%)	1%	2%	-
Capital Expenditure			-
Sustaining	15	-	-
Growth	-	-	-

Awards and Accolades

- Won the British Safety Council Prestigious International Safety Awards 2022
- Bagged 01) Excellent & 02) Distinguished Award at National Convention on Quality Concepts (NCQC) 2021 organised by QCFI Coimbatore.
- Received HR award for excellence under Employee Engagement category by World HRD Congress.

Strategic Priorities

- Expansion of Mines from current capacity of 250 kt to 390 kt.
- Metal capacity addition of 60 KTPA through new 33MVA Furnace.
- Lease revival of Kathpal Mine.
- Installation of Waste Heat Recovery system and refractory relining in 45 MVA furnace.
- 100 MW Power Generation & sale of additional power.
- New COB plant commissioning of enhanced capacity of 50 TPH.

Management Discussion and Analysis
Operational review

Copper – India / Australia

Refinery, Sterlite Copper

THE YEAR IN BRIEF

The copper smelter plant at Tuticorin was under shutdown for the whole of FY2022. We continue to engage with the Government and relevant authorities to enable the restart of operations at Copper India.

We continued to operate our refinery and rod plant at Silvassa, catering to the domestic market.

Occupational health & safety

The lost time injury frequency rate (LTIFR) was Zero till Mar'22 (FY2021: 0).

Environment

Copper Mines of Tasmania continued in care and maintenance awaiting a decision on restart. Meanwhile, a small, dedicated team is maintaining the site and there were no significant safety or environmental incidents during the year. The site retained its ISO accreditation in safety, environment and quality management systems and the opportunity of a lull in production was used to review and further improve these systems.

PRODUCTION PERFORMANCE

Particulars	FY2022	FY2021	% Change
Production (kt)			
India – cathode	125	101	24%

Operations

The Tamil Nadu Pollution Control Board (TNPCB) vide order, dated 9 April 2018, rejected the consent renewal application of Vedanta Limited for its copper smelter plant at Tuticorin. It directed Vedanta not to resume production operations without formal approval/consent (vide order dated 12 April 2018) and directed the closure of the plant and the disconnection of electricity (vide order dated 23 May 2018).

The Government of Tamil Nadu also issued an order dated 28 May 2018 directing the TNPCB to permanently close and seal the existing copper smelter at Tuticorin; this was followed by the TNPCB on 28 May 2018. Vedanta Limited filed a composite appeal before the National Green Tribunal (NGT) against all the above orders passed by the TNPCB and the Government of Tamil Nadu. In December 2018, NGT set aside the impugned orders and directed the TNPCB to renew the CTO. The order passed by the NGT was challenged by Tamil Nadu State Govt. in Hon'ble Supreme 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 August 18, 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. Further, Hon'ble Supreme Court held that the case will be listed once physical hearing resumes in Supreme Court. The matter was again mentioned before the bench on 17th March 2021, wherein the matter was posted for hearing on 17th August 2021. However, the matter was not listed on 17 August 2021. After a series of computer-generated hearing dates, the matter was finally taken up on 15 March 2022 and was part heard. The next date of hearing is yet to be intimated.

Meanwhile, the Company's Silvassa refinery and rod plant continues to operate as usual, enabling us to cater to the 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 the Government's current favourable support and prices.

PRICES

Particulars	FY2022	FY2021	% Change
Average LME cash settlement prices (US$ per tonne)	9,689	6,897	40%

Average LME copper prices increased by 40% compared with FY2021.

FINANCIAL PERFORMANCE (US$ million, unless stated)

Particulars	FY2022	FY2021	% change
Revenue	2,035	1,469	38%
EBITDA	(15)	(21)	-
EBITDA margin (%)	(1)%	(1)%	-
Depreciation and amortisation	20	21	(5%)
Operating Profit before special items	(35)	(42)	-
Share in Group EBITDA (%)	0%	(1)%	-
Capital Expenditure	21	7	-
Sustaining	0	2	-
Growth	21	5	-

During the year, revenue was US$2,035 million, an increase of 38% on the previous year's revenue of US$1,469 million. The increase in revenue was mainly due to higher Copper LME prices and higher volume. EBITDA loss reduced to US$15 million on account of improved operational deliveries partially offset by cost associated with supply of medical oxygen during COVID pandemic from our oxygen plant facility at Tuticorin.

Strategic priorities & outlook

Over the following year our focus and priorities will be to:

- Engage with the Government and relevant authorities to enable the restart of operations at Copper India
- Improving operating efficiencies, reducing our cost profile;
- Upgrade technology to ensure high-quality products and services that sustain market leadership and surpass customer expectations; and
- Continuous debottlenecking and upgrading our processing capacities for increased throughput.

Strategic Report Approval Statement

This Strategic Report is delivered in accordance with a resolution of the Board, and has been signed on behalf of the Board by:

Deepak Kumar
Company Secretary
Vedanta Resources Limited

Port Business
Vizag General Cargo Berth (VGCB)

In FY 22 VGCB discharge volume increased by 49% compared to FY 21 and dispatch volume increased by 60%. This increase in volumes is due to increase in coal consumption and the critical power crisis in India during Q2 and Q3 which eventually increased the coal imports and the overall coal imports in Vizag region increased by 14% compared to FY 21

GOVERNANCE

The Board is responsible for ensuring the long-term success of the Group by balancing the needs of its various stakeholders. Good governance plays a key role in the delivery of shareholder value and the Board remains committed to maintaining good corporate governance and ethical business practices.

Section 172 Statement

The following section serves as our "section 172(1) statement" and explains how the Board considers the interests of key stakeholders and the broader matters set out in s172 of the Companies Act 2006 (s172) when performing their duty to promote the success of the Company under s172, the Board's engagement with those stakeholders and their influence on decision making.

The Board's approach to s172 and decision making

The Board is ultimately responsible for the long-term success of the Group. It recognizes that this is dependent on fostering good relationships with its key stakeholders in the pursuit of sustainable growth for the benefit of the Company's shareholders. The Board therefore considers the interests of and the impact of its decisions on the Group's key stakeholders as part of its decision-making process.

When making decisions, each Director ensures that he acts in the way he considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to those set out in s172.

How the Board operates

Vedanta Resources Limited is the parent company of the Vedanta Group. Through its subsidiaries, it holds its principal operating businesses such as Vedanta Limited.

It is the Board's view that good governance of the Group is best achieved by the delegation of authority from the Board to its operating subsidiaries. Accordingly, the Board has well-established arrangements for the delegation of authority to its operating subsidiaries, together with a schedule of matters which are reserved for the Company's Board. Therefore, while the interests of the Group's stakeholders are considered by the Company's Board, at a business level, the interests of each business' stakeholders are considered by the boards of Vedanta Limited and each of its operating subsidiaries. Each subsidiary is responsible for their own decision making and formulates its own policies in line with local regulations in the country they operate in. Details of the Company's governance framework and delegation of authority to the Board and Management committees, which is regularly reviewed to ensure it remains fit for purpose, can be found of pages 122.

For every strategic proposal, the primary focus of the Board is to promote the long-term success of the group to the benefit of members and other stakeholders. Decision making by both the Company's Board, and under its delegated authorities to its principal operating subsidiaries, take into account the assessment of the impact of the decision of the long-term success of the Group to the benefit of its shareholders, with regard to other stakeholders.

The Company's principal operating subsidiaries report back to the Company's Board on the consideration taken by the respective subsidiary boards of the s172 factors on all strategic decisions taken by them.

As Vedanta Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India, stringent compliance and reporting measures are in place to ensure good governance and to consider the interests of its key stakeholders.

The role of the chair

The chairman encourages open dialogue between the non-executive director and management on all Board discussions. This includes constructive discussion, to assess the long-term impact for the Group including its stakeholders, of any strategic proposals presented to the Board.

Information

The associated briefing papers circulated to the Board for consideration and approval detail potential impacts, if any, on the members and other stakeholders and the long-term consequences for the business.

The s172 assessment is performed internally by management, and where required, the Board may request external assurance of the quality of information provided.

Policies and practices

Vedanta Limited, as the principal operating subsidiary, has an established stakeholder engagement standard which governs the procedure for identifying key stakeholders. At Vedanta Limited, a review of key stakeholders is undertaken every 3 years and discussed by the Group Executive Committee. This subsequently gets presented to the Vedanta Limited Board for information.

In line with the Group's delegated authority structure, stakeholder identification is undertaken at a Business Unit level. Vedanta's social responsibility performance standard aims to ensure effective engagement with all key stakeholders. Details on the Group's ongoing engagement with stakeholders can be found on page 56.

Training

The relevance of stakeholder considerations in the context of the Board's decision-making has long been a part of Board as they are aligned to the Group's vision, values and sustainability principles. We recognise the importance of keeping the interests of our stakeholders at the forefront of decision-making and provide refresher training to Directors as required.

The Board and Company's senior management team have received briefings on the Directors' duties as outlined in s172 of Companies Act 2006. These training briefings have also been cascaded to the management teams including those at the principal operating subsidiary, Vedanta Limited to ensure that delegated decision making adequately covers the impact assessment of these s172 factors and that stakeholder considerations are at the forefront of all strategic decisions.

Culture and Stakeholder Engagement

The Board is committed to maintaining strong relationships with its shareholders, bondholders and other stakeholders. The Group is working to continually improve its engagement with its various stakeholders.

The Group has a number of governance standards which facilitate the pursuit of its goals and vision with adherence to its purpose and values. The Group's stakeholder engagement standard and social responsibility performance standard ensure that the Group's stakeholders are at the forefront of its operations and decision making. They also facilitate effective engagement with all key stakeholders. Further details on ongoing engagement with stakeholders can be found on page 56-77 of the Strategic Report.

All Group governance standards including the stakeholder engagement standard and social responsibility performance standards are rolled out across the Group and include new operating businesses following their acquisition by the Group in order to promote consistency across the Group.

Maintaining our licence to operate

Our licence to operate is dictated by our reputation and the way the Group is perceived by its stakeholders. The Board's leadership ensures that management of the respective businesses run the businesses in an ethical and responsible manner in relation to all stakeholders. The Board has an established set of corporate values which guide its decision-making process and operations. Further details of the Group's purpose and values can be found on page 6.

The Group has a Code of Business Conduct and Ethics, a Supplier Code of Conduct and its Whistleblower Policy which reinforce the Board's commitment to operating in an ethical manner in the pursuit of its goals. Furthermore, staff receive regular training updates on ethical practices including anti-bribery and corruption and anti-money laundering. The Group Internal Audit function regularly reports to the Board on the operation of the Whistleblower policy including remedial actions taken following the investigation of any complaints received.

Creating value for our stakeholders

The Group maintains ongoing dialogue with its stakeholders to understand their expectations and how their concerns can be addressed. Consideration of stakeholder interests forms a vital part of the Board's deliberations.

Details of what the Board considers are the key interests of the Group's stakeholders and the Group's actions in FY2022 to foster these interests can be found in the sustainability section on page 56-77.

The Board and subsidiary boards ensure that stakeholder considerations are taken into account in strategic decision making by requiring that all strategic proposals coming to the Board include an analysis of stakeholder impacts, which form part of the discussions when making decisions. The Company Secretary provides support to the Board to ensure that sufficient consideration is given to stakeholder issues. In accordance with the Schedule of Matters Reserved for the Board, the principal operating subsidiaries will regularly report to the Board on the considerations taken for key strategic decisions.

Making strategic decisions for a better future

During the year, the Company's Board approved a proposal to embark on a Voluntary Open Offer to acquire up to 18.5% of the minority share interest in Vedanta Limited. As for all strategic matters, the Board received information materials on the proposed transaction which considered the impact of the transaction on the Group's key stakeholders.

The Board also reviewed the Group's organisation structure and financing arrangements to facilitate funding for the above and other strategic initiatives.

The Board deliberated on and concluded that these transactions would promote the long-term success of the Company without any significant detrimental impact to key stakeholders.

Governance framework

The Company's Board of Directors collectively provides entrepreneurial leadership for the Group and strategic direction to management for the delivery of sustainable shareholder value.

The reporting structure, as outlined below, between the Board and Management represents the Group's Delegation of Authority and Corporate Governance framework. As part of its decision-making processes, the Board considers the long-term consequences of its decisions, the interests of various stakeholders including employees, the impact of the Group's operations on the environment and the need to conduct its business ethically. This is achieved through a prudent and robust risk management framework, internal controls and strong governance processes.

Board

Comprises of three directors including the Executive Chairman, Executive Vice Chairman and one Non-Executive Director.

Executive Chairman

Board

- Set the values and vision of the Group;
- Determine strategic priorities and risk appetite;
- Review the delivery of strategy by management and provide challenge or support as necessary;
- Oversee the Group's internal controls and risk management framework;
- Monitor the Group's risk environment and tolerances;
- Stakeholder engagement;
- Financial and performance reporting; and
- Determine remuneration of Directors.

Group CEO

Ethics Committee

Executive Committee

Management Committee

Finance Standing Committee

Operating Business

Board and Committees of Operating Business

Executive Committees of Operating Business

The Group Company Secretary acts as Secretary to the Board and attends all its meetings to formally record each meeting.

MANAGEMENT COMMITTEES

The Management Committee

The Management Committee oversees the day- to-day running of the Company. The Management Committee:

Ensures effective implementation of Board decisions;

- Reviews operational business plans and recommends annual budgets to the Board for approval;
- Overseas the senior management team in their delivery of the Group's operational business plans following Board approval;
- Provides oversight of all of the Group's operations, and performance including environmental, social, governance, health and safety, sustainability;
- Manages the Group's risk profile in line with the risk appetite set by the Board;
- Ensures that prudent and robust risk management and internal control systems are in place throughout the Group;
- Supports the Executive Chairman in maintaining effective communications with various stakeholders.

The Executive Committee

The Executive Committee is responsible for the day-to-day running of the Group and meets monthly. It is responsible for implementing the strategy adopted by the Board, allocating resources in line with delegated authorities, managing risk and monitoring the operational and financial performance of the Group. Authority is delegated by the Executive Committee to the respective chief executive officer of each of the Group's businesses.

During the year, the CEO of Vedanta Limited attended the Company's Board meetings to brief the Board on strategic and operational matters. The CEO of Vedanta Limited reports to the Board on all operational matters.

The Finance Standing Committee

The Finance Standing Committee has delegated authority from the Board for approval of certain matters including approval of financing arrangements and corporate guarantees below the financial threshold for Board approval. The Company Secretary updates the Board on the activities of the Finance Standing Committee at the subsequent Board meeting and the minutes of all Finance Standing Committee meetings are reviewed by the Board.

Key matters reserved for Board consideration

The duties of the Board are set out in its terms of reference, including those matters specifically reserved for its consideration. The Board's terms of reference also set out those matters which must be reported to the Board, such as details of fatalities within the Group and the adoption or material amendment to the Group policies relating to business conduct, environment and health and safety.

The formal schedule of reserved matters is replicated in internal delegation of authorities within the Group to provide the businesses with flexibility to operate whilst ensuring that strategic matters are always considered and decided by the Board. The Board reviews its schedule of reserved matters regularly.

Board focus during the year

Strategy

- Approved the tender offer for the minority interest in the Company's principal subsidiary, Vedanta Limited.
- Approved the creeping acquisition of shares in Vedanta Limited;
- Approved a bond consent solicitation process of the Group's bond holders for revisions to certain financial covenants;
- Approval of the withdrawal of indirect tax litigation against the Government of India.

Operational and financial performance

- Approval for settlement of the KCM Class Action with Hausfeld LLP;
- Approval of tender offer for the Company's outstanding US$1 bn 6.375% bonds due in July 2022;
- Approval of working capital limits for purchase of raw materials;
- Approval of forward limits for hedging of currency exposures;
- Approval of brand fee extension agreements;
- Approval of the Group's Business Plan FY2021-2022;
- Reviewed the Group's operational performance, including safety and environment across its businesses, through updates from the Chief Executive Officer at each scheduled Board meeting;
- Reviewed the Group's financial performance and debt management initiatives through updates from the Chief Financial Officer at each scheduled Board meeting;
- Reviewed the Group's Treasury position and considered Management's liability management proposals including the approval of various loan financing facilities and amendments to existing loan facilities;
- Discussed the Group's operational and financial performance, reviewed its going concern status and approved the going concern statements for inclusion in the Company's Annual Report 2022.
- Received updated on the significant accounting, legal and tax issues and approved the Group's Annual Report and full- and half-year financial results;
- Declared an interim dividend payable to the Company's shareholders.

Governance and Risk

- Reviewed the composition of the Board and approved a new Board appointment;
- Approval for updating of the Finance Standing Committee membership and Terms of Reference;
- Reviewed the Group's progress on compliance with the Modern Slavery Act;
- Approval of the Payments to Governments' and Tax transparency reports; and
- Reviewed the Company's going concern position.

Effectiveness

The Board is comprised of executive and an independent Non-Executive Director for effective governance. The Non-Executive Director is considered fully independent in character and judgement and free from any relationship or circumstance that could affect or appear to affect his independent judgement.

The Board operates in an open and collaborative manner to support and constructively challenge management to deliver operational success. The Directors harness their collectively wide-ranging expertise and experience to shape decision making.

Board induction

On appointment to the Board, each Director undergoes a comprehensive induction programme which is tailored to their individual needs but is intended to provide an introduction to the Group's operations, challenges and risks. Newly appointed Directors also receive an overview of their duties, corporate governance policies and Board processes.

Ongoing board training and development

The Board is committed to the continuing development of its Directors and they are offered training as required to assist them in the performance of their duties. There are also procedures in place to provide the Directors with appropriate and timely information, including receiving information between meetings regarding Group business development and financial performance. The Directors have access to the Company's professional advisers, where necessary, as well as to the Company Secretary, who is responsible for ensuring that Board procedures are followed. The Company Secretary is also responsible for advising the Board on governance matters.

Accountability

Area of responsibility	Activities
Financial reporting The Board oversees the integrity of the Company's financial reporting process to ensure that the information provided to the Company's shareholders and other stakeholders is fair, balanced and understandable and provides the information necessary to assess the Company's financial position, performance, business model and strategy. The Group has a comprehensive financial reporting system, which is reviewed and modified in line with accounting standards to ensure that all published financial information is accurate.	During the year, the Board reviewed the preliminary announcement, Annual Report and financial statements for the Board's approval. As part of the process, it reviewed and challenged the key accounting and other judgements presented by management. A detailed audit plan (the Audit Plan) was prepared by the external auditor. The Audit Plan set out the audit scope, key audit risks identified, materiality issues, the client team working on the audit and the audit timetable. The audit scope covered the significant components of the audit and audit plans for each component and geographical location. Each of the key audit risks and the external auditor's response on how it will investigate these risks was considered by the Board. The Board discussed the key accounting issues as outlined in the audit opinion. Other areas of review and discussion included: • Six-monthly reviews of significant accounting issues and impact on the Group; • Review and approval of the half-year report; • Discussion on impairment reviews; • Review of pending tax issues and the financial exposure to the Group; • Review of legal and tax cases and the associated risks arising to ensure that appropriate provisions are made and disclosed; • Review of the going concern basis for the preparation of the financial statements including working capital forecasts, monthly projections and funding requirements;
Internal controls, risk management and governance The Board reviews internal control and risk management processes and output from the regular review of risks carried out during the year by the internal audit function.	Vedanta's risk management framework serves to identify, assess and report on the principal and emerging risks facing the Group's businesses in a consistent manner. Further details on the Group's risk management framework are on pages 44-51 of the Strategic Report. • During the year and up to the date of this Report, the Board reviewed the internal control system in place to ensure that it remains effective. The review included a report on the risk matrix, significant risks and actions put in place to mitigate these risks. Any weaknesses identified by the review were addressed by enhanced procedures to strengthen the relevant controls and these are in turn reviewed at regular intervals. • The Board also continued to monitor the market conditions, risks and uncertainties relevant to the Group, reviewed the risk management framework and reported to the Board on relevant risks affecting the Group. The Board received periodic updates from management confirming that risks relevant to the Group were appropriately categorised, the potential impact to the Group and adequacy of resources allocated to manage the risks. The Committee has reviewed the Principal Risks and Uncertainties for the Group disclosed in the Annual Report and Accounts 2022 and consider them to be appropriate. • Internal audit review including reviews of the internal control framework, changes to the control gradings within the Group and whistle-blower cases; and • Review of the Group's risk management infrastructure, risk profile, significant risks, risk matrix and resulting action plans.
The audit and external auditor	• Review of the significant audit risks with the external auditor during interim review and year-end audit; • Consideration of external audit findings and review of significant issues raised; • Review of key audit issues and management's report; • Review of the independence of the external auditor and the provision of non-audit services including non-audit fees paid to the external auditor; • Review of the external auditor's performance and making recommendations in respect of the re-appointment of the external auditor; • Review of the management representation letter; • Review of the audit plan, scope of the 2022 external audit of the financial statements and key risk areas for the 2022 audit.

Area of responsibility	Activities
Internal audit	
The Board has a zero-tolerance policy for corruption. Vedanta's Code of Business Conduct & Ethics contains guidelines for conducting the Company's business with the highest standards of business ethics. Vedanta also maintains a Supplier Code of Conduct which ensures that all its suppliers and service providers are also operating with the highest standards on business ethics. The Group's whistle-blower policy encourages employees of the Company, its subsidiaries and all external stakeholders to raise concerns about suspected wrongdoing within the Group in confidence. The whistle-blower policy also covers the requirements of the UK legislation in respect of slavery and human trafficking reporting.	• Receive updates from MAS on the Group's whistle-blower arrangements, including the outcome of investigations, for assurance that all reported whistle-blower incidents are appropriately investigated and actioned. • Review of internal audit observations and monitoring of implementation of any corrective actions identified; • Review of the performance of the internal audit function; and • Review of 2021-2022 internal audit plan.

Significant accounting issues considered by the Board

The preparation of financial statements requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. The Board reviews whether the Group's accounting policies are appropriate, and management's estimate and judgements applied in the financial statements are reasonable. The Board also reviewed the disclosures made in the financial statements and the views of the external auditor as outlined in the audit opinion on pages 136-144 on these significant issues were considered by the Board.

External auditor

MHA MacIntyre Hudson (MHA) is the Company's external auditor. The Board reviews the external auditor's independence and assesses their ongoing effectiveness. The Board also determines the external auditor's remuneration and includes all the fees that the Company pays for audit, audit-related and non-audit services performed by MHA.

Non-audit services

The Group has a policy that governs the provision of non-audit services by the external auditor which specifies the services which the external auditor is permitted to undertake. It also specifies non-audit services which MHA is prohibited from undertaking in order to safeguard their objectivity as such services present a high risk of conflict and could undermine the external auditor's independence. The Board reviews the fees paid to the external auditor for non-audit services to ensure auditor independence is safeguarded. A breakdown of the non-audit fees paid to the external auditor is disclosed in Note 37 to the financial statements.

Directors' remuneration report

DIRECTORS' REMUNERATION POLICY REPORT

Policy overview

The key objective of the Group's broad remuneration policy is to ensure that competitive and fair awards are linked to key deliverables and are also aligned with market practice and investor expectations.

The company ensures that remuneration policies and practices are designed to attract, retain and motivate the Executive Directors and the senior management group, while focusing on the delivery of Group's strategic and business objectives. The key focus area is alignment of the interests of Executive Directors and the senior management group with the strategic goals of the company and the interest of the investors to build a sustainable performance culture.

When setting remuneration for the Executive Directors, various aspects are taken into account such as the business performance, developments in the natural resources sector and, considering that the majority of the Group's operations are based in India, similar information for high-performing Indian companies.

In setting the policy for Executive Directors' remuneration, the company considers the pay and employment conditions across the Group, including annual base compensation increases across the general employee population and the overall spend on annual bonuses. Employees may be eligible to participate in the annual bonus arrangement and receive awards under the Long Term Incentive Plan. Opportunities and performance metrics may vary by employee level, with specific business metrics incorporated where possible.

The company does not formally consult with employees in respect of the design of the Executive Directors' Remuneration Policy, although the company will keep this under review.

There is a formal remuneration policy which details the various elements of pay, performance measures and their linkage to objective and the maximum opportunity of each element for the Executive Directors.

Service contracts for Executive Directors

The board reviews the contractual terms for new Executive Directors to ensure these reflect best practice.

Mr Anil Agarwal is employed under a contract of employment with the Company for a rolling-term, but which may be terminated by not less than six months' notice. Provision is made in Mr Anil Agarwal's contract for payment to be made in lieu of notice on termination which is equal to base compensation.

Mr Navin Agarwal has a letter of appointment with the Company which is a rolling contract and may be terminated by giving six months' notice. Mr Navin Agarwal has a contract of employment with Vedanta Limited which expires on 31 July 2023, with a notice period of three months or base compensation in lieu thereof.

Letters of appointment for Non-Executive Directors

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

The Board has access to remuneration advisor as and when the advice is needed.

ANNUAL REPORT ON REMUNERATION

Single total figure for remuneration

The table below summarises Directors' remuneration received during the year ended 31 March 2022 and the prior year for comparison.

	Base compensation including salary or fees £000	Taxable Benefits £000	Pension £000[5]	Annual bonus £000[7,8]	Long-term incentives £000	Total £000 [9,10]
Executive Directors						
Anil Agarwal[1]	1739	7		1385	336	3467
	1439	6		-		1445
Navin Agarwal[2,3]	1105	183	62	734	244	2328
	983	175	61	-	-	1219
Non-Executive Directors[4]						
Geoffrey Green	51					51
	115					115
Ed Story	16					16
	95					95
Allampllam Narayanaswamy[10]	21					21

NOTES

1. Mr Anil Agarwal's taxable benefits in kind include provision of medical benefits;
2. Mr Navin Agarwal is based out of India and is drawing the majority of his remuneration in INR. For the financial year ended 31 March 2022, Mr Navin Agarwal received a Vedanta Limited salary of INR 1,94,885,870 (including discretionary award of INR 70,00,000) Vedanta Resources Limited fees of £85,000 and Long Term Incentive Plan (LTIP) related payment of £244,269, Hindustan Zinc Limited fees of INR 4,75,000 & commission of INR 28,87,500.
3. Mr Navin Agarwal's taxable benefits in kind include housing and related benefits and use of a car and driver.
4. Non-Executive Directors are reimbursed for expenses incurred while on Company business. No other benefits are provided to Non-Executive Directors
5. All of the Group's pension schemes are based on cash contribution and do not confirm an entitlement to a defined benefit. Pension contributions are made into the Executive Vice Chairman personal pension schemes (or local provident fund) and will become payable on the retirement. The Executive Chairman does not receive pension benefits.
6. Amounts shown in the table relate to the payment of the annual bonus made to the Executive Directors for FY 2020-21 and 2019-20 respectively
7. Additionally, in FY'2021-22, Mr. Anil Agarwal was paid a discretionary award of GBP 229,474 and Mr. Navin Agarwal was paid a discretionary award of INR 70,00,000. Discretionary award was given to employees of the company holding critical positions to recognize the significant contributions made for the growth of organization and value their long term association. Executive Directors were also covered under this award, the award amount is included in the above table.
8. NIC Contribution as per the statutory requirement is made for all Executive and Non-Executive Directors
9. The exchange rate applicable as at 31 March 2021 was INR 96.8653 to £1 & USD 1.3071to £1 and at 31 March 2022 was INR 100.2629 to £1 & USD 1.3136to £1
10. Mr Narayanaswamy received an additional remuneration of USD25,920 in aggregate from other entities within the Vedanta Group. The applicable exchange rate used was INR 75 to $1.

Payments to past Directors

No payments were made to past Executive Directors during the year ended 31 March 2022

Payments for loss of office

No payments were made in respect of loss of office during the year ended 31 March 2022.

Non-Executive Directors' fees

Fees for the Non-Executive Directors are determined by the Board.

Directors' report

The Directors are pleased to present their annual report on the business of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2022.

Information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended to be included in the Directors' Report but, which is instead included in the Strategic Report or elsewhere in the Annual Report, is set out in the table below.

Review of the business and future developments of the business of the Company	Strategic Report on pages 78–115
Employment policies and employee involvement	Strategic Report on page 73-74

Strategic report

The Strategic Report has been prepared in accordance with the Companies Act 2006 ('the Act') which requires the Company to set out a fair review of the business of the Group during the financial year, including an analysis of the position of the Group at the end of the financial year and the trends and factors likely to affect the future development, performance and position of the business. The Strategic Report on pages 1-115 provides a comprehensive review of Vedanta's strategy, operations, its financial position and its business prospects, and is incorporated by reference into, and forms part of this Directors' report.

Review of business and future developments

Certain items that would ordinarily need to be included in this Directors' report (including an indication of likely future developments in the business of the company and the Group) have, as permitted, instead been discussed in the Strategic report. A review of the business and future developments of the Group is presented in the Strategic Report on pages 78-115.

Directors' Declaration

The Directors' declaration on pages 134-135 is also incorporated into this Directors' report.

Forward looking statements

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

Dividends

The Directors are not recommending a final dividend for the year ended 31 March 202. An interim dividend of US cents 46.0 per ordinary share was paid during the year. (2021: An interim dividend of US cents 88 per ordinary share was paid for the during the year)

Directors

The Directors as at the date of this Report are Messrs Anil Agarwal, Navin Agarwal and A R Narayanaswamy. Biographies for each of the Directors can be found on the Company's website at www.vedantaresources.com

The following directors were appointed or resigned during the year or to the date of signing this Annual Report:

Geoffrey Green- Resigned as a Director on 30 September 2021.

A R Narayanaswamy- Appointed as a Director on 1 June 2021.

Directors' Remuneration

Details of the remuneration of the Directors of the Company is provided in the Directors' Remuneration Report on pages 128.

Directors' and officers' indemnity

The Company had in place qualifying third party indemnity provisions for the benefit of its Directors and officers during the year which remain in force as at the date of this report.

Directors' indemnities and insurance

Directors and Officers insurance cover is in place for all Directors to provide cover against certain acts or omissions on behalf of the Company.

Material Interest in shares

The shares of Vedanta Resources Limited are held by Volcan Investments Limited and its wholly owned subsidiary, Volcan Investments Cyprus Limited as follows:

Volcan Investments Limited- 187,488,092 shares – 65.73%

Volcan Investments Cyprus Limited- 97,758,606 shares – 34.27%

Share capital

As at 31 March 2022 the issued share capital of the Company was comprised of 285,246,698 ordinary shares of US$0.10 each and 50,000 deferred shares of £1 each.

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles. Details of the issued share capital together with movements in the Company's issued share capital during the year are shown in Note 29 of the financial statements.

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

Further details of the rights attaching to the deferred shares are set out in the Articles and summarised in Note 29 of the financial statements.

Financial instruments

An explanation of the Group's financial management objectives and policies, together with details of the Group's exposure to price risk, credit risk, liquidity and cash flow risk and foreign currency risk, appears in Note 24 to the financial statements.

Branches

During the year and to the date of this report, the Company has one branch overseas, situated in Jharsuguda, Orissa, India.

Employees

Information on the Group's employees and its policies with respect to employees can be found in the Sustainability Report section of the Strategic Report on pages 73-74. In summary, the Group's commitment to communication and dialogue with employees continues. The existence of a Group-wide intranet enables engagement and communication with employees throughout the Group. It also helps management to share information, ideas and opportunities quickly and to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Company. Employees have opportunities to voice their opinions and ask questions through the Group intranet and engage in question and answer sessions with the Executive Chairman.

Slavery and Human Trafficking Statement

The Group's slavery and human trafficking statement for the year ended 31 March 2022 in accordance with s54 of the Modern Slavery Act 2015 will be published on the Company's website at www.vedantaresources.com. The statement outlines the steps taken by the Group to address the risk of slavery and human trafficking occurring within its operations and supply chains.

Diversity & inclusion policy

The Board has formalised its approach to diversity and inclusion with its approval of the Group's Diversity and Inclusion Policy. The policy reinforces the Group's commitment to promoting an inclusive environment, in which every member of its workforce feels valued and respected, with a zero tolerance of discrimination and harassment. While our commitment extends to embracing diversity in all its forms, including but not limited to, age, gender, ethnicity, abilities, sexual orientation and religious beliefs, the Group's is specifically focussing on improving the gender balance.

The objective of the Diversity and Inclusion Policy is to have a workforce which is representative of the countries and communities in which we operate and where every individual is valued, respected and empowered to utilize their different abilities and experiences to realize their full potential.

Gender diversity

The Board is driving the efforts to address gender imbalances across the Group in a holistic way by addressing the barriers to female progression in a heavily male dominated industry. Our Group companies have adopted path breaking initiatives for redressing gender imbalance. We have well defined diversity hiring targets, as we hire from the market and premiere colleges across the globe. Our empanelled search firms are necessarily mandated to present diverse slates for staffing and recruitment. Internally, we ensure that the interview panels have the right diversity mix, ensuring fairness in our selection practices.

Every year, we recruit a large number of graduate engineer trainees, management trainees and associates for Vedanta Leadership Development Program, across the globe, at the entry level and we endeavour to appoint at least 50% female candidates through campus recruitment. This provides us a strong and solid base for developing future home-grown diverse leaders at Vedanta. During the year, 37.6% of the recruitment across the Group comprised of women, compared to 35.3% the previous year. A deep dive into the various categories under it, shows that the Group has a gender diversity of 60% in management roles, 37% in Centre of Excellence and 28% in technical roles.

We also encourage the concept of 'second career opportunity' for women returning from sabbaticals and career breaks due to maternity or other family commitments. From time to time, hiring initiatives are launched, targeting this particular talent pool. Family friendly policies including enhanced maternity leave, paternity and adoption leave, benchmarked against global best practice, have been rolled out across our businesses in India, in excess of legal requirements and encourage the return of women to work.

Progress on measurable objectives

	FY2021-22	FY2020-21
WOMEN IN SENIOR MANAGEMENT	9%	7.96%
WOMEN RECRUITED DURING THE YEAR	37.6%	35.3%
TOTAL FULL TIME FEMALE EMPLOYEES ACROSS THE GROUP	11.54%	10.58%

Political donations

It is the Board's policy that neither the Company nor any of its subsidiary companies outside India may, under any circumstances, make donations or contributions to political organisations. Subsidiaries in India may make political donations or contributions as this is customary in India and permitted under local legislation. Any political donations made in India will be disclosed in the Company's Annual Report and Accounts.

The Company's subsidiary, Vedanta Limited purchased USD16.52 million worth of electoral bonds during the financial year ended 31 March 2022 (2021: US$ nil). Vedanta Limited made no contributions through any electoral trust during the year ended 31 March 2022. (2021: nil).

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.

Prior to current period, the last going concern assessment carried out for the period ended 30 September 2021 was approved by the Board of Directors in December 2021. The Directors were confident that the Group will be able to ensure: the production is not materially impacted by the COVID-19 virus, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

While the mitigating actions as highlighted in the interim financial statements for the period ended 30 September 2021 remain available to the Group, the following recent significant developments have had a positive bearing on Group liquidity and the Company's ability to continue as going concern;

The Company increased its stake in Vedanta Limited from ~65.2% to ~69.7% through a creeping acquisition in November 2021. The Company utilized US$ 800 mn under a Standard Chartered bank term loan facility to fund the stake increase transaction.

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 up to 30 September 2023 ("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 conservative assumptions of uncommitted refinancing.

Covenant Compliance

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. The Group has complied with all the covenant requirements till 31 March 2022.

Management notes that the Group has previously obtained covenant waivers, including in response to the appointment of a provisional liquidator at KCM. Additionally, the Group had successfully amended the covenants for its listed bonds in FY21. No covenant waivers were required to be obtained in FY22. The Directors of the Group are confident that they will be able to execute mitigating actions (see below) to ensure that the Group avoids, or secures waivers or relaxations for future period breaches, if any, of its covenants during the going concern period.

Mitigating actions

The mitigating options available to the Group and Company to address the uncertainties in relation to going concern include:

US$0.2bn term loans with a foreign bank and US$0.5bn with a public sector bank discussions in advanced stage.

Extension of maturity for two loans of combined outstanding amount of US$0.3 bn by one year under final stages of discussion.

Vedanta Limited executed a ~US$0.6bn long term facility agreement with Bank of Baroda and Canara Bank.

Execution of an off-take agreement covering certain future production and amounting potentially to c. $1bn. The Group is currently negotiating with a number of interested bidders an off-take agreement, under which the Group would receive an advance payment in return for supply of certain future production. However, no agreement has been concluded and there is a therefore uncertainty as to the Group's ability to access these funds.

Extension of working capital facilities and rollover of commercial papers: As at 31 March 2022, the Group had unutilised working capital facilities amounting to c. US$1.3bn and commercial papers in issue amounting to c. US$0.7bn. These facilities are not committed for the full duration of the going concern period to September 2023, but rather must be extended or rolled over. There is therefore a risk that, in adverse market conditions, the Group would not be able to extend or roll over these facilities. However, the Directors assess that the Group has a strong record of extending and rolling over these short-term facilities and has historically had significantly higher levels of commercial papers in issue.

Access to buyers/suppliers credit and customer advances: As at 31 March 2022, the Group had c. US$1.4bn of supplier's credit and c. US$0.5bn of advances from customers. These financing arrangements are integral to the business of certain Group divisions, but are not committed for the full duration of the going concern period. There is therefore a risk that the Group will not be able to access these financing arrangements in the future. Nevertheless, the Directors note that the Group has in the past consistently obtained supplier credit and customer advances at current levels.

Conclusion

Based on these considerations, the Directors have a reasonable expectation that the Group and the Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Company's standalone financial statements.

Post balance sheet events

On 28 April 2022, the Company announced a tender offer to purchase for cash up to US$ 500 million in aggregate principal amount of its outstanding 6.375% bonds due 2022 including accrued and unpaid interest. Upon expiration of the tender offer, the Company had accepted for purchase of principal amount of US$ 468,775,001 bonds validly tendered at or prior to the Expiration Time and had completed settlement of consideration for the tendered Bonds amounting to US$ 477,318,253 (including interest) on 27 May 2022.

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

Details of significant events since the balance sheet date are disclosed in Note 35 to the financial statements.

Research and development

The Group's business units carry out research and development activities as outlined below:

Hindustan Zinc Limited (HZL) has renewed its commitment to R&D through a decision to significantly enhance its R&D intensity. It works at the interface between science and business to generate ideas and convert these into practical innovation. The focus areas include studies of the changing characteristics of the ore, estimating the future developmental needs, optimization of the processes for enhancing the recovery of metals, reducing material consumption and waste generation and development of alternative applications amongst others. This is achieved through new technology development in collaboration with world class universities and institutes, technology providers and start-ups. Some commercial implementations during the year include the process for Zinc metal recovery from treatment of lead concentrates, and process for controlling concentrate impurities while using non-hazardous cost-effective reagents. Monitoring of ore characteristics at various mines has provided opportunities for optimizing ore blend. Successful plant trials have been completed for enhanced metal recovery from smelter residues. In the coming year, HZL will focus on improving mineral processing and smelting processes, efficiencies of electrolysis processes, and recovery of valuables from multiple waste streams.

In the **Aluminium Business**, a new R&D vertical has been constituted with a robust pipeline of over 20 initiatives across areas like Process Improvement, Waste to Wealth, Product Development, Product Quality and Cost Optimization. To this effect, Vedanta Limited has entered into partnerships with various eminent institutes such as IIT Kharagpur, IIT Delhi, Institute of Minerals & Materials Technology (IMMT) Bhubaneswar. In-house capabilities of R&D infrastructure and highly skilled technical workforce are also being strengthened.

Sterlite Copper always strives to provide best in class support to the customers in terms of product quality, packaging and other services. In the FY'22, under the sustainable packaging initiative, 100% recyclable packaging solution was introduced for the copper rod sales. This packaging provides protection even under adverse climate conditions and has resulted in improved customer satisfaction. Further, the extraction processes have been improved to provide higher grade products. As part of the business' ESG journey to "Green Copper", the addition to renewable solar energy power has led to a reduction of the carbon footprint by 445 TCO2 eq/year.

Iron & Steel: The business is working with CSIR – NML for reductant blend optimization in submerged electric arc furnaces in ferro chrome production. Vedanta Limited has partnered with IMMT Bhubaneshwar to develop the process for converting medium grade high LOI iron ore from Karnataka into good quality pellets and is proceeding to scale-up. Vedanta Limited is also jointly working with IIT Roorkee on the development of white cast iron which is a potential import substitute. On R&D front, the business is working with IIT Bombay to further the understanding of the fundamentals of green steel making. There has been good success with replacing coke with alternatives like briquettes.

Cairn continues to operate its fields in a digital manner through unmanned well pads with remote access, drastically reducing human exposure to risk and increasing operational efficiency. Vedanta Limited has undertaken further digital initiatives to improve efficiency, ranging from drone-base inspection of overhead power lines, Artificial-Intelligence (AI) based CCTV cameras to solar based traffic light systems. Hazard management has been strengthened by enabling reporting through kiosks and mobile-based apps and increased usage of high-voltage proximity detectors for cranes and tippers to avoid incident with overhead electrical lines.

The Group's expenditure on Research and Development is disclosed in Note 10(a) of the financial statements on page 192.

Agreements: change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, (defined as a transfer of 35% shareholding) such as commercial contracts, bank loan agreements and capital market borrowing. The following are considered to be significant in terms of their likely impact on the business of the Group as a whole:

1. The US$1,000 million 6.375% bonds due in 2022, US$400million 8% bonds due in 2023; US$500 million 7.125% bonds due in 2023, US$1,000 million 6.125% bonds due in 2024, US $1000 million 13.875% bond due in 2024, US $1200 million 8.95% bond due in 2025 and US$600million 9.25% bonds due in 2026 where a change of control together with a rating decline requires the Company to make an offer to purchase all of the outstanding bonds at 101% of the principal amount together with any accrued and unpaid interest.

   Under various other financing facilities entered into by the Group where a change of control gives the majority lenders the right to declare the loans payable.

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

SECR disclosure within the Directors Report.

Whilst we provide global Greenhouse gas and energy data within this report, we are a private limited group whose operations and turnover are based overseas and as such fall outside of the reporting requirements for an unquoted company. The UK element of our operations falls below both the turnover and employee thresholds for a large company and as such no SECR disclosures are required or made.

Greenhouse gas (GHG) emissions reporting

Climate risk is recognized as a global risk. Since the Paris accord, significant efforts are made by global communities to mitigate and adapt climate change impacts. Last year, at Vedanta, we had formulated a Carbon Forum, under the leadership of our Power business head, to develop strategies and actions to manage climate related business risk. The forum is comprised of the chief operating officers of our businesses. The Group now has a Climate related Risk Management Policy and Strategy in place. In addition to the Carbon Forum, climate related business risk is on the Group level risk register which enables us to review the progress made on climate related risk at the highest risk committee level of the organization.

We calculate and report greenhouse gas inventory i.e. Scope 1 (process emissions and other direct emissions) and Scope 2 (purchased electricity) as defined under the World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI) GHG protocols.

GHG Emissions (million TCO2e)	FY2022	FY2021	FY2020
Scope 1	60.69	58.93	57.45
Scope 2	3.52	1.31	1.81
Total	**64.21**	**60.02**	**59.26**

Directors' report

GHG Emissions (Tonnes of CO_2)

Business	FY2022		FY2021	
	Scope 1	Scope 2	Scope 1	Scope 2
Zinc India	4,333,075	554,472	4,582,808	307,059
Zinc International	128,152	232,340	53,629	164,686
Oil & Gas	2,068,657	254,270	1,970,638	144,439
Iron Ore	1,922,461	593	1,689,317	1536
Ports	1,595	10,625		
Copper India & Australia	28,684	73,079	4,1284	65,227
Aluminium	35,444,133	2,116,336	35,514,744	520,231
Power	13,381,022	114,907	12,225,649	7,473
Steel	3,379,736	171,060	2,856,311	95,963
Total	**60,687,516**	**3,527,683**	**58,934,380**	**1,306,614**

The GHG intensity ratio below expresses Vedanta's annual GHG emissions in relation to the Group's consolidated revenue.

GHG Intensity Ratio (Tonnes of CO2/Mn US$)

Business	FY2022	FY2021
Zinc India	1,280.62	1,651.98
Zinc International	602.96	593.25
Oil & Gas	1,401.61	2,081.77
Iron Ore	2,188.10	2,767.35
Ports*		-
Copper India & Australia	50.37	72.51
Aluminium	5,536.52	9,323.41
Power	17,373.75	16,873.27
Others including Steel	3,696.45	4,686.15
Consolidated Group	**3,671.06**	**5,173.57**

*Ports figure is included in Iron Ore

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with UK law and regulations.

The directors are required by the UK Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and the parent company and the financial performance and cash flows of the Group and parent company for that period. Under that law they have elected to prepare the consolidated financial statements in accordance with UK adopted International Financial Reporting Standards (UK IFRS) and applicable law and have elected to prepare the parent company financial statements in accordance with applicable United Kingdom law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice), including FRS 101 "Reduced Disclosure Framework").

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group and Company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- In preparing the Group financial statements, IAS 1 requires that the directors:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware, and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with UK IFRS and in accordance with the provisions of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The parent company financial statements, prepared in accordance with United Kingdom generally accepted accounting practice, give a true and fair view of the assets, liabilities and financial position of the Company.
- The annual report and financial statements, including the Strategic Report and Directors' Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board

Deepak Kumar
Company Secretary
Vedanta Resources Limited
Registered no: 4740415

Independent auditors' report to the members of Vedanta Resources Limited

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Vedanta Resources Limited. For the purposes of the table in this report that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Vedanta Resources Limited and its subsidiaries (the "Group") and include the Group's share of associates. The "Parent Company" is defined as Vedanta Resources Limited. The relevant legislation governing the Parent Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Vedanta Resources Limited for the year ended 31 March 2022 which comprise:

- Consolidated Income Statement for the year.
- Consolidated Statement of Comprehensive Income for the year.
- Consolidated Statement of Financial Position.
- Consolidated Cash Flow Statement for the.
- Consolidated Statement of Changes in Equity for the year.
- Notes 1 to 39 of the consolidated financial statements, including the accounting policies.
- Parent Company Balance Sheet.
- Company Statement of Changes in Equity for the year.
- Notes 1 to 12 of the Parent Company financial statements, including the accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS"). The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2022 and the Group's result for the year then ended.
- the Group financial statements have been properly prepared in accordance under International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted in the United Kingdom ("UK adopted IFRS");
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Where additional resources may be required the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity and solvency considerations including examination of budgets and forecasts and their basis of preparation, including review and assessment of the model's mechanical accuracy and the reasonableness of assumptions included within.
- Consideration of terms and conditions attaching to financing facilities in place as at the date of the approval of the financial statements and compliance with covenants attaching to those facilities both up to the date of the approval of the financial statements and into the forecast period.
- Consideration of availability of funds required to settle funding facilities due for repayment during the going concern review period. Assessing the reasonableness and practicality of the mitigation measures identified by management in their conservative case scenario and considered by them in arriving at their conclusions about the existence of any uncertainties in respect of going concern.
- Viability assessment including consideration of reserve levels and business plans.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality	2022	2021	
Group materiality	$145m	$95m	2.5% of EBITDA
Group performance materiality	$87m	$57m	60% materiality
Group threshold for reporting to those charged with governance	$7.2m	$4.8m	Threshold for reporting to those charged with governance
Parent materiality	$18.2m	$18.7m	0.25% gross assets (2021: 0.5% gross assets restricted by group materiality allocation)
Parent performance materiality	$10.9m	$11.2m	60% materiality
Parent threshold for reporting to those charged with governance	$0.9m	$0.9m	Threshold for reporting to those charged with governance

Key Audit Matters

Recurring Group

- Valuation of Konkola Copper Mines plc (KCM) receivables and equity investment
- Rajasthan block Profit Sharing Contract (PSC) extension
- Taxation claims and exposures
- Deferred taxation and Minimum Alternative Tax (MAT) credit recoverability
- Completeness of related party relationships and transactions
- Management override of controls in relation to revenue recognition

Our assessment of the Group's key audit matters is consistent with 2021 except for:

- The removal of the key audit matter in relation to the impairment of property, plant and equipment, as a result of strong trading performance and commodity prices.

Scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements and the financial report. In particular, we looked at where the Directors made subjective judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

We directed and supervised component auditors in India to report on the entities which are considered significant components and these were as follows:

- Vedanta Limited
- Cairn India Holdings Limited
- Talwandi Sabo Power Limited
- Hindustan Zinc Limited
- Bharat Aluminium Company Limited
- ESL Steel Limited

Significant components were determined based on:

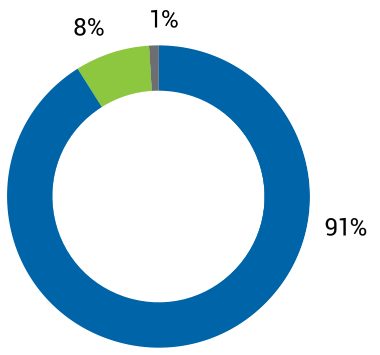
1) financial significance of the component to the Group as a whole; and
2) assessment of the risk of material misstatements applicable to each component.

Our audit scope results in all major operations of the Group being subject to audit work. Full scope audit assignments

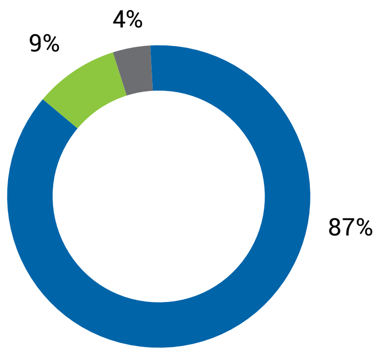
Independent auditors' report to the members of Vedanta Resources Limited

covered 87% (2021: 86%) of the Group's Revenue and 91% (2021: 89%) of the Group's EBITDA. In addition to those subsidiaries subject to full scope audits by either ourselves or component auditors, additional coverage was obtained through specific audit procedures being carried out on certain items and group analytical review of the non-significant components.

EBITDA



REVENUE



Full Scope   Limited Scope   Analytical Review

Notes:

- Full scope refers to the conduct of an audit of the components underlying financial information in accordance with ISAs UK.
- Limited scope incorporates those circumstances where component auditors have been instructed to perform certain procedures on financial statements areas or specific financial statement line items for individual components.
- Component auditors of lower risk components will usually be instructed to conduct a review of the financial position and performance of the component comparing the actual performance of that component with their valid expectations based on their knowledge of the entity and any known changes in its operational environment and investigating any unusual or unexpected results.
- Some components have been identified as being immaterial to the group individually and in aggregate.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of KCM receivables and equity investment

Key audit matter description	As at 31 March 2022, KCM related receivables with a carrying value of $682 million (2021: $682 million) were recognised in the financial statements of Vedanta Resources Limited, whilst the value of the equity investment in KCM was $Nil (2021 $Nil). We draw attention to note 3b of the accompanying consolidated financial statements which describes the uncertainty arising in respect of the valuation of KCM related receivables and equity interests as a result of the liquidation proceedings initiated by KCM's minority shareholder, ZCCM Investments Holdings Plc ("ZCCM"), against KCM. Due to the high level of subjectivity and material nature of this receivable, we have designated this as a key audit matter.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the liquidation proceedings through inquiries of the Company's management and review internal reports in relation to the matter. We have obtained and reviewed legal opinions obtained in the year from management, and assessed the competency of those providing legal opinions, and have considered how this has impacted on the fair value calculation. We engaged in discussion and challenged the approach of management appointed experts appointed to perform a fair value exercise in relation to the KCM economic interest. We performed procedures to assess the reasonableness of the key assumptions included in the valuation report, and the view taken by management in respect of the final value to be included in the financial statements. We engaged directly with third party valuation specialists, who formed their own opinion on the matter, to ensure that the conclusions reached by management and their experts were in line with those of an independent party.
Key Observations	We concluded that the fair value determined is reasonable and that the uncertainties surrounding the valuation have been appropriately disclosed in the financial statements. Our opinion is not modified in respect of this matter.

Production Sharing Contract extension for the Rajasthan oil block

Key audit matter description	As disclosed in note 2c iv of the accompanying IFRS financial statements there is an ongoing dispute with respect to government's share of profit oil by the Director General of Hydrocarbons and 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 Government has granted permission to the Group to continue operations in the block till 14 August 2022 or signing of the PSC addendum, whichever is earlier. The Group, based on external legal advice, believes it is in compliance with the necessary conditions to secure an extension of this PSC and that the demands are untenable and hence no provision is required in respect of these demands. Our opinion is not modified in respect of this matter. Should the Director General of Hydrocarbons' demands be upheld by the courts, that would have a significant financial impact on the Group financial statements. Due to continued uncertainty surrounding the licence extension we have considered this as a key audit matter.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the matter through inquiries of the Company's management and review internal reports in relation to the matter. We have obtained and reviewed legal opinions obtained in the year by management, and assessed the competency of those providing legal opinions, and have considered how this has impacted on assessment of the matter. We have reviewed workpapers and conclusions reached by component auditors in relation to PSC extension and demands made by the Director General of Hydrocarbons, and appropriately challenged the conclusions reached.
Key Observations	We concluded that the treatment and disclosure adopted by management is appropriate.

Independent auditors' report to the members of Vedanta Resources Limited

Taxation claims and exposures

Key audit matter description	The Group is subject to various tax disputes, mainly with the Indian authorities, which have been ongoing for numerous years. A material risk exists that the provision for these disputes is insufficient, or the contingent liability disclosed is understated, due to the inherent uncertainty in such disputes and the requirement for management judgements on whether the tax risk is remote, possible, or probable. The most material disputes relate to: 1. Indirect Transfer Issue and the withholding tax liability arising on the acquisition of shares of Cairn India Holdings Ltd from Cairn UK Holdings Ltd. In December 2020 the case was ruled in favour of the taxpayer at The Permanent Court of Arbitration at The Hague, though there are reports that the Indian authorities are appealing the decision. 2. Recomputed tax holiday claim on plants engaged in processing and casting zinc and lead ingots from zinc and lead cathodes and silver from silver mud. The majority of this dispute was classified as possible, which is the same classification as the prior year. 3. Rajasthan VAT Matter - Writ petition relating to sales tax. This was deemed as a remote tax risk by management.
How the scope of our audit responded to the key audit matter	We have engaged internal tax specialists to assist the audit team in performing work over all tax related matters. We have obtained an understanding of the processes in place to identify and assess risk in relation to tax disputes. We have critically reviewed detailed papers prepared by management assessing such risks and concluding on the appropriate accounting treatment of any potential liabilities. We have, along with local component auditors, reviewed the positions taken by management, and the relevant legal opinions, in respect of the major material taxation matters.
Key Observations	We concluded that management's assessment is appropriate and as detailed in notes 11 and 33d.

Deferred taxations and Minimum Alternative Tax (MAT) credit recoverability

Key audit matter description	The assessment and recoverability of deferred tax assets and MAT assets requires key management judgement regarding future suitable profits arising within a relevant timeframe, thus an inherent uncertainty and significant risk exists. The three most material elements of the recognised net deferred tax asset are MAT Credit Entitlement ($894m asset), Unabsorbed depreciation and business losses ($593m asset) and Property, Plant and Equipment, Exploration and Evaluation and other intangible assets ($1,445m liability).
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the relevant controls in relation to the Group's deferred tax and MAT calculations. We have reviewed the completeness and accuracy of movements in deferred tax balances in light of the relevant accounting requirements. We have critically assessed the MAT recoverability information provided to us regarding the key risk in Vedanta Limited. We have challenged management's judgements and significant assumptions in relation to the movements in the deferred tax and MAT balances by way of inquiry of management, including at local component level, and inspection of relevant documentation involving our tax specialists. We have analysed the Group income tax reconciliation and determined whether there were any unidentified temporary tax differences, (including where certain material losses have not been recognised historically, though are now being recognised by ESL). We have evaluated deferred tax balances and verified their mathematical accuracy including related to movements in the carrying amount of assets and liabilities used in management's calculation were correct. We have reviewed the accuracy and completeness of the Group's disclosures in respect of deferred tax and MAT.
Key Observations	We concluded that management's assessment is appropriate and as detailed in note 11c.

Completeness of related party relationships and transactions

Key audit matter description	The Group enters into a number of trading, financing and investing transactions with related parties, including with key management personnel and with entities in which key management have interest and exercise a significant influence or control. There is a risk in respect of the existence of unidentified or undisclosed related parties and transactions, including the risk relating to significant transactions outside the normal course of business that could involve related parties. We therefore considered completeness of related party transactions to be a Key Audit Matter in light of the potential for unidentified or undisclosed related party transactions. This risk was considered greatest in respect of transactions outside the normal course of business or those entered into that are not recorded or disclosed by management in accordance with IAS 24.
How the scope of our audit responded to the key audit matter	We have reviewed and evaluated management's process for identifying and recording related parties and approving related party transactions. We have conducted review procedures of the audit work completed by component auditors to ensure the audit risk has been suitably addressed and aligns with the Group methodology. We have reviewed minutes of meetings of the Board of Directors and relevant sub-committees to assess whether there are new related party transactions entered during the financial year that are significant or outside the normal course of business. On Vedanta Resources Limited we have used our data analytics tool to search for transactions which have not been included in the related party disclosures. We have challenged management on potential counterparties identified which may include linkages to the Group to establish whether they should have been identified as related parties. We have performed independent searches of the Board of Directors' and other key management personnel's other appointments and shareholdings. We have conducted a review of the whistleblowing reports made to those charged with governance for any signs of undisclosed related party transactions or relationships. We have undertaken a review of press releases and media coverage to detect any potential undisclosed related party transactions either within or outside of the Group. We have reviewed the Group financial statements disclosures of related parties to ensure it is compliant with the requirements of IAS 24.
Key Observations	We are satisfied that related party transactions are appropriately accounted for, and that required disclosures in accordance with IAS 24 have been made.

Management override of controls in relation to revenue recognition

Key audit matter description	The Group has a diverse range of revenue streams, some of which are subject to complex calculations and recognition criteria. Revenue for the year ended 31 March 2022 was $17,619 million (2021: $11,722 million). Revenue recognition criteria for the Group's material income streams is described in the note 2a iii. In our opinion, the complexity and diversity of revenue recognised means that it is subject increased risk of material misstatement, either through fraud or error, and it has therefore been highlighted as a Key Audit Matter.
How the scope of our audit responded to the key audit matter	All major sources of revenue come from components where a component auditor was engaged to report to us. As part of their procedures, which we reviewed and critically assessed, the component auditors completed the following: Performed walkthroughs of revenue recognition processes at all full scope components, and at those components where revenue was highlighted as a specific risk area. Performed detailed controls testing, including IT controls, to confirm the operating effectiveness. Reviewed and inspected agreements in respect to assess reasonability of income recognised in Power businesses.

Independent auditors' report to the members of Vedanta Resources Limited

Management override of controls in relation to revenue recognition

	Reviewed and inspected terms of profit-sharing agreements to assess reasonability of revenue recognised in Oil and Gas businesses. Designed tests of detail, where appropriate, to test the completeness and accuracy of revenue recognised. Performed suitable analytical procedures, comparing key ratios such as gross profit margin, to ensure reasonable to analyse, explain and corroborate any unexpected differences. Performed detailed cut off procedures including checking to source shipping documentation and other third-party information to ensure appropriate recognition of income. Reviewed journal entries using suitable data analytics software, to identify and query any unusual or unexpected entries affecting turnover.
Key Observations	We concluded that revenue had been recorded appropriately.

Our application of materiality

The scope of our audit was influenced by our application of materiality. Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls, the impact of there being a number of components and locations and the level of misstatements arising in previous audits.

	Group financial statements	Parent Company financial statements
Overall materiality	US$ 145 million (2021: US$ 95 million)	US$ 18.2 million (2021: US$ 18.7 million)
How we determined it	2.5% of EBITDA (2021: 2.5% of EBITDA)	0.25% of Parent Company's gross assets (2021: 0.5% of Parent Company's gross assets capped by group materiality allocation)
Rationale for the benchmark applied	We consider the EBITDA to be a key indicator for the group and is reflective of the current and future performance of the company. In our opinion EBITDA is the KPI of critical interest to the users of the financial statements of Vedanta Resources Limited as it is the key measure of the company's success, demonstrating profitable trading and the ability to service debt capital and interest payments.	The parent company is a holding company whose purpose is to consolidate the active trading entities and a number of other group companies. We consider gross assets to be the most important balance to the users of the financial statements.
	We set our 2022 performance materiality at 60% of overall materiality, amounting to $87m (2021: 60%, $57m) to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. In determining performance materiality, we considered a number of factors - the history of misstatements, our risk assessment and the strength and robustness of the control environment.	We set our 2022 performance materiality at 60% of overall materiality, amounting to $10.9m (2021: 60%) to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. In determining performance materiality, we considered a number of factors - the history of misstatements, our risk assessment and the strength and robustness of the control environment.

We agreed with the directors that we would report to them all audit differences in excess of US$ 7.2 million (2021: US$ 4.8 million) for the Group, and $0.9m for the Company (2021: $0.9m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We also report to management on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with applicable legal requirements.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- those reports have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received by branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. Review and challenge of component auditors workpapers in respect of compliance with local relevant laws in operation in India. The key UK laws and regulations we considered in this context included, the Companies Act 2006 and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the Group's operations.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims including review of professional legal opinions where appropriate.
- Enquiry of the audit committee concerning actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing the control systems in place and testing the effectiveness of certain controls.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for claims incurred but not reported; and
- Assessment of the procedures performed by component auditors in respect of the capability of such procedures to detect irregularities including fraud, from a detailed review of their work.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The engagement team includes audit partners and staff who have extensive experience of working with listed companies, and this experience was relevant to the discussion about where the risk of irregularities, including fraud may arise

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Directors, we were appointed by the members of the company. Our total uninterrupted engagement is 2 years, covering the years ending 31 March 2021 to 31 March 2022.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company, and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the directors.

Use of our report

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

Rakesh Shaunak
(Senior Statutory Auditor)
for and on behalf of MHA MacIntyre Hudson
Statutory Auditor
London
06 June 2022

Consolidated Income Statement

(US$ million)

	Note	Year ended 31 March 2022			Year ended 31 March 2021		
		Before Special items	Special items (Note 6)	Total	Before Special items	Special items (Note 6)	Total
Revenue	5	17,619	-	17,619	11,722	-	11,722
Cost of sales		(11,870)	(57)	(11,927)	(8,494)	(16)	(8,510)
Gross profit		**5,749**	**(57)**	**5,692**	**3,228**	**(16)**	**3,212**
Other operating income		244	-	244	178	-	178
Distribution costs		(459)	-	(459)	(272)	-	(272)
Administrative expenses		(507)	-	(507)	(433)	-	(433)
Impairment reversal/ (charge) [net]	6	-	465	465	-	(33)	(33)
Operating profit/(loss)		**5,027**	**408**	**5,435**	**2,701**	**(49)**	**2,652**
Investment revenue	7	153	-	153	292	-	292
Finance costs	8	(1,402)	-	(1,402)	(1,209)	(58)	(1,267)
Other gains and (losses) [net]	9	(38)	-	(38)	11	(5)	6
Profit/(loss) before taxation from continuing operations (a)		**3,740**	**408**	**4,148**	**1,795**	**(112)**	**1,683**
Net (expense)/tax credit (b)	11	(1,400)	(170)	(1,570)	(316)	18	(298)
Profit/ (loss) for the year from continuing operations (a+b)		**2,340**	**238**	**2,578**	**1,479**	**(94)**	**1,385**
Profit/(Loss) after tax for the year from discontinued operations	3(b)	-	-	-	-	91	91
Profit/(loss) for the year		**2,340**	**238**	**2,578**	**1,479**	**(3)**	**1,476**
Attributable to:							
Equity holders of the parent		825	177	1,002	303	20	323
Non-controlling interests		1,515	61	1,576	1,176	(23)	1,153
Profit/(loss) for the year		**2,340**	**238**	**2,578**	**1,479**	**(3)**	**1,476**

Consolidated Statement of Comprehensive Income

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Profit/ (Loss) for the year	**2,578**	**1,476**
Items that will not be reclassified subsequently to income statement:		
Remeasurement of net defined benefit plans (note 26)	(2)	(1)
Tax effects on net defined benefit plans	0	(1)
Profit on fair value of financial asset investment	2	9
Total (a)	**0**	**7**
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of foreign operations	(214)	232
(Loss) of cash flow hedges recognised during the year	(36)	(34)
Tax effects arising on cash flow hedges	12	12
Gains/(loss) on cash flow hedges recycled to income statement	50	24
Tax effects arising on cash flow hedges recycled to income statement	(18)	(8)
Total (b)	**(206)**	**226**
Other comprehensive (loss)/income for the year (a+b)	**(206)**	**233**
Total comprehensive income for the year	**2,372**	**1,709**
Attributable to:		
Equity holders of the parent	906	419
Non-controlling interests	1,466	1,290
Total comprehensive income for the year	**2,372**	**1,709**

Consolidated Statement of Financial Position

(US$ million)

	Note	As at 31 March 2022	As at 31 March 2021*
Assets			
Non-current assets			
Goodwill	14	12	12
Intangible assets	15	90	99
Property, plant and equipment	16	13,484	12,968
Exploration and evaluation assets	16	220	334
Financial asset investments	17	20	21
Non-current tax assets	11(d)	365	375
Other non-current assets	18	1,716	1,701
Deferred tax assets	11(c)	860	1,018
		16,767	**16,528**
Current assets			
Inventories	19	1,895	1,358
Trade and other receivables	18	2,479	1,467
Financial instruments (derivatives)	24	34	10
Current tax assets		3	1
Short-term investments	20	3,148	5,002
Cash and cash equivalents	21	1,328	955
		8,887	**8,793**
Total assets		**25,654**	**25,321**
Liabilities			
Current liabilities			
Borrowings	22(a)	4,972	3,673
Operational buyer's credit/supplier's credit	22(c)	1,456	1,142
Trade and other payables	23	4,866	4,406
Financial instruments (derivatives)	24	70	38
Retirement benefits	26	14	16
Provisions	25	42	32
Current tax liabilities		122	38
		11,542	**9,345**
Net current liabilities		**(2,655)**	**(552)**
Non-current liabilities			
Borrowings	22(a)	11,110	12,704
Trade and other payables	23	254	205
Financial instruments (derivatives)	24	1	10
Deferred tax liabilities	11(c)	764	299
Retirement benefits	26	21	20
Provisions	25	427	407
		12,577	**13,645**
Total liabilities		**24,119**	**22,990**
Net assets		**1,535**	**2,331**
Equity			
Share capital	29	29	29
Hedging reserve		(88)	(97)
Other reserves		(456)	(296)
Retained earnings		(2,598)	(2,783)
Equity attributable to equity holders of the parent		**(3,113)**	**(3,147)**
Non-controlling interests	30	4,648	5,478
Total equity		**1,535**	**2,331**

*Restated. Refer note 1(b)(i)

Financial Statements of Vedanta Resources Limited with registration number 4740415 were approved by the Board of Directors on 06 June 2022 and signed on their behalf by

A R Narayanaswamy
Director

Deepak Kumar
Company Secretary

Consolidated Cash Flow Statement

(US$ million)

	Note	Year ended 31 March 2022	Year ended 31 March 2021
Operating activities			
Profit/(Loss) before taxation		4,148	1,683
Adjustments for:			
Depreciation and amortisation		1,228	1,099
Investment revenues		(153)	(292)
Finance costs		1,402	1,267
Other (gains) and losses (net)		38	(8)
Profit on disposal of Property plant and equipment		(17)	(10)
Share-based payment charge		14	8
Liabilities written back		(9)	
Exploration costs written off		351	1
Impairment (reversal)/charge (net)		(843)	-
Write off of Asset under construction, land & capital advances		27	33
Other special items		57	16
Operating cash flows before movements in working capital		**6,243**	**3,797**
(Increase)/decrease in inventories		(585)	187
Increase in receivables		(4,485)	(409)
(Decrease)/Increase in payables		4,281	(241)
Cash generated from operations		**5,454**	**3,334**
Interest received		185	320
Interest paid		(1,559)	(1,336)
Income taxes paid (net of refunds)		(795)	(315)
Dividends paid		(131)	(162)
Net cash inflow from operating activities		**3,154**	**1,841**
Cash flows from investing activities			
Consideration paid for business acquisition (net of cash and cash equivalents acquired)	3(b)	-	(6)
Purchases of property, plant and equipment, intangibles, exploration and evaluation assets		(1,407)	(913)
Proceeds on disposal of property, plant and equipment, intangibles, exploration and evaluation assets		44	23
Proceeds from redemption of short-term investments	22(b)	16,601	13,988
Purchases of short-term investments	22(b)	(14,603)	(14,723)
Net cash inflow/(used in) in investing activities		**635**	**(1,631)**
Cash flows from financing activities			
Payment for acquiring non-controlling interest		(1,971)	(403)
Dividends paid to non-controlling interests of subsidiaries		(1,075)	(992)
Proceeds/(repayment of) working capital loan (net)	22(b)	118	(1,294)
Proceeds from other short-term borrowings	22(b)	2,815	3,569
Repayment of other short-term borrowings	22(b)	(2,349)	(3,394)
Proceeds from long-term borrowings	22(b)	4,207	5,182
Repayment of long-term borrowings	22(b)	(4,893)	(2,845)
Payment of lease liabilities		(31)	(46)
Net cash used in financing activities		**(3,179)**	**(223)**
Net increase/(decrease) in cash and cash equivalents		**610**	**(13)**
Effect of foreign exchange rate changes		(45)	22
Cash and cash equivalents at beginning of the year		**701**	**692**
Cash and cash equivalents at end of the year	21 & 22(b)	**1,266**	**701**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

(US$ million)

	Attributable to equity holders of the parent						
	Share capital (Note 29)	Hedging reserve	Other reserves[1]	Retained earnings	Total	Non-controlling Interests	Total equity
At 01 April 2021	**29**	**(97)**	**(296)**	**(2,783)**	**(3,147)**	**5,478**	**2,331**
Profit for the year	-	-	-	1,002	1,002	1,576	2,578
Other comprehensive income/ (loss) for the year	-	9	(105)	-	(96)	(110)	(206)
Total comprehensive income/ (loss) for the year	**-**	**9**	**(105)**	**1,002**	**906**	**1,466**	**2,372**
Transfers	-	-	(55)	55	-	-	-
Dividends paid/payable (note 13)	-	-	-	(131)	(131)	(1,075)	(1,206)
Exercise of stock options of subsidiary	-	-	-	7	7	6	13
Acquisition of stake in Subsidiary[3]	-	-	-	(752)	(752)	(1,219)	(1,971)
Change in fair value of put option liability/ conversion option asset/ derecognition of non-controlling interest	-	-	-	4	4	(4)	0
Other changes in non-controlling interests[2]	-	-	-	-	-	(4)	(4)
At 31 March 2022	**29**	**(88)**	**(456)**	**(2,598)**	**(3,113)**	**4,648**	**1,535**

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. During the year ended 31 March 2022, VRL, through its subsidiaries, purchased 541,731,161 equity shares of Vedanta Limited ("VEDL") thereby increasing its overall stake from 55.11% to 69.68% of the total paid-up share capital of VEDL.

For the year ended 31 March 2021

(US$ million)

	Attributable to equity holders of the parent							
	Share capital (Note 29)	Share premium	Hedging reserve	Other reserves[1]	Retained earnings	Total	Non-controlling Interests	Total equity
At 01 April 2020	**29**	**202**	**(95)**	**(331)**	**(3,068)**	**(3,263)**	**5,536**	**2,273**
Profit for the year	-	-	-	-	323	323	1,153	1,476
Other comprehensive income/ (loss) for the year	-	-	(2)	98	-	96	137	233
Total comprehensive income/ (loss) for the year	**-**	**-**	**(2)**	**98**	**323**	**419**	**1,290**	**1,709**
Transfers	-	-	-	(63)	63	-	-	-
Dividends paid/payable (note 13)	-	-	-	-	(251)	(251)	(992)	(1,243)
Exercise of stock options of subsidiary	-	-	-	-	5	5	3	8
On account of Capital reduction[3]	-	(202)	-	-	202	-	-	-
Acquisition of FACOR	-	-	-	-	-	-	(4)	(4)
Acquisition of stake in Subsidiary[4]	-	-	-	-	(38)	(38)	(365)	(403)
Change in fair value of put option liability/conversion option asset/ derecognition of non-controlling interest	-	-	-	-	(19)	(19)	15	(4)
Other changes in non-controlling interests[2]	-	-	-	-	-	-	(5)	(5)
At 31 March 2021	**29**	**-**	**(97)**	**(296)**	**(2,783)**	**(3,147)**	**5,478**	**2,331**

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.
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.
4. During the year ended 31 March 2021, VRL, through its subsidiary, purchased 185,000,000 equity shares of Vedanta Limited ("VEDL") thereby increasing its overall stake from 50.13% to 55.11% of the total paid-up share capital of VEDL.

Other Reserves Comprise

(US$ million)

	Currency translation reserve	Merger reserve(2)	Financial asset investment revaluation reserve	Capital reserve	Other reserves(3)	Total
At 01 April 2020	**(2,605)**	**4**	**6**	**29**	**2,235**	**(331)**
Exchange differences on translation of foreign operations	93	-	-	-	-	93
Loss on fair value of financial asset investments	-	-	5	-	-	5
Remeasurements	-	-	-	-	0	0
Transfer to retained earnings (1)	-	-	-	-	(63)	(63)
At 01 April 2021	**(2,512)**	**4**	**11**	**29**	**2,172**	**(296)**
Exchange differences on translation of foreign operations	(105)	-	-	-	-	(105)
Gain on fair value of financial asset investments	-	-	1	-	-	1
Remeasurements	-	-	-	-	(1)	(1)
Transfer to retained earnings (1)	-	-	-	-	(55)	(55)
At 31 March 2022	**(2,617)**	**4**	**12**	**29**	**2,116**	**(456)**

1. Transfer to retained earnings during the year ended 31 March 22 includes withdrawal of US$ 55 million from debenture redemption reserve (31 March 2021: US$ 39 million from debenture redemption reserve).
2. The merger reserve arose on incorporation of the Company during the year ended 31 March 2004. The investment in Twin Star had a carrying amount value of US$20 million in the accounts of Volcan. As required by the Companies Act, 1985, Section 132, upon issue of 156,000,000 Ordinary shares to Volcan, Twin Star's issued share capital and share premium account have been eliminated and a merger reserve of US$ 4 million arose, being the difference between the carrying value of the investment in Twin Star in Volcan's accounts and the nominal value of the shares issued to Volcan.
3. Other reserves include legal reserves of 4 million (31 March 2021: US$ 4 million), debenture redemption reserve of US$ 36 million (31 March 2021 US$ 91 million) and balance mainly includes general reserve and capital redemption reserve. Debenture redemption reserve is required to be created under the Indian Companies Act from annual profits until such debentures are redeemed. Legal reserve is required to be created by Fujairah Gold by appropriation of 10% of profits each year until the balance reaches 50% of the paid-up share capital. This reserve is not available for distribution except in circumstances stipulated by the Articles of Incorporation. Under the erstwhile Indian Companies Act, 1956, general reserve was created in relation to Group's Indian subsidiaries through an annual transfer of net income to general reserve at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that the total dividend distribution is less than total distributable reserves for that year. The said requirement was dispensed with w.e.f. 01 April 2013 and there are no restrictions of use of these reserves.

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 has 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 comprises 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 in India 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 an order of the Honourable Supreme Court of India, 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 divisions, 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. In view of 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) 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. The Group continues to engage with the Government of India and relevant authorities to enable restart of operations at Copper India.

  Further, the Group's copper business includes refinery and rod plant at Silvassa consisting of a 133,000 MT of blister/secondary material processing plant, a 216,000 tpa copper at refinery plant and a copper rod mill with an installed capacity of 258,000 tpa. The plant continues to operate as usual, catering primarily to the domestic market.

  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. In November 2021, the Group executed an arrangement with a third party for further exploration with an option to fully divest its shareholding in return for royalties on successful mining and production.

- 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 ("CPP") at Lanjigarh and a smelter and captive power plants ("CPPs") at Jharsuguda both situated in the State of Odisha in India. BALCO's partially integrated aluminium operations comprise 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

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of 600 MW at Jharsuguda in the State of Odisha in Eastern India. BALCO commercial power operations include 300 MW thermal coal-based power plant at Korba, Chattisgarh. 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 business include manufacturing and supply of billets, TMT bars, wire rods and ductile iron pipes in Eastern India owned and operated by ESL Steel Limited ("ESL"), formerly, Electrosteel Steels Limited.

The Group's other activities also include Vizag General Cargo Berth Private Limited ("VGCB") and Maritime Ventures Private Limited ("MVPL"). Vizag port project includes mechanisation 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 glass substrate, ferro alloys, and cement business by AvanStrate Inc. ("ASI"), Ferro Alloys Corporation Limited ("FACOR") and Desai Cement Company Private Limited ("DCCPL") respectively. ASI is involved in manufacturing of glass substrate in South Korea and Taiwan. FACOR 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"). DCCPL is involved in business of producing slag cements and owns three ball mills with capacity of 218,000 TPA.

Delisting of American Depositary Shares ("ADSs") of Vedanta Limited

The American Depositary Shares (ADS) of the Vedanta Limited ('VEDL') have been delisted from NYSE effective close of trading on NYSE on 08 November 2021. This follows the filing done by the VEDL of Form 25 with the Securities and Exchange Commission on 29 October 2021. As a consequence of the delisting becoming effective, termination of the Deposit Agreement under which the ADS were issued (the "Deposit Agreement") has also become effective close of trading on NYSE on 08 November 2021. The said action has no impact on the current listing status or trading of the Vedanta Limited's equity shares on BSE and NSE. Further, VEDL will continue to be subject to reporting obligations under the U.S. Securities Exchange Act of 1934 until such time as it can terminate its registration under the said Exchange Act.

Notes to the Financial Statements

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

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with those parts of the Companies Act, 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted in the United Kingdom ("UK adopted IFRS").

These financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated. The application of UK adopted IFRS has had no impact on accounting policies.

These financial statements were approved for issue by the Board of Directors on 06 June 2022.

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) Restatement/Reclassification

On an ongoing basis, the management reviews the changes in the nature of the Company's operations, selection and application of accounting policies and recent accounting pronouncements to assess appropriateness of presentation or classifications of items in the financial statements. For the year ended 31 March 2022, the Group has revised the presentation of:

i) In the comparative period ended 31 March 2021, some of the operational buyer's/suppliers' credit which were previously included under trade and other receivables and trade and other payables amounting to US$ (2) million and US$ 36 million respectively have been reclassed to Operational buyer's credit/supplier's credit on the face of the balance sheet.

The restatement has no material effect on financial position of the Group as at 01 April 2020.

c) Basis of Measurement

The 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.

d) 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.

Prior to current period, the last going concern assessment carried out for the period ended 30 September 2021 was approved by the Board of Directors in December 2021. The Directors were confident that the Group will be able to ensure production is not materially impacted by the COVID-19 pandemic, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

While the mitigating actions as highlighted in the interim financial statements for the period ended 30 September 2021 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) VRL increased stake in VEDL from ~65.2% to ~69.7% through creeping acquisition in November 2021. VRL utilised bank loan facility for funding the stake increase transaction.

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 30 September 2023 ("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 a conservative assumption of uncommitted refinancing.

- **Covenant Compliance**

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. The Group has complied with all the covenant requirements till 31 March 2022.

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Management notes that the Group has previously obtained covenant waivers, including in response to the appointment of a provisional liquidator at KCM. Additionally, the Group had successfully amended the covenants for its listed bonds in FY 2020-21. The Directors of the Group are confident that they will be able to execute mitigating actions (see below) to ensure that the Group avoids, or secures waivers or relaxations for future period breaches, if any, of its covenants during the going concern period.

Mitigating actions

The mitigating options available to the Group and Company to address the uncertainties in relation to going concern include:

- US$ 0.2 billion term loans with a foreign bank and US$ 0.5 billion with a public sector bank discussions in advanced stage.
- Extension of maturity for two loans of combined outstanding amount of US$ 0.3 million by one year under final stages of discussion.
- Vedanta Limited executed a ~US$ 0.6 billion long term facility agreement with Bank of Baroda and Canara Bank.
- Execution of an off-take agreement covering certain future production and amounting potentially to c. US$ 1 billion. The Group is currently negotiating with a number of interested bidders an off-take agreement, under which the Group would receive an advance payment in return for supply of certain future production. However, no agreement has been concluded and there is a therefore uncertainty as to the Group's ability to access these funds.
- Extension of working capital facilities and rollover of commercial papers: As at 31 March 2022, the Group had unutilised working capital facilities amounting to c. US$ 1.3 billion and commercial papers in issue amounting to c. US$ 0.7 billion. These facilities are not committed for the full duration of the going concern period to September 2023, but rather must be extended or rolled over. There is therefore a risk that, in adverse market conditions, the Group would not be able to extend or roll over these facilities. However, the Directors assess that the Group has a strong record of extending and rolling over these short-term facilities and has historically had significantly higher levels of commercial papers in issue.
- Access to buyer's/supplier's credit and customer advances: As at 31 March 2022, the Group had c. US$ 1.4 billion of supplier's credit and c. US$ 0.5 billion of advances from customers. These financing arrangements are integral to the business of certain Group divisions but are not committed for the full duration of the going concern period. There is therefore a risk that the Group will not be able to access these financing arrangements in the future. Nevertheless, the Directors note that the Group has in the past consistently obtained supplier credit and customer advances at current levels.

Conclusion

Notwithstanding the factors described above, the Directors have confidence in Group's ability to execute sufficient mitigating actions. Based on these considerations, the Directors have a reasonable expectation that the Group and the Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Company's standalone financial statements.

e) Parent Company financial statements

The financial statements of the parent company, Vedanta Resources Limited, incorporated in the United Kingdom, have been prepared in accordance with FRS 101 and The Companies Act 2006. The Company financial statements and associated notes have been presented separately.

2 (a) Accounting policies

(i) Basis of consolidation

Subsidiaries:

The consolidated financial statements incorporate the results of the Company and all its subsidiaries (the "Group"), being the entities that it controls. Control is evidenced where the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns.

The financial statements of subsidiaries are prepared for the same reporting year as the Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Group.

For non-wholly owned subsidiaries, a share of the profit/(loss) for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position.

Liability for put option issued to non-controlling interests which do not grant present access to ownership interest to the Group is recognised at present value of the redemption amount and is reclassified from equity. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the amount derecognised and present value of the redemption amount, which is recorded as a financial liability, is accounted for as an equity transaction.

For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. Similarly, upon dilution of controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The results of subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated. Unrealised losses are eliminated unless costs cannot be recovered.

Joint arrangements

A Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is considered when there is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby, the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group has both joint operations and joint ventures.

Joint operations

The Group has Joint operations within its Oil and gas segment. It participates in several unincorporated joint operations which involve the joint control of assets used in oil and gas exploration and producing activities. The Group accounts for its share of assets, liabilities, income and expenditure of joint operations in which the Group holds an interest. Liabilities in unincorporated joint operations where the Group is the operator, is accounted for at gross values (including share of other partners) with a corresponding receivable from the venture partners. These have been included in the consolidated financial statements under the appropriate headings.

Details of joint operations are set out in note 37.

Joint venture

The Group accounts for its interest in joint venture using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Goodwill arising on the acquisition of joint venture is included in the carrying value of investments in joint venture.

Investments in associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

Equity method of accounting

Under the equity method of accounting applicable for investments in associates and joint ventures, investments are initially recorded at the cost to the Group and then, in subsequent periods, the carrying value is adjusted to reflect the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of other comprehensive income of the investee, other changes to the investees net assets and is further adjusted for impairment losses, if any. Dividend received or receivable from associate and joint ventures are recognised as a reduction in carrying amount of the investment.

The consolidated income statement and consolidated statement of comprehensive income include the Group's share of investee's results, except where the investee is generating losses, share of such losses in excess of the Group's interest in that investee are not recognised. Losses recognised under the

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equity method in excess of the Group's investment in ordinary shares are applied to the other components of the Group's interest that forms part of Group's net investment in the investee in the reverse order of their seniority (i.e., priority in liquidation).

If the Group's share of losses in an associate or joint venture equals or exceeds, its interests in the associate or joint venture, the Group discontinues the recognition of further losses. Additional losses are provided for, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate/joint venture.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in these entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the asset transferred. Accounting policies of equity accounted investees is changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2 (a)(xi) below.

(ii) Business combinations

Business combinations are accounted for under the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standards.

Excess of fair value of purchase consideration and the acquisition date non-controlling interest over the acquisition date fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. Goodwill arising on acquisitions is reviewed for impairment annually. Where the fair values of the identifiable assets and liabilities exceed the purchase consideration, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the surplus is credited to the consolidated income statement in the period of acquisition. Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair value is made and any adjustments required to those provisional fair values are finalised within 12 months of the acquisition date.

Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed twelve months from the acquisition date.

Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to the consolidated income statement.

If the Group acquires a group of assets in a company that does not constitute a business combination in accordance with IFRS 3 'Business Combinations', the cost of the acquired group of assets is allocated to the individual identifiable assets acquired based on their relative fair value.

Common control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are scoped out of IFRS 3 and there is no authoritative literature for these transactions under IFRS. As a result, the Group adopted accounting principles similar to the pooling-of-interest method based on the predecessor values. The assets and liabilities of the acquired entity are recognised at the book values recorded in the ultimate parent entity's consolidated financial statements. The components of equity of the acquired companies are added to the same components within Group equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings/ capital reserve. The Company's shares issued in consideration for the acquired companies are recognised from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior years' comparative information is only adjusted for periods during which the entities were under common control.

(iii) Revenue recognition

Sale of goods/rendering of services (Including revenue from contracts with customers)

The Group's revenue from contracts with customers is mainly from the sale of copper, aluminium, iron ore, zinc, oil and gas, power, steel, glass substrate and port operations. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

Certain of the Group's sales contracts provide for provisional pricing based on the price on the London Metal Exchange ("LME") and crude index, as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with IFRS 9 'Financial Instruments' rather than IFRS 15 'Revenue from contracts with customers' and therefore the IFRS 15 rules on variable consideration do not apply. These 'provisional pricing' adjustments, i.e., the consideration adjusted post transfer of control are included in total revenue from operations on the face of the Consolidated Income Statement and disclosed by way of note to the financial statements. Final settlement of the price is based on the applicable price for a specified future period. The Group's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Revenue from oil, gas and condensate sales represent the Group's share in the revenue from sale of such products, by the joint operations, and is recognised as and when control in these products gets transferred to the customers. In computing its share of revenue, the Group excludes government's share of profit oil which gets accounted for when the obligation in respect of the same arises.

Revenue from sale of power is recognised when delivered and measured based on rates as per bilateral contractual agreements with buyers and at a rate arrived at based on the principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable.

Where the Group acts as a port operator, revenues relating to operating and maintenance phase of the port contract are measured at the amount that Group expects to be entitled to for the services provided.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs part of its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on the Group's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received. The advance payments received plus a specified rate of return/ discount, at the prevailing market rates, is settled by supplying respective goods over a period of up to twenty-four months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the Group expects, and has the ability, to fulfil through delivery of a non-financial item, these are presented as advance from customers and are recognised as revenue as and when control of respective commodities is transferred to customers under the agreements. The fixed rate of return/discount is treated as finance cost. The portion of the advance where either the Group does not have a unilateral right to defer settlement beyond 12 months or expects settlement within 12 months from the balance sheet date is classified as current liability.

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

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Dividends

Dividend income is recognised in the consolidated income statement only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(iv) Special items

Special items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior years. Also, tax charges related to Special items and certain one-time tax effects are considered Special. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with UK adopted IFRS. The determination as to which items should be disclosed separately requires a degree of judgement.

(v) Property, plant and equipment

Mining properties and leases

When a decision is taken that a mining property is viable for commercial production (i.e., when the Group determines that the mining property will provide sufficient and sustainable return relative to the risks and the Group decided to proceed with the mine development), all further pre-production primary development expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalised as property, plant and equipment under the heading "Mining properties and leases" together with any amount transferred from "Exploration and evaluation" assets. The costs of mining properties and leases include the costs of acquiring and developing mining properties and mineral rights.

The stripping cost incurred during the production phase of a surface mine is deferred to the extent the current period stripping cost exceeds the average period stripping cost over the life of mine and recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met. When the benefit from the stripping costs are realised in the current period, the stripping costs are accounted for as the cost of inventory. If the costs of inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. The group uses the expected volume of waste compared with the actual volume of waste extracted for a given value of ore/mineral production for the purpose of determining the cost of the stripping activity asset.

Deferred stripping costs are included in mining properties within property, plant and equipment and disclosed as a part of mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs, i.e., when the Group determines that the mining property will not provide sufficient and sustainable returns relative to the risks and the Group decides not to proceed with the mine development.

Commercial reserves are proved, and probable reserves as defined by the 'JORC' Code, 'MORC' code or 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

The estimates of hydrocarbon reserves and resources have been derived in accordance with the Society of Petroleum Engineers "Petroleum Resources Management System (2018)".

Oil and gas assets – (developing/producing assets)

For oil and gas assets a successful efforts-based accounting policy is followed. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the consolidated income statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant and equipment – development/ producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/ producing asset or replaces part of the existing development/ producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of development/ producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the consolidated income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Exploration and evaluation assets

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore, are capitalised as exploration and evaluation assets (property, plant and equipment) and stated at cost less impairment, if any. Exploration and evaluation assets are transferred to the appropriate category of property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration and evaluation assets are assessed for impairment and impairment loss, if any, is recognised prior to reclassification.

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources which includes depreciation and applicable operating costs of related support equipment and facilities and other costs of exploration activities:

- Acquisition costs – costs associated with acquisition of licences and rights to explore, including related professional fees.
- General exploration costs – costs of surveys and studies, rights of access to properties to conduct those studies (e.g., costs incurred for environment clearance, defence clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.
- Costs of exploratory drilling and equipping exploratory and appraisal wells.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised within "exploration and evaluation assets "and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration costs are transferred into a single field cost centre within property, plant & equipment - development/ producing assets (oil and gas properties) after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the consolidated income statement.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held undepleted, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus/deficit is recognised in the consolidated income statement.

Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the consolidated income statement for the period during which such expenses are incurred.

Gains and losses on disposal of an item of property, plant and equipment computed as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated income statement when the asset is derecognised. Major inspection and overhaul expenditure is capitalised, if the recognition criteria are met.

(vi) Assets under construction

Assets under construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

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(vii) Depreciation, depletion and amortisation expense

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised.

Mining properties

The capitalised mining properties are amortised on a unit-of-production basis over the total estimated remaining commercial proved and probable reserves of each property or Group of properties and are subject to impairment review. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future capital expenditure required to access the commercial reserves. Changes in the estimates of commercial reserves or future capital expenditure are dealt with prospectively.

Oil and gas assets

All expenditures carried within each field are amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or group of fields which are reliant on common infrastructure.

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access the commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Other assets

Depreciation on Property, plant and equipment is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management) as given below. Management's assessment takes into account, *inter alia*, the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement and maintenance support.

Estimated useful life of assets are as follows:

Buildings – operations and administration	3-60 years
Plant and machinery	15-40 years
Railway Sidings	15 years
Office equipment	3-6 years
Furniture and fixtures	8-10 years
Vehicles	8-10 years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit to be derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the consolidated income statement if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Group reviews the residual value and useful life of an asset at least at each financial year end and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

(viii) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangibles assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

The Group recognises port concession rights as "Intangible Assets" arising from a service concession arrangement, in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, irrespective whether the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement. Such an intangible asset is recognised by the Group initially at cost determined as the fair value of the consideration received or receivable for the construction service delivered and is capitalised when the project is complete in all respects. Port concession rights are amortised on straight line basis over the balance of license period. The concession period is 30 years from the date of the award. Any addition to the port concession rights are measured at fair value on recognition. Port concession rights also include certain property, plant and equipment in accordance with IFRIC 12 "Service Concession Arrangements".

Intangible assets are amortised over their estimated useful life on a straight-line basis. Software is amortised over the estimated useful life ranging from 2-5 years. Amounts paid for securing mining rights are amortised over the period of the mining lease ranging from 16-25 years. Technological know-how and acquired brand are amortised over the estimated useful life of 10 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is different from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

(ix) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Such assets and disposal groups are presented separately on the face of the consolidated statement of financial position.

(x) Impairment

Non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit ("CGU") is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. The Group conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. Internal and external factors, such as worse economic performance than expected, changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

If any such indication exists or in case of goodwill where annual testing of impairment is required then an impairment review is undertaken, the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the group and not applicable to entities in general. Fair value for mineral and oil and gas assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post-tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined. The carrying value is net of deferred tax liability recognised in the fair value of assets acquired in the business combination.

If the recoverable amount of an asset or CGU is estimated to be less than it's carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised except if initially attributed to goodwill.

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Exploration and evaluation assets:

In assessing whether there is any indication that an exploration and evaluation asset may be impaired, the Group considers, as a minimum, the following indicators:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
- reserve information prepared annually by external experts.

When a potential impairment is identified, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation assets is attributed. Exploration areas in which reserves have been discovered but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under-way or planned. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the consolidated income statement.

(xi) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets – Recognition and subsequent measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in consolidated income statement. The losses arising from impairment are recognised in consolidated income statement.

Debt instruments at fair value through other comprehensive income (FVOCI)

A 'debt instrument' is classified as at FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the consolidated income statement. On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income is reclassified from the equity to consolidated income statement. Interest earned whilst holding fair value through other comprehensive income debt instrument is reported as interest income using the EIR method.

Debt instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes being recognised in consolidated income statement.

Equity instruments

All equity investments in the scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. For equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the consolidated income statement.

(b) Financial Assets – Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(c) Impairment of financial assets

In accordance with IFRS 9, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets:

i. Financial assets that are debt instruments, and are measured at amortised cost, e.g., loans, debt securities and deposits;

ii. Financial assets that are debt instruments and are measured as at FVOCI;

iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, contract assets and lease receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR.

ECL impairment loss allowance (or reversal) during the year is recognised as income/

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expense in consolidated income statement. The consolidated statement of financial position presentation for various financial instruments is described below:

i) Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets. The Group does not reduce impairment allowance from the gross carrying amount.

ii) Debt instruments measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired ("POCI") financial assets, i.e., financial assets which are credit impaired on purchase/origination.

(d) Financial liabilities – Recognition and Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/losses are not subsequently transferred to consolidated income statement. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated income statement. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost (Loans, Borrowings and Trade and Other payables)

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

(e) Financial liabilities – Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

(f) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in IFRS 9 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Consolidated Income Statement, unless designated as effective hedging instruments.

(g) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Group enters into forward, option, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated income statement, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the consolidated income statement when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/

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economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) **Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the consolidated income statement immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated income statement. Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

(ii) **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement.

Amounts recognised in OCI are transferred to the consolidated income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability

If the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(iii) **Hedges of a net investment**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is reclassified to the consolidated income statement (as a reclassification adjustment).

(iv) **Financial guarantees**

Financial guarantees issued by the Group on behalf of related parties are designated as 'Insurance Contracts'. The Group assesses at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in consolidated income statement.

(xii) Leases

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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(a) **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(b) **Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities towards future lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as described in (vii) above.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Trade and other payables.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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(xiii) Inventories

Inventories and work-in-progress are stated at the lower of cost and net realisable value.

Cost is determined on the following basis:

- Purchased copper concentrate is recorded at cost on a first-in, first-out ("FIFO") basis; all other materials including stores and spares are valued on weighted average basis; except in Oil and Gas business where stores and spares are valued on a FIFO basis;
- Finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity and are moved out of inventory on a weighted average basis (except in copper business where FIFO basis is followed); and
- By-products and scrap are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred for completion and disposal.

(xiv) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the consolidated income statement over the periods necessary to match them with the related costs, which they are intended to compensate.

Government grants relating to tangible fixed assets are deducted in calculating the carrying amount of the assets and recognised in the consolidated income statement over the expected useful lives of the assets concerned as a reduced depreciation expense.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(xv) Taxation

Tax expense represents the sum of current tax and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Subject to the exceptions below, deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax losses:

- Tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- Deferred income tax is not recognised on initial recognition as well as on the impairment of goodwill which is not deductible for tax purposes or on the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss); and
- Deferred tax assets (including MAT credit entitlement) are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognised outside the consolidated income statement is recognised outside the consolidated income statement (either in other comprehensive income or equity).

The carrying amount of deferred tax assets (including MAT credit entitlement) is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as Business Combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Subsequently deferred tax is charged or credited in the consolidated income statement/other comprehensive income as the underlying temporary difference is reversed.

Further, management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

(xvi) Retirement benefit schemes

The Group operates or participates in a number of defined benefits and defined contribution schemes, the assets of which (where funded) are held in separately administered funds.

For defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation each year separately for each plan using the projected unit credit method by third party qualified actuaries.

Remeasurement including, effects of asset ceiling and return on plan assets (excluding amounts included in interest on the net defined benefit liability) and actuarial gains and losses arising in the year are recognised in full in other comprehensive income and are not recycled to the consolidated income statement.

Past service costs are recognised in the consolidated income statement on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognises related restructuring costs

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset at the beginning of the period. Defined benefit costs are split into current service cost, past service cost, net interest expense or income and remeasurement, and gains and losses on curtailments and settlements.

Current service cost and past service costs are recognised within cost of sales and administrative expenses and distribution expenses. Net interest expense or income is recognised within finance costs.

For defined contribution schemes, the amount charged to the consolidated income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year, recognised as and when the employee renders related services.

(xvii) Share-based payments

Certain employees (including executive directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured at the fair value of share awards at the date at which they are granted. The fair value of share awards is determined with the assistance of an external valuer and the fair value at the grant date is expensed on a proportionate basis over the vesting period based on the Group's estimate of the number of share awards that will eventually vest. The estimate of the number of share awards likely to vest is reviewed at each reporting date up to the vesting date at which point the estimate is adjusted to reflect the actual number of share awards that eventually vested.

The resultant credit in equity is recorded in the share-based payment reserve.

In case of cash-settled transactions, a liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined with the assistance of an external valuer.

(xviii) Provisions, contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable UK adopted IFRS.

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of

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money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the consolidated income statement as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

The Group has significant capital commitments in relation to various capital projects which are not recognised in the consolidated statement of financial position.

(xix) Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the consolidated income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the consolidated income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present value and charged to the consolidated income statement as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

(xx) Accounting for foreign currency transactions and translations

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all principal operating subsidiaries, the functional currency is normally the local currency of the country in which it operates with the exception of oil and gas business operations which have a US Dollar functional currency as that is the currency of the primary economic environment in which they operate. The financial statements are presented in US Dollars.

In the financial statements of individual group companies, transactions in currencies other than the respective functional currencies are translated into their functional currencies at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currencies at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the consolidated income statement except those where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognised in the other comprehensive income.

Exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs in qualifying assets.

For the purposes of consolidation of financial statements, items in the consolidated income statement of those businesses for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the year/ exchange rates as on the date of transaction. The related consolidated statement of financial position is translated into US dollars at the rates as at the reporting date. Exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. On disposal of such entities the deferred cumulative exchange differences recognised in equity relating to that particular foreign operation are recognised in the consolidated income statement.

(xxi) Buyers' credit/Suppliers' credit

The Group enters into arrangements whereby banks and financial institutions make direct payments to suppliers for raw materials and project materials. The banks and financial institutions are subsequently repaid by the Group at a later date providing working capital timing benefits. These are normally settled between twelve months (for raw materials) and to thirty six months (for project and materials). Where these arrangements are with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/suppliers' credit and disclosed on the face of the balance sheet. Interest expense on these is recognised in the finance cost. Payments made by banks and financial institutions to the operating vendors are treated as a non-cash item and settlement of operational buyer's credit/ suppliers' credit by the Group is treated as cash flows from operating activity reflecting the substance of the payment.

Where these arrangements are with a maturity beyond twelve months and up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are presented within borrowings in the consolidated statement of financial position. Payments made to vendors are treated as cash item and disclosed as cash flows from operating/ investing activity depending on the nature of the underlying transaction. Settlement of dues to banks and financial institution are treated as cash flows from financing activity.

(xxii) Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

(xxiii) Borrowing costs

Borrowing cost includes interest expense as per EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. Borrowing costs relating to the construction phase of a service concession arrangement is capitalised as part of the cost of the intangible asset. Where funds are borrowed specifically to finance a qualifying capital project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a qualifying capital project, the income generated from such short-term investments is deducted from the total capitalised borrowing cost. If any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing then becomes part of general borrowing. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year.

All other borrowing costs are recognised in the consolidated income statement in the year in which they are incurred.

Capitalisation of interest on borrowings related to construction or development projects is ceased when substantially all the activities that are necessary to make the assets ready for their intended use are complete or when delays occur outside of the normal course of business.

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EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

(xxiv) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term money market deposits which have a maturity of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above and additionally includes unpaid dividend account.

2(b) Application of new and revised standards

The Group has adopted, with effect from 01 April 2021, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the consolidated financial statements.

1. Amendments to IFRS 3 regarding recognition under acquisition method
2. Amendments to IFRS 7, IFRS 9, IAS 39, IFRS 4 and IFRS 16 regarding Interest Rate Benchmark Reform – Phase 2
3. Conceptual framework for financial reporting under IFRS issued by the IASB
4. Amendments to IFRS 16 regarding COVID-19 related rent concessions

Standards issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

New pronouncement	Effective date
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	01 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023

The amendments are not expected to have a material impact on the Group. The Group has not early adopted any amendments which has been notified but is not yet effective.

2(c) Significant accounting estimates and judgements

The preparation of consolidated financial statements in conformity with UK adopted IFRS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the years presented. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as given below:

I. Significant Estimates:

(i) Carrying value of exploration and evaluation assets

The recoverability of a project is assessed under IFRS 6. Exploration assets are assessed by comparing the carrying value to higher of fair value less cost of disposal or value in use, if impairment indicators exist. Change to the valuation of exploration assets is an area of judgement. Further details on the Group's accounting policies on this are set out in accounting policy above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the consolidated income statement as exploration costs unless commercial reserves are established, or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Details of carrying values are disclosed in note 16.

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

The Group has carried 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 utilised. 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 statements include MAT credit entitlements of US$ 894 million (31 March 2021: US$ 1,125 million) of which US$ 28 million (31 March 2021: US$ 46 million) is expected to be utilised in the fourteenth year, fifteen years being the maximum permissible time period to utilise the MAT credits.

(iii) Copper operations in Tamil Nadu, India

Existing Plant:

Tamil Nadu Pollution Control Board ("TNPCB") had issued a closure order of the Tuticorin Copper smelter, against which the Group had filed an appeal with the National Green Tribunal ("NGT"). NGT had, on 08 August 2013, ruled that the Copper smelter could continue its operations subject to implementation of recommendations of the Expert Committee appointed by the NGT. The 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 was rejected by TNPCB in April 2018. The Group has filed an appeal before the TNPCB Appellate Authority challenging the Rejection Order. During the pendency of the appeal, the 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 on the same date with a direction to seal the existing copper smelter plant permanently. The Group 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 Group appealed this before the NGT, who 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 authorisation to handle hazardous substances, subject to appropriate conditions for protection of environment in accordance with law.

The State of Tamil Nadu and TNPCB approached the 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 solely on the basis of maintainability and directed the Group to file an appeal in High court.

The Group has filed a writ petition before Madras High Court challenging the various orders passed against it 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 Group. The Group has approached the Supreme Court and challenged the said High Court Order by way of a Special Leave Petition ("SLP") to Appeal and filed an interim relief for care & maintenance of the plant or trial run for certain period.

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The Matter was then listed on 02 December 2020 before the 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. The hearing on care & maintenance could not be listed at the Supreme Court. Further, considering the voluminous nature of documents and pleadings, the matter shall be finally heard on merits.

As per the Group's assessment, it is in compliance with the applicable regulations and expects to get the necessary approvals in relation to the existing operations and hence the Group does not expect any material adjustments to these financial statements as a consequence of above actions.

The Group has carried out an impairment analysis for existing plant assets during the period ended 31 March 2022 considering the key variables and concluded that there exists no impairment. The Group has done an additional sensitivity analysis with commencement of operations of the existing plant w.e.f., 01 April 2025 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 31 March 2022 is US$ 229 million (US$ 250 million as at 31 March 2021).

Expansion Project:

Separately, the Group 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 Ministry of Environment, Forests and Climate Change ("The MoEFCC") 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 Group to cease construction and all other activities on site for the proposed Expansion Project with immediate effect. The MoEFCC 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 Group 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 Group 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. The net carrying value of US$ 5 million as at 31 March 2022 (31 March 2021: US$ 13 million) approximates its recoverable value.

Property, plant, and equipment of US$ 160 million and US$ 181 million and inventories of US$ 40 million and US$ 38 million as at 31 March 2022 and 31 March 2021 respectively, pertaining to existing and expansion plant, could not be physically verified, anytime during the year, as the access to the plant is presently restricted. However, since operations are suspended and access to the plant restricted, any difference between book and physical quantities is unlikely to be material.

iv) PSC Extension

Rajasthan Block

The Group operates an oil and gas production facility in Rajasthan under a Production Sharing Contract ("PSC"). The management is of the opinion that the Group is eligible for automatic extension of the PSC for Rajasthan ("RJ") block on same terms w.e.f., 15 May 2020, while Government of India ("GOI") in October 2018, accorded its approval for extension of the PSC, under the Pre-NELP Extension policy as per notification dated 07 April 2017 ("Pre-NELP Policy"), for RJ block by a period of 10 years, w.e.f. 15 May 2020. As per the said policy and extension letter, the Group is required to comply with certain conditions and pay an additional 10% profit oil to GOI. The Group had challenged the applicability of Pre NELP-Policy to the RJ block. The Division Bench of the Delhi High Court in March 2021 set aside the single judge order of May 2018 which allowed automatic extension of PSC.

Nevertheless, GOI, in their submissions to the Delhi High Court, has not objected to Vedanta obtaining a 10-year extension of Rajasthan PSC. The legal dispute only relates to additional 10% profit petroleum ("PP") rather than Vedanta's right to obtain 10-year extension. In the interim, without prejudice to the Group's rights, the Group has commenced paying the additional 10% profit petroleum claimed from 15 May 2020 to the Government. The Group has also filed an SLP in Supreme Court against above Delhi HC order and revised date for SLP listing is awaited.

In parallel, the Group is in discussion with the Ministry of petroleum and Natural gas ("MoPNG") on execution of the PSC addendum. On the other issue related to DGH audit exceptions, discussions are ongoing to agree on the position that this issue will be dealt with as per ongoing arbitration with GOI as per PSC mechanism.

One of the conditions for extension of PSC relates to notification of certain audit exceptions raised for FY 2016-17 as per PSC provisions and provides for payment of amounts, if such audit exceptions result into any creation of liability. The Group had also clarified that the same should be de-linked as a condition for the extension which had been granted vide letter dated 26 October 2018.

The Directorate General of Hydrocarbons ("DGH") in May 2018 raised a demand on the Group for the period up to 31 March 2017 for Government's additional share of Profit oil based on its computation of disallowance of costs incurred in excess of the initially approved Field Development Plan ("FDP") of the pipeline project for US$ 202 million and retrospective re-allocation of certain common costs between Development Areas ("DAs") of RJ block aggregating to US$ 364 million. The DGH vide its letter dated 12 May 2020, reiterated its demand only with respect to the retrospective re-allocation of certain common costs between DAs of the RJ block of US$ 364 million towards contractor share for the period up to 31 March 2017. This amount was subsequently revised to US$ 458 million till March 2018 vide DGH letter dated 24 December 2020.

Further in April 2022, DGH has notified audit exceptions for the period up to 14 May 2020 and included an additional amount of US$ 259 million for above mentioned matters. Demand of US$ 202 million previously raised in May 2018 in respect of disallowance of costs incurred in excess of the initially approved FDP of the pipeline project has been removed as the same was approved in September 2021.

The Group believes that it has sufficient as well as reasonable basis pursuant to the PSC provisions and related approvals, supported by legal advice, for having claimed such costs and for allocating common costs between different DAs. In the Group'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 Group's view is also supported by independent legal opinion and the Group has been following the process set out in PSC to resolve these aforesaid matters. The Group has also invoked the PSC process for resolution of disputed exceptions and has issued notice for arbitration and an arbitration tribunal ("Tribunal") stands constituted. Further, on 23 September 2020, the GOI had filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. The matter was heard on 25 September 2020 wherein the Bench has not passed any ex parte orders. The matter is now listed for hearing on 29 August 2022.

Also, on Vedanta's application under Section 17 of the Arbitration and Conciliation Act, 1996, the Tribunal in December 2020 ordered that GOI should not take any action to enforce any of the amounts at issue in this arbitration against the Claimants during the arbitral period. The GOI has challenged the said order before the Delhi High Court under the said Act. This matter is now scheduled for hearing on 11 July 2022.

The Group has also filed application under Section 151 of Code of Civil Procedure ("CPC") read with Section 9 of the Arbitration Act 1996 requesting the Court to direct GOI to extend the PSC for 10 years without insisting upon a payment of disputed dues under audit exceptions which have been already referred to arbitration. On 12 April 2022, basis the application, the Court has issued notice under this application.

In management's view, the above-mentioned condition on demand raised by the DGH for additional petroleum 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, the PSC extension approval granted vide DGH

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letter dated 26 October 2018 upholds with all conditions addressed and no material liability would devolve upon the Group.

Simultaneously, the Group is also pursuing with the GOI for executing the RJ PSC addendum at the earliest. In view of extenuating circumstances surrounding COVID-19 and pending signing of the PSC addendum for extension after complying with all stipulated conditions, the GOI has been granting interim permission to the Group to continue Petroleum operations in the RJ block. The latest permission is valid up to 14 August 2022 or signing of the PSC addendum, whichever is earlier.

(v) ESL Steel Limited ("ESL"), had filed application for renewal of 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 JSPCB awaited response from The MoEFCC over a 2012 show-cause notice. After a personal hearing towards the show cause notice, The MoEFCC revoked the Environment Clearance ("EC") on 20 September 2018. The 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. ESL urgently filed a petition in the Hon'ble Supreme Court, and on 22 September 2020, ESL was granted permission to run the plant till further orders.

The Forest Advisory Committee ("FAC") of the MoEFCC granted the Stage 1 clearance and the MoEFCC approved the related Terms of Reference ("TOR") on 25 August 2020. ESL presented its proposal before the Expert Appraisal Committee ("EAC") after completing the public consultation process and the same has been recommended for grant of EC subject to Forest Clearance by the EAC in its 41st meeting dated 29 and 30 July 2021. Vide letter dated 25 August 2021, the MoEFCC rejected the EC "as of now" due to stay granted by Madras High Court vide order dated 15 July 2021 in a Public Interest Litigation filed against the Standard Operating Procedure which was issued by the MoEFCC for regularisation of violation case on 07 July 2021.

The Hon'ble Supreme Court vide order dated 09 December 2021 decided the matter by directing The MoEFCC to process the EC application of ESL as per the applicable law within a period of three months. The MoEFCC vide its letter dated 02 February 2022 has deferred the grant of EC till Forest Clearance ("FC") Stage-II is granted to ESL. ESL has submitted its reply against the MoEFCC letter vide letter dated 11 February 2022 for reconsidering the decision of linking EC with FC as the grant of FC Stage – II is not a condition precedent for grant of EC. As per Stage 1 clearance, the Group is required to provide non-forest land in addition to the afforestation cost. The Group, based on the report of an Environment Impact Assessment consultant, had recognised a provision of $ 29 million as part of special item during the year ended 31 March 2021 with respect to the costs to be incurred by it for obtaining EC and additional $ 1 million has been provided against final order relating to wildlife conservation plan received during the current year.

(vi) **Discontinued operations – Copper Zambia (KCM)**

The investment in KCM and loans, receivables, and obligations of KCM towards the Group are fair valued during the year. The Group employed third-party experts to undertake the valuations using the income approach method. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these assets. The resulting valuation is adjusted to reflect several factors, including the uncertainty and risks inherent in litigation and recovery. Details of significant estimates are disclosed in note 3(b).

(vii) **Oil and Gas reserves**

Significant technical and commercial judgements are required to determine the Group's estimated oil and natural gas reserves. Reserves considered for computing depletion are proved reserves for acquisition costs and proved and developed reserves for successful exploratory wells, development wells, processing facilities, distribution assets, estimated future abandonment cost and all other related costs. Reserves for this purpose are considered on working interest basis which are reassessed at least annually. Changes in reserves as a result of change in management assumptions could impact the depreciation rates and the carrying value of assets (refer note 16).

(viii) **Carrying value of developing/producing oil and gas assets**

Management performs impairment tests on the Group's developing/producing oil and gas assets where indicators of impairment are identified in accordance with IAS 36.

The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions	Basis
Future production	proved and probable reserves, production facilities, resource estimates and expansion projects
Commodity prices	management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Discount to price	management's best estimate based on historical prevailing discount and updated sales contracts
Extension of PSC	granted till 2030 on the expected commercial terms (Refer note 2(c)(I)(iv)
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/ CGU

Any subsequent changes to cash flows due to changes in the above-mentioned factors could impact the carrying value of the assets.

Details of carrying values and impairment charge and the assumptions used are disclosed in notes 6 and 16 respectively.

(ix) **Climate Change**

Climate change may have various impacts for the Group in medium to long term. These include the risks and opportunities relating to the change in demand for the group's commodities as a result of the transition to a low carbon economy, and physical risks caused by probability of extreme weather events in the areas of the production locations.

The Group is currently developing its detailed assessment of these risks and opportunities posed by climate change, to comprehensively understand and analyse the implications group might have on its operations to make them more sustainable and resilient to physical and transitional risk. The Group has not yet performed a full assessment of the implications for financial reporting purposes although we would anticipate that prices for the majority of the Group's commodities would be higher than existing forecasts in the short and medium term driven by growing investment in infrastructure associated with the transition to a low-carbon economy.

On completion of the assessment, resilience measures will be identified and implemented to minimise the physical damage to the infrastructure and improve Group's capability to handle extreme weather events and ability to deal with varied effects of climate change on demand, production, supply chain, regulations and technological obsolescence.

II. Significant Judgements:

(i) **Determining whether an arrangement contains a lease**

The Group has ascertained that the Power Purchase Agreement (PPA) executed between one of the subsidiaries and a State Grid qualifies to be an operating lease under IFRS 16 "Leases". Accordingly, the consideration receivable under the PPA relating to recovery of capacity charges towards capital cost have been recognised as operating lease rentals and in respect of variable cost that includes fuel costs, operations and maintenance etc is considered as revenue from sale of products/services.

Significant judgement is required in segregating the capacity charges due from the State Grid, between fixed and contingent payments. The Group has determined that since the capacity charges under the PPA are based on the number of units of electricity made available by its subsidiary which would be subject to variation on account of various factors like availability of coal and water for the plant, there are no fixed minimum payments under the PPA, which requires it to be accounted for on a straight-line basis. The contingent rents recognised are disclosed in notes 4 and 5.

(ii) **Contingencies**

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Group. A provision is recognised when the Group has a present obligation as a result of past events, and it is probable that the Group will be required to settle that obligation.

Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain the claims are disclosed as contingent liabilities unless the likelihood of an adverse

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outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

When considering the classification of a legal or tax cases as probable, possible or remote there is judgement involved. This pertains to the application of the legislation, which in certain cases is based upon management's interpretation of country specific applicable law, in particular India, and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision.

Although there can be no assurance regarding the final outcome of the legal proceedings, the Group does not expect them to have a materially adverse impact on the Group's financial position or profitability. These are set out in note 32.

(iii) Revenue recognition and receivable recovery in relation to the power division

In certain cases, the Group's power customers are disputing various contractual provisions of Power Purchase Agreements (PPA). Significant judgement is required in both assessing the tariff to be charged under the PPA in accordance with IFRS 15 and to assess the recoverability of withheld revenue currently accounted for as receivables.

In assessing this critical judgement management considered favourable external legal opinions the Group has obtained in relation to the claims and favourable court judgements in the related matter. In addition, the fact that the contracts are with government owned companies implies the credit risk is low. Refer note 18.

(iv) Special items

Special items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Also, tax charges related to Special items and certain one-time tax effects are considered Special. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with IFRS.

The determination as to which items should be disclosed separately requires a degree of judgement. The details of special items are set out in note 6.

3. Business Combination and others

a) Ferro Alloys Corporation Limited

During the previous year ended 31 March 2021, the Group acquired control over Ferro Alloys Corporation Limited ("FACOR") under Corporate insolvency resolution process in terms of the Insolvency and Bankruptcy Code, 2016 of India. Based on completion of the closing conditions, the Group concluded the acquisition date as 21 September 2020. The Group holds 100% in FACOR, while FACOR holds 90% equity 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 FPL. The acquisition complements the Group's existing steel business as the vertical integration of ferro manufacturing capabilities has the potential to generate significant efficiencies. FACOR has been included in "Others" for segment reporting purposes. The Group had finalised acquisition accounting during the year ended 31 March 2021.

If FACOR had been acquired at the beginning of the comparative period, revenue and profit before taxation of the Group for the year ended 31 March 2021 would have been US$ 11,752 million and US$ 1,683 million respectively.

(b) 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 ('the 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 the designated authority for exercising almost all the functions of the Board of Directors, to the exclusion of the Board.

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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

Following the filing of the Petition, Vedanta Resources Holdings Limited (VRHL) and Vedanta Resources Limited (VRL or Company) commenced the dispute resolution procedures prescribed by the KCM Shareholders' Agreement, and have initiated arbitration consistent with their position that ZCCM is in breach of the KCM Shareholders' Agreement by reason of its actions in seeking to wind up KCM before the Zambian High Court and applying for the appointment of the PL, as opposed to pursuing its alleged grievances through arbitration under the KCM Shareholders' Agreement. As part of the dispute resolution process under the KCM Shareholders' Agreement, VRHL obtained injunctive relief from the High Court of South Africa requiring ZCCM to withdraw the Petition such that the PL is discharged from office and declaring ZCCM to be in breach of the arbitration clause in the KCM Shareholders' Agreement. ZCCM was further prohibited by the High Court of South Africa from taking any further steps to wind up KCM until the conclusion of the arbitration.

The arbitration proceedings against ZCCM continue and a sole arbitrator has been appointed. The procedural timetable for the arbitration envisages an initial hearing of prioritised issues commencing on 31 May 2021, with the substantive dispute to be heard during a 5-week hearing in February and March 2022. ZCCM filed and served its Defence and Counterclaim on VRL and VRHL on 14 July 2020. VRHL and VRL filed their reply and defence to ZCCM's defence and counterclaims on 31 January 2021, and ZCCM filed its reply to VRHL and VRL's defence to ZCCM's counterclaims on 15 April 2021. Arbitration awards are enforceable in Zambia under the New York Convention.

The arbitrator's ruling on the prioritised issues was delivered on 07 July 2021 which concluded that ZCCM breached the KCM Shareholders' Agreement and are in continuing breach thereof; that the Board of KCM was legally responsible for the management and operation of KCM, not Vedanta; that ZCCM is not able to pursue a claim in damages in respect of the majority of its counterclaims as KCM is the proper Plaintiff, not ZCCM.

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.

An Order given by the Zambian High Court staying certain of the PL's powers (i.e., those relating to the PL's ability to sell assets and make compromises with creditors) was set aside until the Petition returns to the High Court, subject to the outcome of the appeals to the Zambian Court of Appeal. The PL has given evidence in the Zambian High Court that he would not be able to sell assets (beyond that which is necessary to carry on KCM's ordinary business) without seeking the Court's approval. Notwithstanding this, on 10 September 2019, the PL caused KCM to enter into a consent order disposing of certain surface rights owned by KCM. On 28 November 2019, VRHL and KCM (acting through the lawyers appointed by the directors of KCM) obtained an ex-parte injunction restraining the PL from taking action to implement the consent order, halting the sale of surface rights and preventing any sale of the land itself. A challenge to the ex-parte injunction has been heard and the ruling has been reserved.

In connection with the response to the Petition, VRL has provided to the Board of KCM a commitment to provide certain financial support to KCM. This commitment is subject to certain conditions, including the dismissal of the Petition and discharge of the PL. Additionally since the conditions to the funding support were not satisfied by 30 September 2019, VRL has reserved the right to withdraw the offer set out in the letter.

The appeal hearing took place on 25 August 2020, and the ruling of the Appeal Court was delivered on 20 November 2020. The Appeal

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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 08 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. The Judge ultimately adopted the Embodiment Order in the form preferred by ZCCM, with the result that the PL has not had to vacate his seat. Vedanta's Zambian counsel have applied for a hearing of the full court of appeal to reconsider the embodiment order. (The order was made by a single judge of the court of appeal rather than the full court.) On 05 May 2021 the Court of Appeal heard preliminary objections against Vedanta's application and have adjourned the motion to a date after it rules on the objections raised. On 26 August 2021, the Court of Appeal dismissed the preliminary objections raised by KCM and ZCCM with costs. The Court further gave an indication that the substantive motion challenging the ruling may be listed for hearing in due course, subject to confirmation by the Master of the Court of Appeal. On 06 October 2021, KCM filed a summons for an order to stay the Embodiment Order proceedings pending the determination of ZCCM's appeal against the Court of Appeal ruling of 20 November 2020 to the Supreme Court. Vedanta's opposition affidavit and skeleton arguments in respect of KCM's stay application was filed on 01 November 2021. KCM's stay application was heard on 01 December 2021 and on 17 January 2022 wherein the Court of Appeal dismissed KCM's application with costs in Vedanta's favour. A hearing date for the Embodiment Order application was allocated for 02 March 2022, but due to the suspension of legal and arbitration proceedings agreed to between Vedanta and ZCCM, the hearing date was postponed.

ZCCM had sought leave to appeal to the Supreme Court of South Africa. Leave to appeal was denied on 29 April 2021. ZCCM has renewed its application for leave to appeal before a single judge of the Supreme Court. ZCCM's application for leave to appeal before a single judge of the Supreme Court was granted on 02 September 2021. A motion was filed by the Group on 16 September 2021 to the full bench of the Supreme Court, Zambia, to reverse, vary or set aside the Ruling of the single Judge. Vedanta has also raised Preliminary Objections to the ZCCM appeal to the Supreme Court, namely that the Court has no jurisdiction to hear the appeal based on the Partial Final Award which the arbitrator delivered on 07 July 2021.

On 01 February 2022, Vedanta and KCM's preliminary objections were heard by a panel of three Supreme Court judges. On 22 March 2022, the Supreme Court delivered its ruling in Vedanta's favour dismissing ZCCM's appeal mainly on the basis of the Partial Final Award that had been registered in the High Court of Zambia. The Supreme Court held that the issues raised by ZCCM in the winding up petition are arbitrable issues, as determined by the Partial Final Arbitral Award of 07 July 2021, which is binding on the parties.

On 16 February 2022, VRL, VRHL and ZCCM signed an agreement to postpone the arbitration hearing in order to afford the parties an opportunity to negotiate a commercial settlement between them of the disputes that form the subject matter of the arbitration. The Tribunal has been notified of this agreement and has confirmed its availability to reconvene the hearing in January 2023.

The Company also applied seeking directions on the PL's powers after the Court of Appeal ruling of 20 November 2020, arguing that the Court of Appeal judgement did not in any way stay the supervisory jurisdiction of the High Court over the PL as an officer of the Court, and that the Preliminary Issues Applications should be dismissed. The Judge gave a ruling on 07 May 2021, finding that in light of the stay of the winding up proceedings ordered by the Court of Appeal and the referral of the matter to arbitration, she does not have the jurisdiction to consider an application requesting her to give directions on the powers of the PL. Leave to appeal was denied.

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

The PL resigned on 17 March 2022. The Official Receiver announced that she would act as PL in place of the outgoing PL, post his resignation. The Company has instituted a fresh judicial review application in the High Court of Zambia for the interpretation of Section 65 of the Corporate Insolvency Act as to whether a vacancy in the office of the Provisional Liquidator can automatically be filed by the Official Receiver without the requisite Court Order. A court date for the hearing of the judicial review application has not yet been allocated.

Notice of Deemed Transfer of Shares

On 14 July 2020, ZCCM served a notice entitled "Notice of Deemed Transfer of Shares" on VRL and VRHL (Notice). The Notice is stated to be given under clause 10.1.2 of the KCM Shareholders' Agreement, notifying VRL and VRHL of various alleged breaches of the KCM Shareholders' Agreement having a Material Adverse Effect (as defined in the KCM Shareholders' Agreement) or other material breaches of the SHA, and requiring VRL and VRHL to remedy the notified breaches within 30 days, and reserving its rights in the event VRHL does not or cannot remedy the breaches within that time period to treat the event as deemed service by VRHL of an irrevocable offer under clause 10.2 to sell its shares in KCM to ZCCM at 'Fair Value'. Fair Value is to be determined in accordance with a mechanism set out in the KCM Shareholders' Agreement. If ZCCM thereafter notifies VRHL that it wishes to exercise these rights, VRHL will be deemed to have served an exit notice under clause 9.6 of the Shareholders' Agreement, giving rise to the application of a number of the exit provisions under the Shareholders' Agreement, including the requirement to make payment of budgeted capex for the succeeding 12 month period and any capital expenditure underspend in previous financial years on a cumulative basis, as determined by KCM's auditors.

VRL and VRHL intend to challenge the Notice in accordance with the provisions of the Shareholders' Agreement and note that the effectiveness and validity of the Notice is to be determined by the arbitrator as part of the arbitration proceedings referred to above before any further steps can be taken by ZCCM to acquire VRHL's shares in KCM pursuant to the mechanism in clause 10 of the KCM Shareholders' Agreement.

Accounting Considerations

As 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 consolidated income statement as a discontinued operation.

The Group continues to account for its investment in KCM and loans, receivables and obligations of KCM towards the Group at cost, subject to impairment.

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 consolidated income statement.

The Group has total exposure of US$ 1,887 million (31 March 2021: US$ 1,887 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.

i. The profit/(loss) from discontinued operations

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Gain on expiry of guarantee given by the Group to the lenders/creditors[1]	-	69
Fair value change during the year (refer note ii below)	-	22
Total	**-**	**91**

1 During the year ended 31 March 2021, a guarantee given by the Group to the lenders/creditors amounting to US$ 69 million expired.

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Key sources of estimation uncertainty

The investment in KCM and loans, receivables and obligations of KCM towards the Group recognised following deconsolidation of the subsidiary are initially recognised at fair value on the date of loss of control. 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.

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. The income approach method was applied for the purposes of the valuation. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these assets. The resulting valuation is adjusted to reflect a number of factors, including the uncertainty and risks inherent in litigation and recovery. The third-party valuation provides a range of reasonable fair values, based on which management calculated the fair value to be recognised in the financial statements as the mid-point of the range. During the year ended 31 March 2022, basis fair valuation, no further impairment was identified to the existing balances. Therefore, carrying value as at 31 March 22 remain unchanged at US$ 682 million (31 March 2021: US$ 682 million) (refer note 18(5)).

Cash flow projections are based on financial budgets and life of mine plans on a going concern basis and are sensitive to changes in input assumptions. Input assumptions into the valuation that involve management judgement include:

- The expectation that the large-scale mining licence expiring in 2025 will be extended to the end of the life of mine under the Mines & Mineral Development Act on payment of requisite fees and submission of the proposed programme of mining operation for the period of renewal. We believe this licence renewal process is in line with globally accepted procedural requirement to be followed by a mining company backed by a robust life of mine plan and as such, would get extended for the next permissible period post fulfilment of procedural requirement in ordinary course of business.
- Expected delay between success of the litigation proceedings and receipt of any amounts due.
- Liquidity of the market in the event of a sale of KCM, which has been considered through benchmarking the resulting valuation against other recent transactions for similar mines.
- The discount rate used to discount the cash flow projection, which has been calculated on a post-tax basis at 11.875% (31 March 2021: 12.750%), using the input of third-party expert.
- To factor in the uncertainties, valuation under few scenarios in addition to the base case valuation, assuming equal likelihood, has been computed a) If Provisional Liquidator continues to control the assets for longer than expected, b) additional capex required to achieve the planned ramp up of production and c) future implied Zambian country risk premium.

The key sources of estimation uncertainty, to which the valuation is most sensitive, are:

- The long-term copper prices which are based on the median of analyst forecasts.
- Throughput at the Konkola concentrator: The timing of ramp up of through put at the Konkola concentrator is based on internal management forecasts. The forecasts incorporate management experience and expectations as well as the risks associated therewith (for example availability of required fleets, skill sets for level developments at critical areas).
- The probability of achieving an award or positive settlement outcome in respect of the litigation proceedings. As discussed above, the Group believes, based on the legal advice it has obtained, that it is probable that it will succeed with its appeal to the Zambian Court of Appeal, which would result in the Petition being stayed until the outcome of the arbitration and the Group believes at some stage the Petition will be dismissed and the appointment of the PL discharged. The probability used in the valuation is based on the Expert's assumption based on external legal advice that it is probable that the Group will succeed with its appeal to the Zambian Court of Appeal and benchmarked using external data on historical outcomes for similar claims.
- The potential proportion of the claim value that may be expected to be recovered in the event of achieving an award or positive settlement outcome. This includes the ability of ZCCM to make payments in the event of a successful award or settlement outcome.

Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 Fair Value Measurement, as they depend to a significant extent on unobservable valuation inputs.

ii. Fair value measurements

The valuation of the investment in KCM and the loans, receivables and obligations of KCM towards the group is determined using discounted future cash flows and adjusted to reflect expert's current views on litigation risk and other unobservable inputs as described below. These assets are considered to be level 3 in the fair value hierarchy. Quantitative information about the significant unobservable inputs used in level 3 fair value measurements are set out in the table below:

(US$ million, unless stated otherwise)

Financial asset	Fair value at 31 March 2022	Fair value at 31 March 2021	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
Investments and Loans, receivables and obligations of KCM towards the Group	720	655	Probability of achieving an award or positive settlement outcome in respect of litigation proceedings	A decrease in probability of success would decrease the fair value. A 10% decrease in the probability of success, with no change to any other inputs, would decrease the fair value by US$ 92 million (31 March 2021: US$ 83 million). We have used a 10% assumption to calculate our exposure as it represents a change in the probability of success that we deem to be reasonably probable.
			Potential proportion of the claim value that may expected to be recovered in the event of achieving an award or positive settlement outcome	A decrease in the recovery percentage would decrease the fair value. A 10% decrease in the recovery percentage, with no change to any other inputs, would decrease the fair value by US$ 149 million (31 March 2021: US$ 136 million) We have used a 10% assumption to calculate our exposure as it represents a change in the recovery probability that we deem to be reasonably probable.
			Copper price Long term price of US$ 7,716/tonne (31 March 2022) and US$ 6,850 / tonne (31 March 2021)	A decrease in the copper price would decrease the fair value. A 10% reduction in the long-term copper price, with no change to any other inputs, would decrease the fair value by US$ 128 million (31 March 2021: US$ 140 million). We have used a 10% assumption to calculate our exposure as it represents the annual copper price movement that we deem to be reasonably probable (on an annual basis over the long run).

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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, ferro alloys, steel, cement and commercial power and has a presence across India, Zambia, South Africa, Namibia, UAE, Ireland, Australia, Japan, South Korea, Taiwan and Liberia. The Group is also in the business of port operations and manufacturing of glass substrate.

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 port/berth, steel, glass substrate, ferro alloys and cement 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 Earnings Before Interest, Taxes, Depreciation, and Amortisation ("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 and certain asset and liability information regarding the Group's reportable segments for the years ended 31 March 2022 and 31 March 2021. Items after operating profit are not allocated by segment.

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(a) Reportable segments

Year ended 31 March 2022

(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	3,844	602	1,669	837	2,035	6,823	739	1,070	-	17,619
Inter-segment sales	-	-	-	15	-	10	44	2	(71)	-
Segment revenue	**3,844**	**602**	**1,669**	**852**	**2,035**	**6,833**	**783**	**1,072**	**(71)**	**17,619**
Results										
Segment Results (EBITDA) [1]	2,170	206	809	304	(15)	2,328	145	308	-	6,255
Less: Depreciation and amortisation [2]	377	69	307	32	20	270	77	76	-	1,228
Operating profit/(loss) before special items	**1,793**	**137**	**502**	**272**	**(35)**	**2,058**	**68**	**232**	**-**	**5,027**
Investment revenue										153
Finance costs										(1,402)
Other gains and (losses) [net]										(38)
Special items (Refer Note 6)										408
Profit before taxation										**4,148**
Segments assets	2,848	924	3,424	608	789	7,133	2,128	1,210	-	19,064
Financial asset investments										20
Deferred tax assets										860
Short-term investments										3,148
Cash and cash equivalents										1,328
Tax assets										368
Others										866
TOTAL ASSETS										**25,654**
Segment liabilities	664	153	2,118	338	658	2,299	217	352	-	6,799
Borrowings										16,082
Current tax liabilities										122
Deferred tax liabilities										764
Others										352
TOTAL LIABILITIES										**24,119**
Other segment information										
Additions to property, plant and equipment, exploration and evaluation assets and intangible assets	514	148	220	40	4	482	14	172	-	1,597
Impairment charge/(reversal) [3]	-	-	(843)	-	-	17	-	7	-	(819)
Exploration costs written off [3]	-	-	351	-	-	-	-	-	-	351

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Year ended 31 March 2021

(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	2,960	368	1,016	606	1,469	3,856	725	722	-	11,722
Inter-segment sales	-	-	-	5	0	9	-	5	(19)	-
Segment revenue	**2,960**	**368**	**1,016**	**611**	**1,469**	**3,865**	**725**	**727**	**(19)**	**11,722**
Results										
Segment Results (EBITDA) (1)	1,568	120	438	245	(21)	1,046	190	214	-	3,800
Less: Depreciation and amortisation (2)	332	43	287	30	21	230	79	77	-	1,099
Operating profit/(loss) before special items	**1,236**	**77**	**151**	**215**	**(42)**	**816**	**111**	**137**	**-**	**2,701**
Investment revenue										292
Finance costs										(1,209)
Other gains and (losses) [net]										11
Special items										(112)
Loss before taxation from continuing operations										**1,683**
Segments assets	2,730	828	2,419	451	825	6,564	2,235	1,064	-	17,116
Financial asset investments										21
Deferred tax assets										1,018
Short-term investments										5,002
Cash and cash equivalents										955
Tax assets										375
Others										834
TOTAL ASSETS										**25,321**
Segment liabilities	644	146	1,508	173	590	2,142	245	289	-	5,737
Borrowings										16,377
Current tax liabilities										38
Deferred tax liabilities										299
Others										539
TOTAL LIABILITIES										**22,990**
Other segment information										
Additions to property, plant and equipment, exploration and evaluation assets and intangible assets (4)	340	51	188	13	8	232	4	82	-	919
Impairment charge (3)	-	-	-	-	-	24	-	9	-	33

(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 are also provided to the chief operating decision maker on a regular basis.
(3) Included under special items (Note 6).
(4) Additions to property, plant and equipment, exploration and evaluation assets and intangible assets includes US$ 3 million (31 March 2021: US$ 1 million) not allocated to any segment.

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(b) Geographical segmental analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, UAE, Ireland, Australia, Japan, South Korea, Taiwan and Liberia. The following table provides an analysis of the Group's revenue by region in which the customer is located, irrespective of the origin of the goods.

(US$ million)

	Revenue by geographical segment	
	Year ended 31 March 2022	Year ended 31 March 2021
India	9,887	7,236
Europe	2,128	429
China	1,299	705
The United States of America	468	157
Turkey	696	56
Mexico	310	126
Malaysia	74	959
Others	2,757	2,054
Total	**17,619**	**11,722**

The following is an analysis of the carrying amount of non-current assets, excluding deferred tax assets, derivative financial assets, financial asset investments and other non-current financial assets analysed by the geographical area in which the assets are located:

(US$ million)

	Carrying amount of non-current assets	
	As at 31 March 2022	As at 31 March 2021
India	13,435	13,083
Namibia	131	121
South Africa	675	607
Taiwan	118	137
Others	59	101
Total	**14,418**	**14,049**

Information about major customer

No single customer has accounted for more than 10% of the Group's revenue for the period ended 31 March 2022. Revenue from one customer amounted to US$ 1,414 million for the year ended 31 March 2021 arising from sales made in the Aluminium, Zinc and Copper segment. No other customer contributed to more than 10% of revenues.

Disaggregation of revenue

Below table summarises the disaggregated revenue from contracts with customers:

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Zinc Metal	3,318	2,245
Lead Metal	569	524
Silver Bars	566	593
Oil	1,380	874
Gas	230	92
Iron ore	316	293
Pig Iron	554	327
Metallurgical coke	55	35

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(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Copper Products	1,918	1,377
Aluminium Products	6,883	3,832
Power	522	493
Steel Products	765	535
Ferro Alloys	111	37
Others	420	287
Revenue from contracts with customers*	**17,607**	**11,544**
Revenue from contingent rents	185	204
Losses on provisionally priced contracts under IFRS 9 (refer note 5)	(173)	(26)
Total Revenue	**17,619**	**11,722**

*Includes revenues from sale of services aggregating to US$ 40 million (31 March 2021: US$ 30 million) which is recorded over a period of time and the balance revenue is recognised at a point in time.

5. Total Revenue

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products a	17,394	11,488
Sale of services a	40	30
Revenue from contingent rents	185	204
Total Revenue	**17,619**	**11,722**

a) Revenue from sale of products and from sale of services for the year ended 31 March 2022 includes revenue from contracts with customers of US$ 17,607 million (31 March 2021: US$ 11,544 million) and a net loss on mark-to-market of US$ 173 million (31 March 2021: US$ 26 million) on account of gains/ losses relating to sales that were provisionally priced at the beginning of the respective year with the final price settled in the subsequent year, gains/ losses relating to sales fully priced during the respective year, and marked to market gains/losses relating to sales that were provisionally priced as at the beginning of the respective year.

b) Majority of the Group's sales are against advance or are against letters of credit/cash against documents/ guarantees of banks of national standing. Where sales are made on credit, the amount of consideration does not contain any significant financing component as payment terms are within three months.

As per the terms of the contract with its customers, either all performance obligations are to be completed within one year from the date of such contracts or the Group has a right to receive consideration from its customers for all completed performance obligations. Accordingly, the Group has availed the practical expedient available under paragraph 121 of IFRS 15 and dispensed with the additional disclosures with respect to performance obligations that remained unsatisfied (or partially unsatisfied) at the balance sheet date. Further, since the terms of the contracts directly identify the transaction price for each of the completed performance obligations, in all material respects, there are no elements of transaction price which have not been included in the revenue recognised in the financial statements.

Further, there is no material difference between the contract price and the revenue from contract with customers.

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6. Special items

(US$ million)

	Year ended 31 March 2022			Year ended 31 March 2021		
	Special items	Tax effect of Special items	Special items after tax	Special items	Tax effect of Special items	Special items after tax
One time settlement of entry tax under amnesty scheme [1]	(18)	6	(12)	-	-	-
Revision of Renewable Purchase Obligation (RPO) [9]	-	-	-	13	(3)	10
Provision for fly ash disposal [2]	(38)	11	(27)	-	-	-
Provision for settlement of dispute regarding environmental clearance [3]	(1)	0	(1)	(29)	10	(19)
Gross profit special items (a)	**(57)**	**17**	**(40)**	**(16)**	**7**	**(9)**
Impairment reversal of oil & gas properties [4]	714	(282)	432	-	-	-
Impairment reversal of exploration & evaluation assets [4]	129	(51)	78	-	-	-
Total impairment reversal / (charge) (net) (b)	**843**	**(333)**	**510**	**-**	**-**	**-**
Write off of Asset under construction, land & capital advances (c) [6, 7, 8]	(27)	8	(19)	(33)	11	(22)
Exploration costs written off [5] (d)	(351)	138	(213)	-	-	-
Operating special items (a+b+c+d)	**408**	**(170)**	**238**	**(49)**	**18**	**(31)**
Transaction costs paid to the ultimate parent company on structured investment sold in previous year [12]	-	-	-	(14)	-	(14)
Bargain gain on acquisition of FACOR [13]	-	-	-	16	-	16
Delisting expenses [11]	-	-	-	(65)	-	(65)
Profit/(Loss) on Discontinued Operations [10]	-	-	-	91	-	91
Total of Special items	**408**	**(170)**	**238**	**(21)**	**18**	**(3)**

1. During the year ended 31 March 2022, HZL has recognised an expense of US$ 18 million relating to amount charged in respect of settlement of entry tax dispute under an amnesty scheme launched by the Government of Rajasthan.

2. In December 2021, MoEFCC has notified guidelines for thermal power plants for disposal of fly ash and bottom ash produced during power generation process. Effective 01 April 2022, the notification has introduced a three-year cycle to achieve average ash utilisation of 100 per cent. The first three-year cycle is extendable by another one year or two years where ash utilisation percentage is in the range of 60-80 per cent or less than 60 per cent, respectively. Further, unutilised accumulated ash, i.e., legacy fly ash stored with such power plants prior to the date of this notification is required to be utilised fully over a ten-year period with minimum twenty percent, thirty percent and fifty percent utilisation in year 1, year 2 and years 3-10 respectively. Such provisions are not applicable where ash pond or dyke has stabilised, and the reclamation has taken place with greenbelt or plantation. The Group has performed detailed evaluations for its obligations under this notification and has recorded US$ 38 million as a special item for the year ended 31 March 2022, towards estimated costs of legacy fly ash utilisation including reclamation costs.

3. Refer Note 2(c)(I)(v).

4. During the year ended 31 March 2022, the Group has recognised an impairment reversal of US$ 843 million on its assets in the oil and gas segment comprising:

   i) Impairment reversal of US$ 827 million relating to Rajasthan oil and gas block ("CGU") mainly due to increase in crude price forecast. Of this, US$ 700 million impairment reversal has been recorded against oil and gas producing facilities and US$ 127 million impairment reversal has been recorded against exploration intangible assets under development.

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The recoverable amount of the Group's share in Rajasthan Oil and Gas cash generating unit "RJ CGU" was determined to be US$ 1,361 million as at 31 March 2022.

The recoverable amount of the RJ CGU was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflects the recoverable amount based on the Group's view of the assumptions that would be used by a market participant. This is based on the cash flows expected to be generated by the projected oil and natural gas production profiles up to the expected dates of cessation of production sharing contract (PSC)/cessation of production from each producing field based on the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US$ 86 per barrel for the next one year and tapers down to long-term nominal price of US$ 68 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10% derived from the post-tax weighted average cost of capital after factoring in the risks ascribed to PSC extension including successful implementation of key growth projects. Based on the sensitivities carried out by the Group, change in crude price assumptions by US$ 1/bbl and changes to discount rate by 1% would lead to a change in recoverable value by US$ 27 million and US$ 42 million respectively.

ii) Impairment reversal of US$ 16 million relating to KG-ONN-2003/1 CGU mainly due to increase in crude price forecast and increase in recoverable reserves.

The recoverable amount of the Group's share in this CGU was determined to be US$ 27 million based on fair value less cost of disposal approach as described in above paragraph. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US$ 86 per barrel for the next one year and tapers down to long-term nominal price of US$ 68 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.6%. The sensitivities around change in crude price and discount rate are not material to the financial statements.

5. During the year, the Group has continued with exploration and appraisal work programme in its PSC block RJON-90/1 block and RSC blocks awarded under OALP (Open Acreage Licensing Policy). Based on the outcome of such appraisal activities, an amount of US$ 351 million unsuccessful exploration costs has been charged off to the consolidated income statement during the year, as these have proven to be either technically or commercially unviable.

6. a) During the year ended 31 March 2022, the Group has recognised a loss of US$ 3 million relating to certain items of capital work-in-progress at one of its closed units in Gujarat, which are no longer expected to be used.

   b) During the year ended 31 March 2022, US$ 1 million was written off being the cost of land located outside the plant for which details of original owners/sellers etc., was not available and the physical possession or the registered ownership of the same as such cannot be obtained.

   c) During the year ended 31 March 2021, the Group has recognised a loss of US$ 24 million relating to certain items of capital work-in-progress at the aluminium operations, which are no longer expected to be used.

7. In relation to a mine in Aluminium business of the Group, the Group had deposited US$ 17 million with the Government of India. Thereafter, the MoEFCC and the Hon. Supreme Court declared the mining project inoperable on environmental grounds. Later, in 2017, the mining license lapsed. Thereafter, the Group has sent several communications to the authorities requesting a refund of the amount paid. Although several positive deliberations happened, the Group is yet to receive the amount. Accordingly, the deposit has been provided for during the current year.

8. During the year ended 31 March 2021, ESL conducted a detailed physical verification and evaluation of project equipment and material being carried forward as capital-work-in-progress at a carrying value of US$ 113 million. An interim provision of US$ 9 million was recognised for the year ended 31 March 2021, relating to certain items of capital work-in-progress, which are no longer expected to be used. The physical verification exercise is now complete and as a result, additional provision of US$ 6 million has been recognised during the year ended 31 March 2022.

9. During the year ended 31 March 2021, Vedanta Limited has recomputed its Renewable Power Obligation (RPO) pursuant to Chhattisgarh State Electricity Regulatory Commission (CSERC) notification dated 13 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 up to 31 March 2020 has been reversed to the extent of US$ 13 million during previous year.

10. Refer note 3(b).

11. During the year ended 31 March 2021, the Company 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 the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended ("the Delisting Regulations"). The delisting offer was unsuccessful in terms of the Delisting Regulations as the total number of offer shares validly tendered by the Public Shareholders were less then minimum number of offer shares required. The Company incurred US$ 65 million expenses with respect to the delisting offer which included finance cost, consultancy and other expenses.

12. Refer Note 34.

13. Refer Note 3(a).

7. Investment revenue

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Net gain on financial assets held at fair value through profit or loss (FVTPL)	28	109
Interest Income:		
Interest income – financial assets held at FVTPL	53	63
Interest income – bank deposits at amortised cost	72	77
Interest income – loans and receivables at amortised cost	29	37
Interest income – others	-	11
Dividend Income:		
Dividend income – financial assets held at FVOCI	0	0
Foreign exchange (loss)/gain (net)	(29)	(5)
Total	**153**	**292**

8. Finance costs

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense – financial liabilities at amortised cost	1,345	1,170
Other finance costs (including bank charges)	86	70
Total interest cost	**1,431**	**1,240**
Unwinding of discount on provisions (note 25)	10	10
Net interest on defined benefit arrangements	3	3
Special items (note 6)	-	58
Capitalisation of finance costs/borrowing costs (note 16)	(42)	(44)
Total	**1,402**	**1,267**

All borrowing costs are capitalised using rates based on specific borrowings and general borrowings with the interest rate of 7.87% (6.91% for 31 March 2021) per annum for the year ended 31 March 2022.

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9. Other gains and (losses), (net)

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Foreign exchange gain/(loss) (net)	(18)	55
Change in fair value of financial liabilities measured at fair value	(1)	(1)
Net loss arising on qualifying hedges and non-qualifying hedges	(19)	(43)
Bargain gain on acquisition of FACOR – Special Item (Refer Note 3(a))	-	16
Other gains and losses – Special Item	-	(21)
Total	**(38)**	**6**

10(a). Profit/(Loss) for the year has been stated after charging/(crediting):

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation & amortisation	1,228	1,099
Costs of inventories recognised as an expense	4,736	3,192
Auditor's remuneration for audit services (note 36)	3	4
Research and development	1	0
Net (gain)/loss on disposal of Property plant and equipment	(17)	(10)
Provision for receivables	31	29
Impairment charge/(reversal) & assets written off (refer note 6)	816	33
Exploration costs written off (refer note 6)	(351)	(1)
Employee costs (note 27)	387	395

10(b). Exchange gain/(loss) recognised in the consolidated income statement:

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Cost of sales	11	(26)
Investment revenue (refer note 7)	(29)	(5)
Other gains and (losses) (refer note 9)	(37)	12
Total	**(55)**	**(19)**

11. Tax

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

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax:		
Current tax	1,047	308
Credit in respect of Special items (Refer Note 6)	(78)	-
Total current tax (a)	**969**	**308**
Deferred tax:		
Origination of temporary differences	364	8
Charge in respect of deferred tax for earlier years	(11)	-
Credit in respect of Special items (Refer Note 6)	248	(18)
Total deferred tax (b)	**601**	**(10)**
Total Income tax expense for the year((a)+(b))	**1,570**	**298**
Profit before tax from continuing operations	**4,148**	**1,683**
Effective Income tax rate (%)	**37.9%**	**17.7%**

Tax expense/(benefit)

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Tax effect on special items	170	(18)
Tax expense – others	1,400	316
Net tax expense	**1,570**	**298**

(b) A reconciliation of income tax expense/ (credit) applicable to profit/ (loss) before tax at the Indian statutory income tax rate to income tax expense/ (credit) at the Group's effective income tax rate for the year indicated are as follows.

Given majority of the Group's operations are located in India, the reconciliation has been carried out from Indian statutory income tax rate.

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Profit/(Loss) before tax from continuing operations	**4,148**	**1,683**
Indian statutory income tax rate	34.944%	34.944%
Tax at statutory income tax rate	**1,450**	**588**
Non-taxable income	(18)	(17)
Tax holidays and similar exemptions	(263)	(104)
Effect of tax rate differences of subsidiaries operating at other tax rates	227	64
Tax on distributable reserve of/dividend from subsidiary	65	117
Unrecognised tax assets (Net)*	(16)	(420)
Change in deferred tax balances due to change in tax law	(34)	(42)
Capital Gains/Other income subject to lower tax rate	(4)	(23)
Credit in respect of earlier years	(12)	-
Other permanent differences	175	135
Total	**1,570**	**298**

*In June 2018, the Group acquired majority stake in ESL Steel Limited ("ESL"), which has since been focusing on operational turnaround. Based on management's estimate of future outlook, financial projections and requirements of Ind AS 12 – Income taxes, ESL recognised deferred tax assets of US$ 434 million during the year ended 31 March 2021. During the year ended 31 March 2022, ESL derecognised deferred tax assets on losses expired in the current year amounting to US$ 16 million.

Certain businesses of the Group within India are eligible for specified tax incentives which are included in the table above as tax holidays and similar exemptions. Most of such tax exemptions are relevant for the companies operating in India. These are briefly described as under:

The location based exemption

In order to boost industrial and economic development in undeveloped regions, provided certain conditions are met, profits of newly established undertakings located in certain areas in India may benefit from tax holiday under Section 80IC of the Income-tax Act, 1961. Such tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, and 30% of profits for the subsequent five years. This deduction is available only for units established up to 31 March 2012. However, such undertaking would continue to be subject to the Minimum Alternative tax ('MAT').

In the FY 2020-21, an undertaking at Pantnagar, which is part of Hindustan Zinc Limited, was the only unit eligible for deduction at 30% of taxable profit.

The location based exemption: SEZ Operations

In order to boost industrial development and exports, provided certain conditions are met, profits of undertaking located in Special Economic Zone ('SEZ') may benefit from tax holiday. Such tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, 50% of profits for five years thereafter and 50% of the profits for further five years provided the amount allowable in respect of deduction is credited to Special

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Economic Zone Re-Investment Reserve account. However, such undertaking would continue to be subject to the Minimum Alternative tax ('MAT').

The Group has setup SEZ Operations in its aluminium division of Vedanta Limited where such benefit has been drawn.

Sectoral Benefit – Power Plants and Port Operations

To encourage the establishment of infrastructure certain power plants and ports have been offered income tax exemptions of up to 100% of profits and gains for any ten consecutive years within the 15-year period following commencement of operations subject to certain conditions under Section 80IA of the Income-tax Act, 1961. The Group currently has total operational capacity of 8.25 Giga Watts (GW) of thermal based power generation facilities and wind power capacity of 274 Mega Watts (MW) and port facilities. However, such undertakings would continue to be subject to MAT provisions.

The Group has power plants which benefit from such deductions, at various locations of Hindustan Zinc Limited, Vedanta Limited (where such benefits has been drawn), Talwandi Sabo Power Limited and Bharat Aluminium Company Limited (where no benefit has been drawn).

Further tax incentives exist for certain other infrastructure facilities to exempt 100% of profits and gains for any ten consecutive years within the 20-year period following commencement of these facilities' operation, provided certain conditions are met. HZL currently has certain eligible facilities. However, such facilities would continue to be subject to the MAT provisions.

The Group operates a zinc refinery in Export Processing Zone, Namibia which has been granted tax exempt status by the Namibian government.

In addition, the subsidiaries incorporated in Mauritius are eligible for tax credit to the extent of 80% of the applicable tax rate on foreign source income.

The total effect of such tax holidays and exemptions was US$ 263 million for the year ended 31 March 2022 (31 March 2021: US$ 104 million).

(c) Deferred tax assets/liabilities

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of property, plant and equipment, the depreciation of mining reserves and the fair value uplifts created on acquisitions, net of losses carried forward by the Group and unused tax credits in the form of MAT credits carried forward in the Group. Significant components of Deferred tax (assets) and liabilities recognised in the Consolidated Statement of financial position are as follows:

For the year ended 31 March 2022:

(US$ million)

Significant components of deferred tax (assets)/liabilities	Opening balance as at 01 April 2021	Charged/ (credited) to Income Statement	Charged/ (credited) to other comprehensive income	Charged to Equity	Exchange difference transferred to translation of foreign operation	Closing balance as at 31 March 2022
Property, plant and equipment, Exploration and Evaluation and other intangible assets	1,096	376	-	-	(27)	1,445
Voluntary retirement scheme	(8)	2	-	-	0	(6)
Employee benefits	(24)	(27)	0	1	0	(50)
Fair value of derivative asset/ liability	(10)	(4)	(5)	-	0	(19)
Fair valuation of other asset/ liability	106	(4)	-	-	(9)	93
MAT credit entitlement	(1,125)	200	-	(2)	33	(894)
Unabsorbed depreciation and business losses	(640)	28	-	-	19	(593)
Other temporary differences	(114)	30	11	-	1	(72)
Total	**(719)**	**601**	**6**	**(1)**	**17**	**(96)**

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For the year ended 31 March 2021:

(US$ million)

Significant components of deferred tax (assets)/ liabilities	Opening balance as at 01 April 2020	Charged/ (credited) to Income Statement	Charged/ (credited) to other comprehensive income	Charged to Equity	Business Combination	Discontinued Operations	Exchange difference transferred to translation of foreign operation	Closing balance as at 31 March 2021
Property, plant and equipment, Exploration and Evaluation and other intangible assets	1,045	(2)	-	-	7	-	46	1,096
Voluntary retirement scheme	(4)	(3)	-	-	-	-	(1)	(8)
Employee benefits	(25)	(3)	1	4	-	-	(1)	(24)
Fair value of derivative asset/ liability	(12)	6	(4)	-	-	-	-	(10)
Fair valuation of other asset/liability	140	(33)	-	-	-	-	(1)	106
MAT credit entitlement	(1,221)	121	-	-	-	-	(25)	(1,125)
Unabsorbed depreciation and business losses	(732)	106	-	-	-	-	(14)	(640)
Other temporary differences	92	(202)	-	-	1	(2)	(3)	(114)
Total	**(717)**	**(10)**	**(3)**	**4**	**8**	**(2)**	**1**	**(719)**

Deferred tax assets and liabilities have been offset where they arise in the same taxing jurisdiction with a legal right to offset current income tax assets against current income tax liabilities but not otherwise. Accordingly, the net deferred tax (assets)/liability has been disclosed in the Consolidated Statement of financial position as follows:

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	(860)	(1,114)
Deferred tax liabilities	764	397
Net Deferred tax (assets)/Liabilities	**(96)**	**(717)**

Recognition of deferred tax assets on MAT credits entitlement is based on the respective legal entity's present estimates and business plans as per which the same is expected to be utilised within the stipulated fifteen year period from the date of origination (Refer Note 2(c)(I)(ii)).

Deferred tax assets in the Group have been recognised to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse. For certain components of the Group, deferred tax assets on carry forward unused tax losses have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax asset at respective entities.

Unused tax losses/unused tax credit for which no deferred tax asset has been recognised amount to US$ 4,256 million and US$ 4,669 million as at 31 March 2022 and 31 March 2021 respectively.

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As at 31 March 2022

(US$ million)

Unused tax losses/Unused tax credit Particulars	Within one year	Greater than one year, less than five years	Greater than five years	No expiry date	Total
Unutilised business losses	4	493	422	1,646	2,565
Unabsorbed depreciation	-	-	-	190	190
Unutilised R&D credit	-	-	-	1	1
Unabsorbed interest allowance*	-	-	-	1,500	1,500
Total	**4**	**493**	**422**	**3,337**	**4,256**

As at 31 March 2021

(US$ million)

Unused tax losses/Unused tax credit Particulars	Within one year	Greater than one year, less than five years	Greater than five years	No expiry date	Total
Unutilised business losses	70	451	420	2,156	3,097
Unabsorbed depreciation	1	14	41	321	377
Unutilised R&D credit	-	-	-	1	1
Unabsorbed interest allowance*	-	-	-	1,194	1,194
Total	**71**	**465**	**461**	**3,672**	**4,669**

* As per UK's corporate interest restriction rules, the disallowed interest expense for any year can be carried forward and claimed in future years for unlimited life subject to specified conditions

No deferred tax assets have been recognised on these unused tax losses/unused tax credit as there is no evidence that sufficient taxable profit will be available in future against which these can be utilised by the respective entities.

The Group has not recognised any deferred tax liabilities for taxes that would be payable on the Group's share in unremitted earnings of certain of its subsidiaries because the Group controls when the liability will be incurred, and it is probable that the liability will not be incurred in the foreseeable future. The amount of unremitted earnings is US$ 5,883 million and US$ 3,958 million as at 31 March 2022 and 31 March 2021 respectively.

(d) Non-current tax assets

Non-current tax assets of US$ 365 million (31 March 2021: US$ 375 million) mainly represents income tax receivable from Indian Tax authorities by Vedanta Limited relating to the refund arising consequent to the Scheme of Amalgamation & Arrangement made effective in August 2013 pursuant to approval by the jurisdiction High Court and receivables relating to matters in tax disputes in Group companies including tax holiday claim.

(e) The tax department had issued demands on account of remeasurement of certain tax incentives, under Section 80IA and 80 IC of the Income-tax Act, 1961. During the year ended 31 March 2020, 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, the department had filed an appeal in Hon'ble Rajasthan High Court in FY 2017-18 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. Accordingly, there is a high probability that the case will go in favour of the Company. The amount involved in this dispute as of 31 March 2022 is US$ 1,504 million (31 March 2021: US$ 1,538 million) plus applicable interest up to the date of settlement of the dispute.

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12. Underlying Attributable Profit/(Loss) for the year

Underlying earnings 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 for the year after adding back special items, other losses/(gains) [net] (note 9) and their resultant tax (including taxes classified as special items) & non-controlling interest effects and (Gain)/loss on discontinued operations. This is a non-IFRS measure.

(US$ million)

	Note	Year ended 31 March 2022	Year ended 31 March 2021
Profit for the year attributable to equity holders of the parent		1,002	323
Special items	6	(408)	112
Other (gains)/losses [net]	9	38	(11)
Tax effect of special items (including taxes classified as special items) and other gains/(losses) [net]		160	(16)
Non-controlling interest on special items and other gains/ (losses)		52	5
(Gain)/loss on discontinued operations	3(b)	-	(91)
Non-controlling interest on profit after tax from discontinued operations		-	12
Underlying attributable profit for the year		**844**	**334**

13. Dividends

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
First Interim Dividend for 2021-22: 46.0 US cents per share*	131	-
Interim Dividend for 2020-21: 88.0 US cents per share*	-	251

* Nil (31 March 2021: US$ 90 million) is payable as at 31 March 2022.

14. Goodwill

(US$ million)

Copper India CGU	As at 31 March 2022	As at 31 March 2021
At 01 April	12	12
Impairment during the year	-	-
At 31 March	**12**	**12**

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The Company has undertaken an impairment review of goodwill of US$ 12 million as at 31 March 2022. The carrying amount of goodwill allocated to the relevant cash generating unit is considered to be insignificant in comparison with the total carrying value of the cash generating unit. The carrying amount of goodwill was evaluated using the higher of fair value less cost of disposal ('FVLCD') or value in use based on discounted future cash flows of the cash generating unit to which the goodwill pertains and comparing this to the total carrying value of the relevant cash generating units. It was determined that the carrying amount of goodwill is not impaired and nor was impairment indicated following a reasonably possible change in a key assumption.

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15. Intangible assets

Intangible assets include Port concession rights to operate a general cargo berth for handling coal at the outer harbour of the Visakhapatnam port on the east coast of India, software licences, technological know-how, acquired brand and others.

(US$ million)

	Port concession rights (1)	Software license	Others (2)	Total
Cost				
As at 01 April 2020	80	5	48	133
Addition	-	1	4	5
Transfers	-	0	-	0
Exchange differences	2	1	(0)	3
As at 01 April 2021	**82**	**7**	**52**	**141**
Addition	-	1	-	1
Transfers	-	2	-	2
Exchange differences	(3)	(1)	(3)	(7)
As at 31 March 2022	**79**	**9**	**49**	**137**
Accumulated amortisation				
As at 01 April 2020	21	4	8	33
Charge for the year	3	1	4	8
Exchange differences	0	1	0	1
As at 01 April 2021	**24**	**6**	**12**	**42**
Charge for the year	3	1	4	8
Exchange differences	(1)	(1)	(1)	(3)
As at 31 March 2022	**26**	**6**	**15**	**47**
Net book value				
As at 01 April 2020	59	1	40	100
As at 01 April 2021	58	1	40	99
As at 31 March 2022	**53**	**3**	**34**	**90**

(1) Vizag General Cargo Berth Private Limited (VGCB), a special purpose vehicle, was incorporated for the coal berth mechanisation and upgrades at Visakhapatnam port in Eastern India. VGCB is wholly owned by Vedanta Limited. The project is to be carried out on a design, build, finance, operate, transfer basis and the concession agreement between Visakhapatnam Port Trust ('VPT') and the VGCB was signed in June 2010. In October 2010, the VGCB was awarded with the concession after fulfilling conditions stipulated as a precedent to the concession agreement. VPT has provided, in lieu of license fee an exclusive license to VGCB for designing, engineering, financing, constructing, equipping, operating, maintaining, and replacing the project/project facilities and services. The concession period is 30 years from the date of the award. The upgraded capacity is 10.18 mmtpa and VPT would be entitled to receive 38.10% share of the gross revenue as royalty. VGCB is entitled to recover a tariff from the user(s) of the project facilities and services as per its Tariff Authority for Major Ports (TAMP) notification. The tariff rates are linked to the Wholesale Price Index (WPI) and would accordingly be adjusted as specified in the concession agreement every year. The ownership of all infrastructure assets, buildings, structures, berths, wharfs, equipment and other immovable and movable assets constructed, installed, located, created or provided by VGCB at the project site and/or in the port's assets pursuant to concession agreement would be with VGCB until expiry of this concession agreement. The cost of any repair, replacement or restoration of the project facilities and services shall be borne by VGCB during the concession period. VGCB has to transfer all its rights, titles and interest in the project facilities and services free of cost to VPT at the end of the concession period. Intangible asset port concession rights represent consideration for construction services. No revenue from construction contract of service concession arrangements on exchanging construction services for the port concession rights was recognised for the year ended 31 March 2022 and 31 March 2021.

(2) Others include technological know-how and acquired brand relating to acquisition of AvanStrate Inc.

Notes to the Financial Statements

16. Property, plant and equipment

(US$ million)

	Mining property and leases	Freehold Land and buildings	Plant and equipment	Assets under construction	Oil & Gas properties (3)	ROU Assets (4)	Others	Total Property, plant and equipment	Exploratory and evaluation assets(3)	Grand Total
Cost										
At 01 April 2020	**2,637**	**1,849**	**11,664**	**1,770**	**19,518**	**199**	**147**	**37,784**	**1,477**	**39,261**
Additions	176	22	205	230	105	16	18	772	94	866
Transfers	62	(20)	366	(440)	(1)	34	(2)	(1)	1	-
Exploration costs written off	-	-	-	-	-	-	-	-	(1)	(1)
Disposals/Adjustments	(1)	(4)	(74)	(39)	(1)	-	(6)	(125)	-	(125)
Acquisition through business combination (note 3(a))	30	18	-	-	-	-	-	48	-	48
Exchange differences	160	54	332	43	-	0	8	597	-	597
At 01 April 2021	**3,064**	**1,919**	**12,493**	**1,564**	**19,621**	**249**	**165**	**39,075**	**1,571**	**40,646**
Additions	158	27	172	983	95	16	17	1,468	129	1,597
Transfers	276	12	396	(666)	93	(94)	2	19	(21)	(2)
Exploration costs written off	-	-	-	-	-	-	-	-	(351)	(351)
Disposals/Adjustments	(4)	(12)	(164)	(39)	(2)	(6)	(3)	(230)	-	(230)
Exchange differences	(68)	(57)	(353)	(47)	-	(6)	(5)	(536)	-	(536)
At 31 March 2022	**3,426**	**1,889**	**12,544**	**1,795**	**19,807**	**159**	**176**	**39,796**	**1,328**	**41,124**
Accumulated depreciation, amortisation and impairment										-
At 01 April 2020	**2,060**	**424**	**3,798**	**199**	**18,259**	**14**	**25**	**24,779**	**1,237**	**26,016**
Charge for the year	227	70	483	-	276	21	24	1,101	-	1101
Disposals/Adjustments	-	(3)	(57)	-	(1)	-	(4)	(65)	-	(65)
Transfers	-	-	5	(4)	-	-	(1)	-	-	-
Asset under construction written off (note 6)	-	-	-	33	-	-	-	33	-	33
Exchange differences	86	21	143	3	-	-	6	259	-	259
At 01 April 2021	**2,373**	**512**	**4,372**	**231**	**18,534**	**35**	**50**	**26,107**	**1,237**	**27,344**
Charge for the year	283	61	539	-	306	9	24	1,222	-	1,222
Disposals/Adjustments	-	(4)	(115)	-	(2)	(6)	(2)	(129)	-	(129)
Transfers	-	-	8	(8)	12	(12)	-	-	-	-
Impairment Charge/(reversal) of assets and write off of asset under construction, land and capital advances (note 6)	-	1	-	26	(714)	-	-	(687)	(129)	(816)
Exchange differences	(53)	(18)	(121)	(5)	-	(1)	(3)	(201)	-	(201)
At 31 March 2022	**2,603**	**552**	**4,683**	**244**	**18,136**	**25**	**69**	**26,312**	**1,108**	**27,420**
Net book value										
At 01 April 2020	577	1,425	7,866	1,571	1,259	185	122	13,005	240	13,245
At 01 April 2021	691	1,407	8,121	1,333	1,087	214	115	12,968	334	13,302
At 31 March 2022	**823**	**1,337**	**7,861**	**1,551**	**1,671**	**134**	**107**	**13,484**	**220**	**13,704**

(1) During the year ended 31 March 2022, interest capitalised was US$ 42 million (31 March 2021: US$ 44 million).
(2) Oil and Gas properties includes development assets under construction of carrying value US$ 421 million (31 March 2021: US$ 565 million).
(3) Oil and Gas properties and exploration and evaluation assets net block includes share of jointly owned assets with the joint venture partners US$ 1,704 million (31 March 2021: US$ 1,346 million).

Notes to the Financial Statements

(4) Disclosure of Right of Use (ROU) Assets as per IFRS 16 "Leases"

(US$ million)

	Land & Building	Plant and Equipment	Total
Cost			
At 01 April 2020	**102**	**97**	**199**
Additions	14	2	16
Disposals/Adjustments	34	-	34
Exchange difference	0	0	0
At 01 April 2021	**150**	**99**	**249**
Additions	13	3	16
Transfers	(1)	(93)	(94)
Disposals/Adjustments	(6)	-	(6)
Exchange difference	(6)	-	(6)
At 31 March 2022	**150**	**9**	**159**
Accumulated depreciation			
At 01 April 2020	11	3	14
Charge for the year	9	12	21
Exchange difference	0	0	0
At 01 April 2021	**20**	**15**	**35**
Charge for the year	8	1	9
Transfers	-	(12)	(12)
Disposals/Adjustments	(6)	-	(6)
Exchange difference	(1)	-	(1)
At 31 March 2022	**21**	**4**	**25**
Net book value			
At 01 April 2020	91	94	185
At 01 April 2021	130	84	214
At 31 March 2022	**129**	**5**	**134**

17. Financial asset investments

Financial asset investments represent investments classified and accounted for at fair value through profit or loss or through other comprehensive income (refer note 25).

Financial Asset Investments

(US$ million)

	As at 31 March 2022	As at 31 March 2021
At 01 April 2021	21	12
Movements in fair value	(1)	9
Exchange difference	0	0
At 31 March 2022	**20**	**21**

Financial asset investment represents quoted investments in equity shares and other investments that present the Group with an opportunity for returns through dividend income and gains in value. These securities are held at fair value. These are classified as non-current as at 31 March 2022 and 31 March 2021.

Notes to the Financial Statements

18. Other non-current assets and trade and other receivables

(US$ million)

	As at 31 March 2022			As at 31 March 2021*		
	Non- Current	Current	Total	Non- Current	Current	Total
Bank deposits (2)	27	-	27	16	-	16
Site restoration assets	135	-	135	112	-	112
Trade receivables (1)	426	653	1,079	431	470	901
Others (3)	226	52	278	226	34	260
Trade receivables from related parties	-	4	4	-	7	7
Cash call/receivables from joint operations (4)	-	1,082	1,082	-	533	533
Receivable from KCM (5)	655	-	655	655	-	655
Financial (A)	**1,469**	**1,791**	**3,260**	**1,440**	**1,044**	**2,484**
Balance with Government authorities	101	144	245	83	100	183
Advance for supplies	-	358	358	-	169	169
Others (3)	119	186	305	151	154	305
Receivable from KCM (5)	27	-	27	27	-	27
Non-financial (B)	**247**	**688**	**935**	**261**	**423**	**684**
Total (A+B)	**1,716**	**2,479**	**4,195**	**1,701**	**1,467**	**3,168**

*Restated. Refer Note 1(b)(i)

The credit period given to customers ranges from zero to 90 days.

(1) In a matter between TSPL and Punjab State Power Corporation Limited (PSPCL) 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 later filed an appeal before the Honorable 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$ 228 million as at 31 March 2022 (31 March 2021: US$ 217 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.

Additionally, trade receivables include US$ 171 million as at 31 March 2022 (31 March 2021: US$ 180 million) withheld by GRIDCO ('GRIDCO' or 'the Customer') on account of certain disputes relating to computation of power tariffs are pending adjudication by the Appellate Tribunal for Electricity (APTEL). Additionally, GRIDCO has raised claims of US$ 68 million on the Group in respect of short supply of power for which a provision of US$ 29 million has been made. Various minutes of meetings were signed with the Group for computing the short supply claims, which were subject to approval of Odisha State Electricity Regulatory Commission ('OERC'). Hearing on the subject matter (PPA Amendment Case) was completed in October 2019 and OERC had pronounced the order on 22 June 2020. In August 2020, the Group filed an appeal before APTEL against the said OERC order which was finally admitted for hearing on 22 March 2022. GRIDCO has also sought review of the said OERC order. The matter has been posted for order by OERC in due course. In the meanwhile, power supply to GRIDCO has resumed and GRIDCO has been making regular payments against monthly energy invoices.

(2) Includes US$ 11 million (31 March 2021: US$ 4 million) and US$ 1 million (31 March 2021: US$ 1 million) under lien with banks and Others respectively, US$ 5 million (31 March 2021: US$ 1 million) under margin money, US$ 3 million (31 March 2021: US$ 3 million) maintained as debt service reserve account and US$ 8 million held as margin money against bank guarantee.

(3) Includes claim receivables, advance recoverable (oil and gas business), prepaid expenses, export incentive receivables and others.

(4) 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 Costs 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, the Group has started recognised revenue 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, a view which is also supported by an independent legal opinion. At year end, an amount of US$ 209 million is receivable from its joint operation partner on account of this. However, the Joint operation partner carries a different understanding and the matter is pending resolution.

(5) Out of total receivables from KCM of US$ 682 million, US$ 27 million is on account of advance for supplies and hence classified as non-financial (Refer Note 3(b)).

Notes to the Financial Statements

19. Inventories

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Raw materials and consumables	1,117	827
Work-in-progress	668	412
Finished goods	110	119
Total	**1,895**	**1,358**

Inventory held at net realisable value amounted to US$ 358 million (31 March 2021: US$ 327 million). A write down of inventories amounting to US$ 23 million (31 March 2021: US$ 22 million) has been charged to the Consolidated Income Statement.

20. Short-term investments

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Bank deposits [1, 2]	880	1,625
Other investments	2,268	3,377
Total	**3,148**	**5,002**

(1) The above bank deposits include US$ 109 million (31 March 2021: US$ 90 million) on lien with banks, US$ 6 million (31 March 2021: US$ 37 million) of margin money, US$ 37 million (31 March 2021: US$ 33 million) maintained as debt service reserve account.

(2) Restricted funds of US$ 3 million (31 March 2021: US$ 3 million) on lien with Others and US$ 21 million (31 March 2021: US$ 63 million) held as interest reserve created against interest payment on loans from banks, US$ 5 million (31 March 2021: US$ 6 million) of restricted funds held as collateral in respect of closure costs and US$ 7 million held as margin money against bank guarantee.

Bank deposits are made for periods of between three months and one year depending on the cash requirements of the companies within the Group and earn interest at the respective fixed deposit rates.

Other investments include mutual fund investments and investment in bonds which are recorded at fair value with changes in fair value reported through the consolidated income statement. These investments do not qualify for recognition as cash and cash equivalents due to their maturity period and risk of change in value of the investments. Refer Note 24 for further details.

21. Cash and cash equivalents

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents consist of the following:		
Cash at bank and in hand	834	376
Short-term deposits[2]	432	325
Restricted cash and cash equivalents [1]	62	254
Total	**1,328**	**955**

(1) Restricted cash and cash equivalents include Nil (31 March 2021: US$ 240 million) and US$ 62 million (31 March 2021: US$ 14 million) that are kept in a specified bank account to be utilised solely for the purposes of voluntary open offer and for the payment of dividends to non-controlling shareholders, which are being carried as a current liability respectively.

(2) Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(3) Cash and cash equivalents for the purpose of Statement of Cash Flows comprise the following:

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents as above	1,328	955
Less: Restricted cash and cash equivalents	(62)	(254)
Total	**1,266**	**701**

Notes to the Financial Statements

22(a) Borrowings

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Current borrowings consist of:		
Banks and financial institutions	1,350	547
Total short-term borrowings	**1,350**	**547**
Add: Current maturities of long-term borrowings	3,622	3,126
Current borrowings (A)	**4,972**	**3,673**
Non-current borrowings consist of:		
Banks and financial institutions	7,932	7,612
Non- convertible bonds	5,677	5,866
Non-convertible debentures	1,050	2,264
Redeemable Preference shares	0	0
Others	73	88
Total long-term borrowings	**14,732**	**15,830**
Less: Current maturities of long-term borrowings	(3,622)	(3,126)
Non-current borrowings (B)	**11,110**	**12,704**
Total (A+B)	**16,082**	**16,377**

The Group facilities are subject to certain financial and non-financial covenants. The primary covenants which must be complied with include fixed charge cover ratio, net borrowing to EBITDA ratio, total net assets to borrowings ratio, attributable leverage ratio and EBITDA to net interest expense ratio.

Details of the Non-convertible bonds and Non-convertible debentures issued by the Group have been provided below (carrying value):

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Non-Convertible Bonds:		
0.28 % bonds due October 2032	4	21
9.25% bonds due April 2026	595	594
8.95 % bonds due March 2025	1,194	1,194
6.13 % bonds due August 2024	994	991
13.88% bonds due on January 2024	995	992
7.13 % bonds due June 2023	498	497
7.99 % bonds due April 2023	398	397
6.37 % bonds due July 2022	999	994
8.25 % bonds due June 2021	-	186
	5,677	**5,866**

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Non-Convertible Debentures		
9.20% due February-2030	265	273
7.68% due February-2024	132	-
9.20% due December-2022	99	102
5.35% due September 2022 – US$ 93 million and September 2023 – US$ 279 million	372	480
0.00% due September 2022 – US$ 7 million and September 2023 – US$ 7 million	14	24
8.75% due June-2022	168	173
7.50% due March-2022	-	67
8.90% due December-2021	-	123
8.75% due September-2021	-	34
9.18% due July-2021	-	136
9.27% due July-2021	-	136
8.50% due June-2021	-	225
8.75% due April-2021	-	34
8.50% due April-2021	-	321
8.55% due April-2021	-	136
	1,050	**2,264**

Notes to the Financial Statements

Security Details

The Group has taken borrowings in various countries towards funding of its acquisitions, capital expenditure and working capital requirements. The borrowings comprise funding arrangements from various banks and financial institutions taken by the parent and subsidiaries. Out of the total borrowings of US$ 16,082 million (31 March 2021: US$ 16,337 million) shown above, total secured borrowings are US$ 5,659 million (31 March 2021: US$ 6,645 million) and unsecured borrowings are US$ 10,423 million (31 March 2021: US$ 9,732 million). The details of security provided by the Group in various countries, to various lenders on the assets of Parent and subsidiaries are as follows:

(US$ million)

Facility Category	Security details	As at 31 March 2022	As at 31 March 2021
Working Capital Loans (grouped under banks and financial institutions)	Secured by first *pari passu* charge on current assets of Vedanta Limited	-	89
	Secured by second *pari passu* charge on fixed assets of TSPL and first *pari passu* charge on current assets of TSPL, both present and future	68	7
	Secured by hypothecation of stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivables, book debts and all other movables, both present and future in BALCO. The charges rank *pari passu* among banks under the multiple banking arrangements, for fund-based facilities	7	-
External commercial borrowings (grouped under banks and financial institutions)	The facility is secured by first *pari passu* charge on all movable property, plant and equipment related to power plants and aluminium smelters of BALCO located at Korba both present and future along with secured lenders	10	30
	A First *pari passu* charge by way of hypothecation on the specified movable fixed assets of VEDL pertaining to its manufacturing facilities comprising (i) alumina refinery having output of 6 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha; (ii) Aluminium smelter having output of 1.6 MTPA along with a 1215 (9*135) MW CPP at Jharsuguda, Odisha	147	-
	The facility is secured by first *pari passu* charge on all movable property, plant and equipment related to power plant and aluminium smelter located at Korba both present and future along with secured lenders at BALCO	5	23
Non-convertible debentures	Secured by the whole of the movable fixed assets of (i) Alumina Refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha and (ii) Aluminium Smelter having output of 1.6 MTPA along with a 1,215 (9*135) MW CPP at Jharsuguda, Odisha	265	738
	Secured by way of charge against all existing assets of FACOR	14	23
	Secured by way of first *pari passu* charge on whole of the movable Fixed Assets of (i) Alumina Refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha and (ii) Aluminium Smelter having output of 1.6 MTPA along with a 1,215 (9*135) MW CPP at Jharsuguda, Odisha. Additionally, secured by way of mortgage on the freehold land comprising of 85 cents situated at Tuticorin District, Tamil Nadu	266	-
	Secured by way of first pari-passu charge on the specific movable Fixed Assets. The whole of the movable Fixed Assets both present and future, of the Borrower in relation to the Aluminium Division, comprising the following facilities: (i) 1 MTPA alumina refinery alongwith 90 MW co-generation captive power plant in Lanjigarh, Odisha; and (ii) 1.6 MTPA aluminium smelter plant along with 1215 MW (9*135 MW) power plant in Jharsuguda, Odisha. including its movable plant and machinery, capital work in progress, machinery spares, tools and accessories, and other movable fixed assets	132	-
	Other secured non-convertible debentures	-	1,023

Notes to the Financial Statements

(US$ million)

Facility Category	Security details	As at 31 March 2022	As at 31 March 2021
Term loan from banks (grouped under banks and financial institutions)	Secured by first *pari passu* charge on fixed assets of TSPL and second *pari passu* charge on current assets of TSPL, both present and future	860	701
	First *pari passu* charge by way of hypothecation/ equitable mortgage on the movable/ immovable assets of the Aluminium Division of Vedanta Limited comprising alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Orissa; aluminium smelter having output of 1.6 MTPA along with a 1215 (9x135) MW CPP at Jharsuguda, Orissa, both present and future	83	257
	Secured by a *pari passu* charge by way of hypothecation of all the movable fixed assets of Vedanta Limited pertaining to its Aluminium Division project consisting of (i) alumina refinery having output of 1 MTPA (Refinery) along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Orissa (Power Plant); and (ii) aluminium smelter having output of 1.6 MTPA along with a 1215 (9x135) MW CPP at Jharsuguda, Orissa (Smelter) (the Refinery, Power Plant and Smelter). Also, a first *pari passu* charge by way of equitable mortgage on the land pertaining to the mentioned project of aluminium division	234	299
	Secured by a *pari passu* charge by way of hypothecation on the movable fixed assets of the Lanjigarh Refinery Expansion Project including 210 MW Power Project. 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 expansions	53	59
	Secured by a *pari passu* charge by way of hypothecation on the movable fixed assets of Vedanta Limited pertaining to its Aluminium Division comprising 1 MTPA alumina refinery plant with 90 MW captive power plant at Lanjigarh, Odisha and 1.6 MTPA aluminium smelter plant with 1215 MW captive power plant at Jharsuguda, Odisha	531	261
	First *pari passu* charge by way of hypothecation/ equitable mortgage on the movable/ immovable assets of the Aluminium Division of Vedanta Limited comprising alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Orissa; aluminium smelter having output of 1.6 MTPA along with a 1215 (9x135) MW CPP at Jharsuguda, Orissa and additional charge on Lanjigarh Expansion project, both present and future	132	149
	Secured by a *pari passu* charge by way of hypothecation/ equitable mortgage of the movable/ immovable fixed assets of Vedanta Limited pertaining to its Aluminium Division comprising 1 MTPA alumina refinery plant with 90 MW captive power plant at Lanjigarh, Odisha and 1.6 MTPA aluminium smelter plant with 1215 MW captive power plant at Jharsuguda, Odisha	915	382
	Secured by (i) floating charge on borrower collection account and associated permitted investments and (ii) corporate guarantee from CEHL and floating charge on collection account and current assets of CEHL	212	383
	Pledge of 49% of shares & other securities and rights to any claims held by THL Zinc Limited in and against BMM	6	30
	The facility is secured by first *pari passu* charge on all movable property, plant and equipment related to power plants and aluminium smelters of BALCO located at Korba both present and future along with secured lenders	10	20
	Secured by first *pari passu* charge on all present and future movable fixed assets including but not limited to plant & machinery, spares, tools and accessories of BALCO (excluding of coal block assets) by way of a deed of hypothecation	118	341
	First ranking *pari passu* charge by way of hypothecation/mortgage on all fixed/ immovable assets of ESL Steel Limited but excluding any current assets or pledge over any shares.	358	428

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(US$ million)

Facility Category	Security details	As at 31 March 2022	As at 31 March 2021
	Secured by first *pari passu* charge by way of hypothecation of whole of the movable fixed assets of (i) Alumina Refinery having output of 1.7 to 6 MTPA along with co-generation captive power plant with an aggregate capacity of 90MW at Lanjigarh, Odisha and (ii) Aluminium Smelter having output of 1.6 MTPA along with a 1,215 (9*135) MW CPP at Jharsuguda, Odisha	82	157
	First pari-passu charge on the movable fixed and current assets (except for the Concession assets) of VGCB at Visakhapatnam, Andhra Pradesh	50	-
	Secured by a first *pari passu* charge on the identified fixed assets of the Vedanta Limited both present and future, pertaining to its Aluminium business (Jharsuguda Plant, Lanjigarh Plant), 2400 MW power plant assets at Jharsuguda, Copper Plant assets at Silvasa, Iron ore business in the states of Karnataka and Goa, dividends receivable from Hindustan Zinc Limited ("HZL") a subsidiary of the Vedanta Limited, and the debt service reserve account to be opened for the Facility along with the amount lying to the credit thereof#	1,035	1,165
Others (grouped under banks and financial institutions)	Secured by Fixed asset (platinum) of AvanStrate	66	73
	Other secured borrowings	-	7
	Total	**5,659**	**6,645**

During the current year, Vedanta Limited executed into a US$ 1,058 million facility agreement with Union Bank of India Limited to take over long term syndicated facility of US$ 1,323 million. This loan is secured by the way of pledge over the shares held by Vedanta Limited in HZL representing 5.77% 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 31 March 2022, the principal amount participated for and outstanding under the facility is $ 1,037 million. During the previous year, Vedanta Limited executed into a US$ 1,323 million long-term syndicated loan facility agreement. This loan was secured by the way of pledge over the shares held by Vedanta Limited in 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 March 31, 2021, the principal amount participated for and outstanding under the facility was US$ 1,144 million.

22(b). Movement in net debt (1)

(US$ million)

	Cash and cash equivalents	Short-term investments and Non-current Bank Deposits	Total cash and short-term investments	Short-term borrowing Debt carrying value	Long-term borrowing* Debt carrying value	Total Net Debt
At 01 April 2020	**692**	**4,381**	**5,073**	**(1,644)**	**(13,451)**	**(10,022)**
Cash flow from continuing operations (3)	(15)	431	416	1,119	(2,337)	(802)
Net debt on acquisition through business combination (note 3(a))	2	10	12	(1)	-	11
Other non-cash changes (2)	-	56	56	(1)	88	143
Foreign exchange currency translation differences	22	67	89	(19)	(131)	(61)
At 01 April 2021	**701**	**4,945**	**5,646**	**(546)**	**(15,831)**	**(10,731)**
Cash flow from continuing operations (3)	610	(1,998)	(1,388)	(584)	686	(1,286)
Other non-cash changes (2)	-	29	29	21	182	232
Foreign exchange currency translation differences	(45)	154	109	(241)	231	99
At 31 March 2022	**1,266**	**3,130**	**4,396**	**(1,350)**	**(14,732)**	**(11,686)**

* Includes current maturities of long-term borrowings of US$ 4,972 million as at 31 March 2022 (31 March 2021: US$ 3,673 million)

(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 and short-term investments,

(2) Other non-cash changes comprise amortisation of borrowing costs, foreign exchange difference on net debt. It also includes US$ 28 million (31 March 2021: US$ 195 million) of fair value movement in investments and accrued interest on investments.

(3) Consists of net repayment of working capital loan, proceeds and repayments of short-term and long-term borrowings.

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22(c). Operational buyer's/Supplier's Credit

Operational Buyers'/Suppliers' Credit is availed in foreign currency from offshore branches of Indian banks or foreign banks at an interest rate ranging from 0.4% to 3.5% per annum and in rupee from domestic banks at interest rate ranging from 4.25%-6.65% per annum. These trade credits are largely repayable within 180 days from the date of draw down. Operational Buyers' credit availed in foreign currency is backed by Standby Letter of Credit issued under working capital facilities sanctioned by domestic banks. Part of these facilities are secured by first *pari passu* charge over the present and future current assets of the Group.

23. Trade and other payables

(US$ million)

	As at 31 March 2022			As at 31 March 2021*		
	Non- Current	Current	Total	Non- Current	Current	Total
Lease liability (3)	27	45	72	29	67	96
Dividend payable to NCI	-	16	16	-	104	104
Trade payables	-	1,391	1,391	-	1,035	1,035
Liabilities for capital expenditure	127	1,452	1,579	128	953	1,081
Profit petroleum payable	-	288	288	-	200	200
Security deposits and retentions	-	31	31	-	30	30
Put option liability with non-controlling interests (1)	32	-	32	36	-	36
Other payables	15	646	661	12	708	720
Financial (A)	**201**	**3,869**	**4,070**	**205**	**3,097**	**3,302**
Statutory liabilities	-	418	418	-	429	429
Advance from customers (2)	53	546	599	-	850	850
Other payables	-	33	33	-	30	30
Non-financial (B)	**53**	**997**	**1,050**	**-**	**1,309**	**1,309**
Total (A+B)	**254**	**4,866**	**5,120**	**205**	**4,406**	**4,611**

*Restated. Refer Note 1(b)(i)

Trade payables are majorly non-interest bearing and are normally settled up to 180 days terms.

The fair value of trade and other payables is not materially different from the carrying value presented.

(1) The non-controlling shareholders of ASI have an option to offload their shareholding to the Group. The option is exercisable at any time within the period of three years following the fifth anniversary of the date of shareholders' agreement (22 December 2017) at a price higher of US$ 0.757 per share and the fair market value of the share. Therefore, the liability is carried at higher of the two. Subsequent changes to the put option liability are treated as equity transaction and hence accounted for in equity.

(2) Advance from customers are contract liabilities to be settled through delivery of goods. The amount of such balances as on 01 April 2020: US$ 1,078 million. During the current year, the Group has refunded US$ Nil million (31 March 2021: US$ 1 million) to the customers and recognised revenue of US$ 835 million (31 March 2021: US$ 1,063 million) out of such opening balances. All other changes are either due to receipt of fresh advances or exchange differences.

(3) Movement in lease liabilities is as follows:

(US$ million)

At 01 April 2021	**96**
Additions during the year	16
Interest on lease liabilities	2
Payments made	(31)
Deletions	(11)
At 31 March 2022	**72**

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24. 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 31 March 2022 and 31 March 2021:

(US$ million)

As at 31 March 2022	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)	1	-	33	-	34	34
Financial asset investments held at fair value	4	16	-	-	20	20
Short-term investments						
- Bank deposits	-	-	-	880	880	880
- Other investments	2,268	-	-	-	2,268	2,268
Cash and cash equivalents	-	-	-	1,328	1,328	1,328
Other non-current assets and trade and other receivables	69	-	-	3,191	3,260	3,325
Total	**2,342**	**16**	**33**	**5,399**	**7,790**	**7,855**

(US$ million)

As at 31 March 2022	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)	18	53	-	-	71	71
Trade and other payables**	137	-	5,357	32	5,526	5,526
Borrowings	-	-	16,082	-	16,082	15,840
Total	**155**	**53**	**21,439**	**32**	**21,679**	**21,437**

*Represents put option liability accounted for at fair value
**Includes operational buyers' credit/suppliers' credit of $ 1,456 million

(US$ million)

As at 31 March 2021	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)	2	-	8	-	10	10
Financial asset investments held at fair value	7	14	-	-	21	21
Short term investments						
- Bank deposits	-	-	-	1,625	1,625	1,625
- Other investments	3,377	-	-	-	3,377	3,377
Cash and cash equivalents	-	-	-	955	955	955
Other non-current assets and trade and other receivables	22	-	-	2,462	2,484	2,484
Total	**3,408**	**14**	**8**	**5,042**	**8,472**	**8,472**

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(US$ million)

As at 31 March 2021	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)	12	36	-	-	48	48
Trade and other payables**	97	-	4,309	36	4,442	4,444
Borrowings	-	-	16,377	-	16,377	15,951
Total	**109**	**36**	**20,686**	**36**	**20,867**	**20,443**

*Represents put option liability accounted for at fair value
**Includes operational buyers' credit/suppliers' credit of $ 1,142 million

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 31 March 2022 and 31 March 2021 measured at fair value:

(US$ million)

	As at 31 March 2022		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
- Short-term investments	954	1,314	-
- Financial asset investments held at fair value	-	-	4
- Financial instruments (derivatives)	-	1	-
- Other non-current assets and trade and other receivables	-	69	-
At fair value through other comprehensive income			
- Financial asset investments held at fair value	15	-	1
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	33	-
Total	**969**	**1,417**	**5**
Financial liabilities			
At fair value through profit or loss			
- Financial instruments (derivatives)	-	18	-
- Trade and other payables	-	137	-
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	53	-
Trade and other payables- Put option liability with non- controlling interest	-	-	32
Total	**-**	**208**	**32**

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(US$ million)

	As at 31 March 2021		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
- Short term investments	1,987	1,390	-
- Financial asset investments held at fair value	-	-	7
- Financial instruments (derivatives)	-	2	-
- Other non-current assets and trade and other receivables	-	22	-
At fair value through other comprehensive income			
- Financial asset investments held at fair value	13	-	1
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	8	-
Total	**2,000**	**1,422**	**8**
Financial liabilities			
At fair value through profit or loss			
- Financial instruments (derivatives)	-	12	-
- Trade and other payables	-	97	-
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	36	-
Trade and other payables- Put option liability with non- controlling interest	-	-	36
Total	**-**	**145**	**36**

The below table summarises the fair value of borrowings and Loans, receivables and obligations relating to KCM which are carried at amortised cost as at 31 March 2022 and 31 March 2021:

(US$ million)

	As at 31 March 2022		As at 31 March 2021	
	Level 1	Level 2	Level 1	Level 2
Borrowings	5,410	10,430	5,457	10,494
Total	**5,410**	**10,430**	**5,457**	**10,494**

	As at 31 March 2022			As at 31 March 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Loans, receivables and obligations of KCM towards the Group	-	-	720	-	-	655
Total	**-**	**-**	**720**	**-**	**-**	**655**

The changes in fair value of Level 3 items for the year ended 31 March 2022 and 31 March 2021 are set out in the table below:

Loans, receivables and obligations of KCM towards the Group

(US$ million)

	As at 31 March 2022	As at 31 March 2021
01 April	655	633
Fair value change during the year	65	22
31 March	**720**	**655**

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:

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- 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 31 March 2022 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 year-end.

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

Risk management framework

The Group's businesses are subject to several risks and uncertainties including financial risks.

The Group's documented risk management polices act as an effective tool in mitigating the various financial risks to which the businesses are exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty credit risk and capital management.

Risks are identified at both the corporate and individual subsidiary level with active involvement of senior management. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Group's Management Assurance function and is regularly reviewed by the Board. The Board is aided by the other Group committees including the Risk Management Committee, which meets regularly to review risks as well as the progress against the planned actions. Key business decisions are discussed at the periodic meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Risk Management Committee and Finance Management committee. The Company's independent non-executive director meets the auditors to discuss the audit process and audit findings and observations.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Group's risk situation
- improve financial returns

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Treasury management

Treasury management focuses on liability management, capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Committee of the Board. Daily treasury operations of the subsidiary companies are managed by their respective finance teams within the framework of the overall Group treasury policies. Long-term fund raising including strategic treasury initiatives are managed jointly by the business treasury team and the central team at corporate treasury while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of the Group's investments and debt position, exposure to currency, commodity and interest rate risk and their mitigants including the derivative position. The Group has a strong system of internal control which enables effective monitoring of adherence to Group's policies. The internal control measures are effectively supplemented by regular internal audits.

The Group uses derivative instruments to manage the exposure in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts, interest rate and currency swaps and these are in line with the Group's policies.

Commodity Price risk

The Group is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. The commodity price risk in import of input commodities such as Copper Concentrate & Alumina, for our Copper and Aluminium business respectively, is hedged on back-to back basis ensuring no price risk for the business. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level, basis clearly laid down guidelines.

Whilst the Group aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

The Group is also exposed to the movement of international crude oil price and the discount in the price of Rajasthan crude oil to Brent price.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realised on commodity contracts
- cash flow hedging of revenues, forecasted highly probable transactions

Aluminium

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Group on selective basis hedges the aluminium content in outsourced alumina to protect its margins. The Group also executes into hedging arrangements for its aluminium sales to realise average month of sale LME prices.

Copper

The Group's custom smelting copper operations at Silvassa is benefitted by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate margins from Refining Charges or "RC", improving operational efficiencies, minimising conversion cost, generating a premium over LME on sale of finished copper, sale of by-products and from achieving import parity on domestic sales. Hence, mismatches in quotational periods are managed to ensure that the gains or losses are minimised. The Group hedges this variability of LME prices through forward contracts and tries to make the LME price a pass-through cost between purchases of anodes/blisters and sales of finished products, both of which are linked to the LME price.

RC is a major source of income for the Indian copper smelting operations. Fluctuation in RC is influenced by factors including demand and supply conditions prevailing in the market for mine output. The Group's copper business has a strategy of securing a majority of its anodes/blisters requirement under long-term contracts with mines.

Zinc, lead and silver

The sales prices are linked to the LME prices. The Group also executes hedging arrangements for its Zinc, Lead and Silver sales to realise average month of sale LME prices.

Zinc International

Raw material for zinc and lead is mined in South Africa with sales prices linked to the LME prices.

Iron ore

The Group sells its Iron Ore production from Goa on the prevailing market prices and from Karnataka through e-auction route as mandated by State Government of Karnataka in India.

Oil and Gas

The prices of various crude oils are based upon the price of the key physical benchmark crude oil such as Dated Brent, West Texas Intermediate, and Dubai/Oman etc. The crude oil prices move based upon market factors like supply and demand. The regional producers price their crude basis these benchmark crudes with a premium or discount over the benchmark based upon quality differential and competitiveness of various grades.

Natural gas markets are evolving differently in important geographical markets. There is no single global market for natural gas. This could be owing to difficulties in large-scale transportation over long distances as compared to crude oil. Globally, there are three main regional hubs for pricing of natural gas, which are USA (Henry Hub Prices), UK (NBP Price) and Japan (imported gas price, mostly linked to crude oil).

Provisionally priced financial instruments

On 31 March 2022, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was US$ 68 million (31 March 2021: liabilities of US$ 74 million). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning 01 April 2022.

Set out below is the impact of 10% increase in LME prices on pre-tax profit/ (loss) for the year and pre-tax equity as a result of changes in value of the Group's commodity financial instruments:

For the year ended 31 March 2022:

(US$ million)

Commodity price sensitivity	Total Exposure	Effect on pre-tax profit/ (loss) of a 10% increase in the LME	Effect on pre-tax equity of a 10% increase in the LME
Copper	(110)	(11)	-

For the year ended 31 March 2021:

(US$ million)

Commodity price sensitivity	Total Exposure	Effect on profit/(loss) of a 10% increase in the LME	Effect on total equity of a 10% increase in the LME
Copper	(137)	(14)	-

The above sensitivities are based on volumes, costs, exchange rates and other variables and provide the estimated impact of a change in LME prices on profit and equity assuming that all other variables remain constant. A 10% decrease in LME prices would have an equal and opposite effect on the Group's financial statements.

The impact on pre-tax profit/(loss) mentioned above includes the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchased at Vedanta Limited Copper division custom smelting operations of US$ 17 million (31 March 2021: US$ 12 million), which is pass through in nature and as such will not have any impact on the profitability.

Financial risk:

The Group's Board approved financial risk policies include monitoring, measuring and mitigating the liquidity, currency, interest rate and counterparty risk. The Group does not engage in speculative treasury activity but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

(a) Liquidity risk

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group is currently forecasting to generate sufficient cash flows from the current operations which together with the available cash and cash equivalents and short term investments provide liquidity both in the short term as well as in the long term (refer note 1(d)). Anticipated future cash flows, together with undrawn fund based committed facilities of US$ 1,469 million, and cash and short term investments of US$ 4,396 million as at 31 March 2022, are expected to be sufficient to meet the liquidity requirement of the Group in the near future.

In August 2021, Moody's affirmed the Corporate Family Rating of Vedanta Resources Ltd at B2 and B3 rating on the senior unsecured notes of the Company and changed the outlook to "Stable" from "Negative. The outlook revision was driven by expected improvement in operating and financial metrics in the prevailing commodity price improvement. However, on 16 February 2022, Moody's revised the outlook

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to "Negative" in view of the near-term refinancing requirements amid tightening liquidity in the capital markets. Meanwhile, S&P Global's rating of VRL has remained unchanged at B- during FY 2021-22.

The Group remains committed to maintaining a healthy liquidity, a low gearing ratio, deleveraging and strengthening our balance sheet. The maturity profile of the Group's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group:

At 31 March 2022

(US$ million)

Payment due by period	< 1 year	1-3 years	3-5 years	> 5 years	Total
Trade and other payables (1)	5,134	152	-	-	5,286
Bank and other borrowings (2)	6,103	8,831	2,391	1,542	18,867
Lease liability	45	19	4	4	72
Derivative liabilities	70	1	-	-	71
Total	**11,352**	**9,003**	**2,395**	**1,546**	**24,296**

At 31 March 2021

(US$ million)

Payment due by period	< 1 year	1-3 years	3-5 years	> 5 years	Total
Trade and other payables (1)	3,906	139	-	-	4,045
Bank and other borrowings (2)	5,115	8,391	4,438	2,715	20,659
Lease liability	67	12	7	10	96
Derivative liabilities	38	10	-	-	48
Total	**9,126**	**8,552**	**4,445**	**2,725**	**24,848**

(1) Excludes accrued interest which has been included with borrowings
(2) Includes current and non-current borrowings and committed interest payments

At 31 March 2022, the Group had access to following funding facilities:

(US$ million)

As at 31 March 2022	Total facility	Drawn	Undrawn
Fund/Non-fund based	13,772	11,926	1,846

(US$ million)

As at 31 March 2021	Total facility	Drawn	Undrawn
Fund/Non-fund based	12,727	10,473	2,254

Collateral

The Group has pledged financial instruments with carrying amount of US$ 3,598 million (31 March 2021: US$ 3,000 million) and inventories with carrying amount of US$ 1,517 million (31 March 2021: US$ 1,044 million) as per the requirements specified in various financial facilities in place. The counterparties have an obligation to release the securities to the Group when financial facilities are surrendered.

(b) Foreign currency risk

Fluctuations in foreign currency exchange rates may have an impact on the consolidated income statement, the consolidated statements of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from the fluctuations primarily in the US dollar (USD), Australian dollar (AUD), Namibian dollar (NAD), Emirati Dirham (AED), South African Rand (ZAR), Great British Pound (GBP), Indian Rupee (INR), Japanese Yen (JPY) and Euro against the functional currencies of its subsidiaries.

Exposures on foreign currency loans are managed through the Group wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Group strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

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The Group's presentation currency is the US dollar. The majority of the assets are located in India and the Indian Rupee is the functional currency for the Indian operating subsidiaries except for Oil and Gas business operations which have a US dollar functional currency. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns, where cost of the project is calculated taking into account the hedge cost. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

The following analysis is based on the gross exposure as at the reporting date which could affect the consolidated income statement. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Group as disclosed under the section on "Derivative financial instruments".

The carrying amount of the Group's financial assets and liabilities in different currencies are as follows:

(US$ million)

	As at 31 March 2022		As at 31 March 2021	
	Financial Assets	Financial liabilities	Financial Assets	Financial liabilities
USD	2,432	12,723	2,629	11,837
INR	5,182	8,533	5,728	8,687
Others	176	423	115	345
Total	**7,790**	**21,679**	**8,472**	**20,869**

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity, with USD (US Dollar) being the major non-functional currency of the Group's main operating subsidiaries.

The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 10 % against the functional currencies of the respective entities.

Set out below is the impact of a 10% strengthening in the functional currencies of the respective entities on pre-tax profit/(loss) and pre-tax equity arising as a result of the revaluation of the Group's foreign currency monetary financial assets/liabilities:

(US$ million)

	For the year ended 31 March 2022		
	Closing exchange rate	Effect on pre-tax profit/(loss) of 10% strengthening in currency	Effect on pre-tax equity of 10% increase in currency
USD	75.5874	103	-

(US$ million)

	For the year ended 31 March 2021		
	Closing exchange rate	Effect on pre-tax profit/(loss) of 10% strengthening in currency	Effect on pre-tax equity of 10% increase in currency
USD	73.2973	129	-

A 10% weakening of the functional currencies of the respective entities would have an equal and opposite effect on the Group's financial statements.

(c) Interest rate risk

At 31 March 2022, the Group's net debt of US$ 11,686 million (31 March 2021: US$ 10,731 million net debt) comprises debt of US$ 16,082 million (31 March 2021: US$ 16,377 million) offset by cash, cash equivalents, short-term investments and non-current bank deposit of US$ 4,397 million (31 March 2021: US$ 5,646 million).

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Group are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The USD floating rate debt is linked to US dollar LIBOR and INR Floating rate debt to Bank's base rate. The Group has a policy

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of selectively using interest rate swaps, option contracts and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a monthly basis.

The Group invests cash and short-term investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however, the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Group's financial assets to interest rate risk is as follows:

(US$ million)

	As at 31 March 2022			As at 31 March 2021		
	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets
Financial assets	1,091	2,682	4,017	1,546	4,325	2,601

The exposure of the Group's financial liabilities to interest rate risk is as follows:

(US$ million)

	As at 31 March 2022			As at 31 March 2021		
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	7,072	10,648	3,959	6,756	10,792	3,321

Considering the net debt position as at 31 March 2022 and the investment in bank deposits, corporate bonds and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date.

The below table illustrates the impact of a 0.5% to 2.0% movement in interest rate of floating rate financial assets/liabilities (net) on profit/(loss) and equity assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

(US$ million)

Increase in interest rates	Effect on pre-tax profit/(loss) during the year ended 31 March 2022	Effect on pre-tax profit/(loss) during the year ended 31 March 2021
0.5%	(30)	(26)
1.0%	(60)	(52)
2.0%	(120)	(104)

A reduction in interest rates would have an equal and opposite effect on the Group's financial statements.

(d) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group is exposed to credit risk from trade receivables, contract assets, cash and cash equivalents, short term investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. This, therefore, results in diversification of credit risk for our mutual fund and bond investments. For derivative and financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of national standing. Moreover, given the diverse nature of the Group's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of revenue on a consolidated basis in the current year. Revenue from one customer amounted to US$ 1,414 million arising from sales made in the Aluminium, Zinc and Copper segment for the year ended 31 March 2021. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum gross exposure to credit risk as at 31 March 2022 is US$ 7,788 million (31 March 2021: US$ 8,421 million).

Of the year end trade and other receivable balances, the following, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at:

(US$ million)

	31 March 2022	31 March 2021
Neither past due nor impaired	2,018	1,522
Past due but not impaired		
- Less than 1 month	279	83
- Between 1 - 3 months	49	38
- Between 3 - 12 months	52	112
- Greater than 12 months	700	601
Total	**3,098**	**2,356**

Receivables are deemed to be past due or impaired with reference to the Group's normal terms and conditions of business. These terms and conditions are determined on a case-to-case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above table are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Group's customers is monitored on an ongoing basis. Where receivables have been impaired, the Group actively seeks to recover the amounts in question and enforce compliance with credit terms.

Movement in allowances for Financial Assets (other non-current assets, loans and trade and other receivables)

Particulars	US$ million
As at 01 April 2020	**173**
Allowance made during the year	41
Reversals/write off during the year	(8)
Foreign Exchange difference	4
As at 01 April 2021	**210**
Allowance made during the year	28
Reversals/write off during the year	(0)
Foreign Exchange difference	(4)
As at 31 March 2022	**234**

Derivative financial instruments

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and these are subject to the Group guidelines and policies.

The fair values of all derivatives are separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The use of derivatives can give rise to credit and market risk. The Group tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities

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and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

Cash flow hedges

The Group enters into forward exchange and commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in consolidated statement of comprehensive income until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to the consolidated income statement. These hedges have been effective for the year ended 31 March 2022.

The Group uses foreign exchange contracts from time to time to optimise currency risk exposure on its foreign currency transactions. The Group hedged part of its foreign currency exposure on capital commitments during fiscal year 2022. Fair value changes on such forward contracts are recognised in the consolidated statement of comprehensive income.

The majority of cash flow hedges taken out by the Group during the year comprise non-derivative hedging instruments for hedging the foreign exchange rate of highly probable forecast transactions and commodity price contracts for hedging the commodity price risk of highly probable forecast transactions.

The cash flows related to above are expected to occur during the year ending 31 March 2023 and consequently may impact the consolidated income statement for that year depending upon the change in the commodity prices and foreign exchange rates movements. For cash flow hedges regarded as basis adjustments to initial carrying value of the property, plant and equipment, the depreciation on the basis adjustments made is expected to affect the consolidated income statement over the expected useful life of the property, plant and equipment.

Fair value hedges

The fair value hedges relate to forward covers taken to hedge currency exposure and commodity price risks.

The Group's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Group enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales. Net gains and losses are recognised in the consolidated income statement.

The Group uses foreign exchange contracts from time to time to optimise currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognised in the consolidated income statement.

Non-qualifying/economic hedge

The Group enters into derivative contracts which are not designated as hedges for accounting purposes but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include copper, aluminium and zinc future contracts on the LME and certain other derivative instruments. Fair value changes on such derivative instruments are recognised in the consolidated income statement.

The fair value of the Group's open derivative positions as at 31 March 2022, recorded within financial instruments (derivative) is as follows:

(US$ million)

	As at 31 March 2022		As at 31 March 2021	
	Liability	Asset	Liability	Asset
Current				
Cash flow hedges				
- Commodity contracts	28	31	7	0
- Interest rate swap	-	0	1	-
Fair value hedges				
- Commodity contracts	9	1	1	6
- Forward foreign currency contracts	16	1	16	2
Non-Qualifying hedges				
- Commodity contracts	1	0	0	0
- Forward foreign currency contracts	17	1	13	2
Total	**71**	**34**	**38**	**10**

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(US$ million)

	As at 31 March 2022		As at 31 March 2021	
	Liability	Asset	Liability	Asset
Non-current				
Cash flow hedges				
- Interest rate swap	-	-	0	-
Fair value hedges				
- Forward foreign currency contracts	1	-	10	-
Total	1	-	10	-
Grand Total	**72**	**34**	**48**	**10**

25. Provisions

(US$ million)

	As at 31 March 2022			As at 31 March 2021		
	Current	Non- Current	Total	Current	Non- Current	Total
Provision for restoration, rehabilitation and environmental	4	425	429	4	405	409
Provision for employee benefits	24	1	25	21	2	23
Others	14	0	14	7	(0)	7
Total	**42**	**426**	**468**	**32**	**407**	**439**

(US$ million)

	Restoration, rehabilitation and environmental	Other
As at 01 April 2020	**358**	**7**
Additions	38	0
Utilised	(0)	-
Unused amounts reversed	(3)	-
Unwinding of discount (note 8)	10	-
Revision in estimates	(4)	-
Exchange differences	10	(0)
As at 01 April 2021	**409**	**7**
Additions	5	7
Utilised	(1)	-
Unwinding of discount (note 8)	10	-
Revision in estimates	8	-
Exchange differences	(2)	-
As at 31 March 2022	**429**	**14**

Restoration, rehabilitation and environmental

The provisions for restoration, rehabilitation and environmental liabilities represent the management's best estimate of the costs which will be incurred in the future to meet the Group's obligations under existing Indian, Australian, Namibian, South African and Irish law and the terms of the Group's mining and other licences and contractual arrangements.

Within India, the principal restoration and rehabilitation provisions are recorded within Cairn India where a legal obligation exists relating to the oil and gas fields, where costs are expected to be incurred in restoring the site of production facilities at the end of the producing life of an oil field. The Group recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises.

These amounts are calculated by considering discount rates within the range of 2% to 10% and become payable on closure of mines and are expected to be incurred over a period of one to thirty years. The discount rates at major units are in the range of 2% to 10% at Zinc International with lower range at operations in Ireland and higher range at operations in African Countries, 2% to 3% at Oil & Gas division.

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

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Others

Others mainly include provision for disputed cases and claims.

26. Retirement benefits

The Group participates in defined contribution and benefit plans, the assets of which are held (where funded) in separately administered funds.

For defined contribution plans the amount charged to the consolidated income statement is the total amount of contributions payable in the year.

For defined benefit plans, the cost of providing benefits under the plans is determined by actuarial valuation separately each year for each plan using the projected unit credit method by independent qualified actuaries as at the year end. Re-measurement gains and losses arising in the year are recognised in full in Consolidated Statement of Comprehensive Income for the year.

(i) Defined contribution plans

The Group contributed a total of US$ 19 million and US$ 16 million for the year ended 31 March 2022 and 31 March 2021 respectively, to the following defined contribution plans.

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Employer's contribution to recognised Provident fund and family pension fund	15	13
Employer's contribution to superannuation	3	3
Employer's contribution to National Pension Scheme	1	0
	19	**16**

Indian pension plans

Central recognised provident fund

In accordance with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for the year ended 31 March 2022 and 31 March 2021) of an employee's basic salary and includes contributions made to Family Pension Fund as explained below. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI) or to independently managed and approved funds. The Group has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the consolidated income statement in the year they are incurred.

Family Pension Fund

The Pension Fund was established in 1995 and is managed by the Government of India. The employee makes no contribution to this fund but the employer makes a contribution of 8.33% of salary each month (included in the 12% rate specified above) subject to a specified ceiling per employee. This is provided for every permanent employee on the payroll.

At the age of superannuation, contributions ceases and the individual receives a monthly payment based on the level of contributions through the years, and on their salary scale at the time they retire, subject to a maximum ceiling of salary level. The Government funds these payments, thus the Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to executives above certain grade. However, in case of oil & gas (applicable from the second year of employment) and Iron Ore Segment, the benefit is applicable to all executives. Vedanta Limited and each relevant Indian subsidiary holds policy with the Life Insurance Corporation of India ("LIC"), to which each of these entities contributes a fixed amount relating to superannuation and the pension annuity is met by the LIC as required, taking into consideration the contributions made. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated income statement in the year they are incurred.

National Pension Scheme

National Pension Scheme is a retirement savings account for social security and welfare applicable for executives covered under the superannuation benefit of Vedanta Limited and each relevant Indian subsidiary, on a choice basis. It was introduced to enable employees to select the treatment of superannuation component of their fixed salaries and avail the benefits offered by National Pension Scheme launched by Government of India.

Notes to the Financial Statements

Vedanta Limited and each relevant entity holds a corporate account with one of the pension fund managers authorised by the Government of India to which each of the entity contributes a fixed amount relating to superannuation and the pension annuity will be met by the fund manager as per rules of National Pension Scheme. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated income statement in the year they are incurred.

Non-Indian plans

Australian pension scheme

The Group also participates in defined contribution superannuation schemes in Australia. The contribution of a proportion of an employee's salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes, into the employee's fund of choice 10.00% (2021: 9.50%) of the employee's gross remuneration where the employee is covered by the industrial agreement and 13.00% (2021: 12.50%) of the basic remuneration for all other employees. All employees have an option to make additional voluntary contributions. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated income statement in the year they are incurred.

Skorpion Zinc Provident Fund, Namibia

The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full-time employees under the age of 60. The contribution to the fund is a fixed percentage of 9% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

Normal retirement age is 60 years and benefit payable is the member's fund credit which is equal to all employer and employee contributions plus interest. The same applies when an employee resigns from Skorpion Zinc. The Fund provides disability cover which is equal to the member's fund credit and a death cover of 2 times annual salary in the event of death before retirement.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the consolidated income statement in the year they are incurred.

Black Mountain (Pty) Limited, South Africa Pension & Provident Funds

Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. The purpose of the funds is to provide retirement and death benefits to all eligible employees. Group contributes at a fixed percentage of 10.5% for up to supervisor grade and 15% for others.

Membership of both funds is compulsory for all permanent employees under the age of 60 years.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the consolidated income statement in the year they are incurred.

(ii) Defined benefit plans

(a) Contribution to provident fund trust (the "trusts") of Iron ore division, Bharat Aluminium Company Limited (BALCO), Hindustan Zinc Limited (HZL), Sesa Resources Limited (SRL) and Sesa Mining Corporation Limited (SMCL)

The provident funds of Iron ore division, BALCO, HZL, SRL and SMCL are exempted under Section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good deficiency, if any, between the return guaranteed by the statute and actual earning of the Fund. Based on actuarial valuation in accordance with IAS 19 and Guidance note issued by Institute of Actuaries of India for interest rate guarantee of exempted provident fund liability of employees. Having regard to the assets of the fund and the return on investments, the Group does not expect any deficiency in the foreseeable future except as mentioned below. The Group contributed a total of US$ 6 million and US$ 7 million for the years ended 31 March 2022 and 2021 respectively in relation to the independently managed and approved funds.

The present value of obligation and the fair value of plan assets of the trust are summarised below.

(US$ million)

Particulars	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets of trusts	339	330
Present value of defined benefit obligation	(337)	(324)
Net liability arising from defined benefit obligation	-	-

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Percentage allocation of Plan assets of the trust

Assets by Category	As at 31 March 2022	As at 31 March 2021
Government Securities	58.62%	63.19%
Debentures/Bonds	35.54%	34.36%
Equity	4.64%	1.63%
Money Market Instruments	1.20%	0.82%

The remeasurement loss of Nil (31 March 2021: US$ 1 million) has been charged to Other Comprehensive Income (OCI) during the year.

(b) **Post-Retirement Medical Benefits:**

The Group has a scheme of medical benefits for employees at BMM and BALCO subsequent to their retirement on completion of tenure including retirement on medical grounds and voluntary retirement on contributory basis. The scheme includes employee's spouses as well. Based on an actuarial valuation conducted as at year-end, a provision is recognised in full for the benefit obligation. The obligation relating to post-retirement medical benefits as at 31 March 2022 was US$ 13 million (31 March 2021: US$ 12 million). The obligation under this plan is unfunded. The Group considers these amounts as not material and accordingly has not provided further disclosures as required by IAS 19 'Employee benefits'. The remeasurement loss/(gain) and net interest on the obligation of post-retirement medical benefits of US$ 1 million (31 March 2021: US$ 0 million) and US$ 1 million (31 March 2021: US$ 1 million) for the year ended 31 March 2022 have been recognised in other comprehensive income and finance cost respectively.

(c) **Other Post-employment Benefits:**

India – Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, Vedanta Limited and its Indian subsidiaries contribute to a defined benefit plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group.

Based on actuarial valuations conducted as at year end using the projected unit credit method, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. For entities where the plan is unfunded, full provision is recognised in the consolidated statements of financial position.

The iron ore and oil & gas division of Vedanta Limited, SRL, SMCL, HZL and FACOR have constituted a trust recognised by Indian Income Tax Authorities for gratuity to employees, contributions to the trust are funded with the LIC, ICICI Prudential Life Insurance Company Limited ("ICICI PL") and HDFC Standard Life Insurance Company Limited ("HDFC SL").

Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of Other post-employment benefit plan obligation are as follows:

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Discount rate	7.16%	6.90%
Expected rate of increase in compensation level of covered employees	2.0%-15.0%	2.0%-15.0%

Assumptions regarding mortality for Indian entities are based on mortality table of 'Indian Assured Lives Mortality (2012-2014) published by the Institute of Actuaries of India.

Amount recognised in the Consolidated Statement of Financial Position consists of:

(US$ million)

Particulars	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets	59	55
Present value of defined benefit obligation	(81)	(79)
Net liability arising from defined benefit obligation	**(22)**	**(24)**

Notes to the Financial Statements

Amounts recognised in Consolidated income statement in respect of Other post-employment benefit plan are as follows:

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	5	5
Net Interest cost	2	2
Components of defined benefit costs recognised in consolidated income statement	**7**	**7**

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of Other post-employment benefit plan are as follows:

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Remeasurement of the net defined benefit obligation:		
Actuarial losses arising from changes in demographic assumptions	0	0
Actuarial losses arising from changes in financial assumptions	2	0
Actuarial (gains)/losses arising from experience adjustments	(1)	(1)
Actuarial losses/(gains) on plan assets (excluding amounts included in net interest cost)	0	1
Components of defined benefit costs recognised in consolidated statement of comprehensive income – losses	**1**	**0**

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening balance	(79)	(85)
Acquired in business combination	-	(2)
Current service cost	(5)	(5)
Benefits paid	9	19
Interest cost	(5)	(6)
Actuarial gains/(losses) arising from changes in assumptions	(1)	1
Foreign currency translation	0	(1)
Closing balance	**(81)**	**(79)**

The movement in the fair value of Other post-employment benefit plan assets is as follows:

(US$ million)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening balance	55	59
Acquired in business combination	-	2
Contributions received	9	2
Benefits paid	(6)	(13)
Remeasurement (loss)/gain arising from return on plan assets	0	(1)
Interest income	3	4
Foreign currency translation	(2)	2
Closing balance	**59**	**55**

The above plan assets have been invested in the qualified insurance policies.

The actual return on plan assets was US$ 3 million and US$ 3 million for the year ended 31 March 2022 and 31 March 2021 respectively.

The weighted average duration of the defined benefit obligation is 13.25 years and 14 years as at 31 March 2022 and 31 March 2021 respectively.

The Group expects to contribute US$ 7 million to the funded Gratuity plan during the year ending 31 March 2023.

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Sensitivity analysis for Defined Benefit Plan

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of reporting year while holding all other assumptions constant.

(US$ million)

	Increase/ (Decrease) in defined benefit obligation
Discount rate	
Increase by 0.50 %	(3)
Decrease by 0.50%	3
Change in salary assumption	
Increase by 0.50 %	3
Decrease by 0.50%	(3)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognised in the consolidated statement of financial position.

Risk analysis

The Group is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

Investment risk

Most of the Indian defined benefit plans are funded with the LIC, ICICI PL and HDFC SL. The Group does not have any liberty to manage the fund provided to the LIC, ICICI PL and HDFC SL.

The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to the Government of India bonds for the Group's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the interest rate on plan assets will increase the net plan obligation.

Longevity risk/Life expectancy

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan obligation.

Salary growth risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan obligation.

27. Employee numbers and costs

Average number of persons employed by the Group in the year*

Class of business	Year ended 31 March 2022	Year ended 31 March 2021
Zinc	**4,504**	**4,826**
- India	3,564	3,799
- International	940	1,027
Iron ore	2,124	2,516
Copper India/Australia	595	837
Aluminium	5,362	5,891
Power	90	214
Oil & Gas	1,397	1,625
Other	3,444	2,681
	17,516	**18,590**

*Non IFRS measure

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Costs incurred during the year in respect of Employees and Executive Directors recognised in the Consolidated Income Statement:

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	418	412
Defined contribution pension scheme costs (refer note 26)	19	16
Defined benefit pension scheme costs (refer note 26)	11	12
Share- based payments charge (refer note 28)	14	9
Voluntary retirement scheme cost	0	18
Less: Cost allocated/directly booked in joint ventures	(75)	(72)
	387	**395**

28. Share-based payments

Employee share schemes

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three employee share schemes were approved by shareholders on Listing in 2003. In 2014, the Board introduced a Performance Share Plan ('PSP') which is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group. In 2015, the Board also introduced a Deferred Share Bonus Plan (DSBP). In 2016, Vedanta Limited ("VEDL") introduced an Employee Stock Option Scheme 2016 ("ESOS"), which was approved by the VEDL shareholders.

The Vedanta Limited Plans

Employee Stock Option Scheme (ESOS) 2016

During the year 2016, VEDL introduced an Employee Stock Option Scheme 2016 ("ESOS"), which was approved by the VEDL shareholders. The maximum value of shares that can be conditionally awarded to an Executive Committee in a year is 125% of annual salary. The maximum value of options that can be awarded to members of the wider management group is calculated by reference to the grade average CTC and individual grade of the employee. The performance conditions attached to the award is measured by comparing VEDL's performance in terms of TSR over the performance period with the performance of the companies as defined in the scheme. The extent to which an award vests will depend on the VEDL's TSR rank against a group or groups of peer companies at the end of the performance period and as moderated by the Remuneration Committee. Dependent on the level of employee, part of these awards will be subject to a continued service condition only with the remainder measured in terms of TSR. Further in some schemes under the plan, business performance set against business plan for the financial year is included as an additional condition.

Options granted during the year ended 31 March 2022 and 31 March 2021 includes business performance based, sustained individual performance based, management discretion and fatality multiplier based stock options. Business performances will be measured using Volume, Cost, Net Sales Realisation, EBITDA, ECG & Carbon footprint or a combination of these for the respective business/ SBU entities.

The exercise price of the options is INR 1 per share and the performance period is three years, with no re-testing being allowed.

The details of share options for the year ended 31 March 2022 and 31 March 2021 is presented below:

Financial Year of Grant	Exercise Period	Options outstanding 01 April 2021	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options outstanding 31 March 2022	Options exercisable 31 March 2022
2017-18	01 September 2020 – 28 February 2021	376,940	-	23,457	353,483	-	
2018-19	01 November 2021 – 30 April 2022	9,912,240	-	6,906,444	2,682,781	323,015	323,015
2018-19	Cash settled	1,459,604	-	1,072,187	387,417	-	-
2019-20	29 November 2022 – 28 May 2023	13,572,278	-	2,090,560	-	11,481,718	
2019-20	Cash settled	2,319,761	-	293,870	-	2,025,891	
2020-21	06 November 2023 – 05 May 2024	12,711,112	-	1,903,591	-	10,807,521	

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Financial Year of Grant	Exercise Period	Options outstanding 01 April 2021	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options outstanding 31 March 2022	Options exercisable 31 March 2022
2020-21	Cash settled	2,301,481	-	358,188	-	1,943,293	
2021-22	01 November 2024 – 30 April 2025	-	12,083,636	779,037	-	11,304,599	
2021-22	Cash settled	-	1,726,837	22,770	-	1,704,067	
		42,653,416	**13,810,473**	**13,450,104**	**3,423,681**	**39,590,104**	**323,015**

Financial Year of Grant	Exercise Period	Options outstanding 01 April 2020	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options outstanding 31 March 2021	Options exercisable 31 March 2021
2016-17	15 December 2019 -14 June 2020	1,068,516	-	8,648	1,059,868	-	-
2017-18	01 September 2020 – 28 February 2021	7,027,925	-	5,514,169	1,136,816	376,940	376,940
2017-18	16 October 2020 – 15 April 2021	11,126	-	11,126	-	-	-
2018-19	01 November 2021 – 30 April 2022	11,420,046	-	1,507,806	-	9,912,240	-
2018-19	Cash settled	2,236,944	-	777,340	-	1,459,604	-
2019-20	29 November 2022 – 28 May 2023	15,881,330	-	2,309,052	-	13,572,278	-
2019-20	Cash settled	3,956,040	-	1,636,279	-	2,319,761	-
2020-21	06 November 2023 – 05 May 2024	-	12,711,112	-	-	12,711,112	-
2020-21	Cash settled	-	2,301,481	-	-	2,301,481	-
		41,601,927	**15,012,593**	**11,764,420**	**2,196,684**	**42,653,416**	**376,940**

The fair value of all awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed on a straight-line basis over the vesting period.

Business Performance-Based and Sustained Individual Performance-Based Options:

The fair value of stock options following these types of vesting conditions have been estimated using the Black-Scholes-Merton Option Pricing model. The value arrived at under this model has been then multiplied by the expected % vesting based on business performance conditions (only for business performance-based options) and the expected multiplier on account of sustained individual performance (for both type of options). The inputs used in the Black-Scholes-Merton Option Pricing model include the share price considered as of the valuation date, exercise price as per the scheme/ plan of the options, expected dividend yield (estimated based on actual/ expected dividend trend of the Company), expected tenure (estimated as the remaining vesting period of the options), the risk-free rate (considered as the zero coupon yield as of the valuation date for a term commensurate with the expected tenure of the options) and expected volatility (estimated based on the historical volatility of the return in company's share prices for a term commensurate with the expected tenure of the options). The exercise period of 6 months post vesting period has not been considered as the options are expected to be exercised immediately post the completion of the vesting period.

Total Shareholder Returns-Based Options:

The fair value of stock options following this type of vesting condition has been estimated using the Monte Carlo Simulation method. This method has been used to simulate the expected share prices for Vedanta Limited and the companies of the comparator group over the vesting period of the options. Based on the simulated prices, the expected pay-off at the end of the vesting period has been estimated and present valued to the valuation date. Further, based on the simulated share prices and expected dividends the relative rank of Vedanta Limited's share price return has been estimated vis-à-vis the Indian and Global Group of the comparator group. This rank has been used to estimate expected % vesting of the options under this type of vesting condition. The inputs to the monte carlo simulation method include expected tenure (estimated as the remaining vesting period of the options), the risk-free rate (considered as the zero coupon yield as of the valuation date for a term commensurate with the expected tenure of the options), expected dividend yield (estimated based on the actual dividend trend of the companies), expected volatility (estimated based on the historical volatility of the return in the Company's share prices for a term commensurate with

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the expected tenure of the options). The exercise period of 6 months post the vesting period has not been considered as the options are expected to be exercised immediately post the completion of the vesting period.

The assumptions used in the calculations of the charge in respect of the ESOS awards granted during the year ended 31 March 2022 and 31 March 2021 are set out below:

	Year ended March 2022 ESOS 2021	Year ended March 2021 ESOS 2020
Number of instruments	17,26,837 (Cash settled) 1,20,83,636 (Equity Settled)	23,01,481 (Cash settled) 1,27,11,112 (Equity Settled)
Exercise price	₹ 1	₹ 1
Share price at the date of grant	₹ 302.15	₹ 228.75
Contractual life	3 years	2 years and 7 months
Expected volatility	49.67%	49.28%
Expected option life	3 years	2 years and 7 months
Expected dividends	6.80%	6.80%
Risk free interest rate	5.02%	4.84%
Expected annual forfeitures	10%p.a.	10%p.a.
Fair value per option granted (Non-market performance based)	₹ 193.97	₹ 150.73

Weighted average share price at the date of exercise of stock options was INR 339.32 (2021: INR 131.08).

The weighted average remaining contractual life for the share options outstanding was 1.62 years (2021: 2.03 years).

The Group recognised total expenses of US$ 6 million (2021: US$ 8 million) related to equity settled share-based plans under the above scheme in the year ended 31 March 2022.

The Group has awarded certain other cash settled option plans indexed to shares of its subsidiaries. As the amounts under these plans are not material, accordingly no further disclosures have been provided.

The total expense recognised on account of these cash settled option plans during the year ended 31 March 2022 is US$ 5 million (2021: US$ 2 million) and the carrying value of cash settled share based compensation liability as at 31 March 2022 is US$ 7 million (2021: US$ 2 million).

Out of the total expense pertaining to equity settled and cash settled options for the year ended 31 March 2022, the Group has capitalised US$ 0 million (2021: US$ 4 million) expense for the year ended 31 March 2022.

29. Share capital

Shares in issue	As at 31 March 2022 Number	As at 31 March 2022 Paid up amount (US$ million)	As at 31 March 2021 Number	As at 31 March 2021 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 Company did not issue any shares during the year ended 31 March 2022.

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.

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30. Non-controlling interests ('NCI')

The Group consists of a parent Company, Vedanta Resources Limited, incorporated in UK and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated around the world. Note 38 to the financial statements lists details of the interests in the subsidiaries.

Non-controlling interests that are material to the Group relate to Hindustan Zinc Limited (HZL), Cairn India Holdings Limited (CIHL) and its subsidiaries and Vedanta Limited.

As at 31 March 2022, NCIs hold an economic interest of 54.66%, 30.16%, 64.38%, 48.32% and 30.16% respectively in HZL, CIHL and its wholly owned subsidiaries, Bharat Aluminium Company Limited (BALCO), Black Mountain Mining (BMM) and Vedanta Limited. In ASI (partly owned subsidiary of CIHL) and FACOR Power Limited (FPL) (partly owned subsidiary of Ferro Alloy Corporation Limited), the NCI's economic interest is 63.94% and 37.14%. As at 31 March 2021, NCIs held an economic interest of 64.11%, 44.71%, 71.80%, 59.09% and 44.71% respectively in HZL, CIHL and its wholly owned subsidiaries, Bharat Aluminium Company Limited (BALCO), Black Mountain Mining (BMM) and Vedanta Limited. In ASI (partly owned subsidiary of CIHL) and FACOR Power Limited (FPL) (partly owned subsidiary of Ferro Alloy Corporation Limited), the NCI's economic interest was 71.45% and 50.24%.

Principal place of business of HZL, CIHL and its subsidiaries and Vedanta Limited is set out under note 38.

The table below shows summarised financial information of subsidiaries of the Group that have material non-controlling interests. The amounts are presented before intercompany elimination.

(US$ million)

Particulars	Year ended 31 March 2022					Year ended 31 March 2021				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Profit/(loss) Attributable to NCI	727	112	789	(52)	1,576	709	25	679	(260)	1,153
Equity Attributable to NCI **	2,500	387	3,347	(1,586)	4,648	2,678	529	4,468	(2,197)	5,478
Dividends paid/ payable to NCI	(358)	-	(717)	-	(1075)	(756)	-	(236)	-	(992)

* Others consist of investment subsidiaries of Vedanta Limited, other individual non-material subsidiaries and consolidation adjustments.

** Loss of US$ 14 million (31 March 2021: loss of US$ 10 million) attributable to NCI of CIHL and its subsidiaries transferred to put option liability. Refer note 24.

(US$ million)

Particulars	As at 31 March 2022					As at 31 March 2021				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Non-current assets	2,639	1,838	16,262	(3,972)	16,767	2,773	1,922	16,275	(4,442)	16,528
Current assets	3,173	1,153	3,948	613	8,887	3,352	864	2,819	1,756	8,791
Current liabilities	788	1,078	5,760	3,916	11,542	1,058	790	4,928	2,567	9,343
Non-current liabilities	450	604	3,353	8,171	12,578	615	646	3,053	9,331	13,645
Net assets	**4,574**	**1,309**	**11,097**	**(15,446)**	**1,534**	**4,452**	**1,350**	**11,113**	**(14,584)**	**2,331**

* Others consist of investment subsidiaries of Vedanta Limited, Vedanta Resources Limited, other individual non-material subsidiaries and consolidation adjustments.

(US$ million)

Particulars	Year ended 31 March 2022					Year ended 31 March 2021				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Revenue	3,866	842	8,434	4,477	17,619	2,978	504	5,009	3,231	11,722
Profit/(loss) for the year	1,289	334	2,453	(1,498)	2,578	1,069	78	1,385	(1,147)	1,385
Other comprehensive income/(loss)**	(8)	-	21	(5)	8	(1)	-	5	(3)	1
Net cash inflow/ (outflow) from operating activities	1,785	110	(5)	1,263	3,153	1,598	349	1,168	(1,274)	1,841
Net cash inflow/ (outflow) from investing activities	(12)	(7)	(209)	863	635	(533)	(214)	(259)	(625)	(1,631)
Net cash inflow/ (outflow) from financing activities	(1,602)	(136)	570	(2,010)	(3,178)	(1,276)	(118)	(772)	1,943	(223)

* Others consist of investment subsidiaries of Vedanta Limited, Vedanta Resources Limited, other Individual non-material subsidiaries and consolidation adjustments.

** Excluding exchange differences arising on translation of foreign operations.

The effect of changes in ownership interests in subsidiaries that did not result in a loss of control is as follows:

(US$ million)

For the year ended 31 March 2022	HZL	CIHL and its subsidiaries	Vedanta Limited	Others	Total
Other changes in non-controlling interests	-	-	(1,223)	4	(1,219)

(US$ million)

For the year ended 31 March 2021	HZL	CIHL and its subsidiaries	Vedanta Limited	Others	Total
Other changes in non-controlling interests	-	-	(369)	14	(355)

31. Capital management

The Group's objectives when managing capital are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals and other borrowings.

The Group monitors capital using a gearing ratio, being the ratio of net debt as a percentage of total capital.

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Total equity	1,535	2,331
Net debt (Refer note 22(b))	11,686	10,731
Total capital	13,221	13,062
Gearing Ratio	**88%**	**82%**

32. 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 31 March 2022	As at 31 March 2021
Capital commitments contracted but not provided	2,495	1,164

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

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Oil & Gas sector		
Cairn Oil & Gas	287	212
Aluminium sector		
Lanjigarh Refinery (Phase II)	379	162
Jharsuguda 1.25 MTPA smelter	209	63
BALCO Smelter Expansion from 0.57 MTPA to 1 MTPA	614	-
Zinc sector		
Zinc India (mines expansion, solar and smelter)	67	49
Gamsberg mining and milling project	27	13
Copper sector		
Tuticorin Smelter 400 KTPA*	404	409
Others	508	256
Total	**2,495**	**1,164**

*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 31 March 2022	As at 31 March 2021
Oil & Gas sector		
Cairn Oil & Gas (OALP blocks)	743	767

B. Guarantees

The aggregate amount of indemnities and other guarantees on which the Group does not expect any material losses, was US$ 853 million (31 March 2021: US$ 857 million).

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

i. Guarantees and bonds advanced to the Indian customs authorities of US$ 65 million (31 March 2021: US$ 88 million) relating to the export and payment of import duties on purchases of raw material and capital goods.

ii. Guarantees issued for the Group's share of minimum work programme commitments of US$ 381 million (31 March 2021: US$ 394 million).

iii. Guarantees of US$ 13 million (31 March 2021: US$ 11 million) issued under bid bond for placing bids.

iv. Bank guarantees of US$ 15 million (31 March 2021: US$ 16 million) has been provided by the Group on behalf of Volcan Investments Limited to the Indian Income tax department, as a collateral in respect of certain tax disputes.

v. Other guarantees worth US$ 379 million (31 March 2021: US$ 348 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$ 126 million (31 March 2021: US$ 295 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 prescribed by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US$ 27 million (31 March 2021: US$ 48 million) plus applicable interest.

The Group has given bonds of US$ 253 million (31 March 2021: US$ 242 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 ('HZL'): Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices to HZL in August, September and October 2006, aggregating US$ 44 million as at 31 March 2022 (31 March 2021: US$ 46 million) claiming 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. In response, HZL filed a writ petition against these show cause notices before the High Court of Rajasthan in Jodhpur. In October 2006, the High Court issued an order granting a stay and 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 orders 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.

Ravva Joint Operations arbitration proceedings

ONGC Carry

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 is now being heard.

While the Group does not believe the GOI will be successful in its challenge, if the Arbitral Awards in above matters are reversed and such reversals are binding, Group would be liable for approximately US$ 64 million plus interest (31 March 2021: US$ 64 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.

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Consequent to 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.

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, 1999 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.

During the current year, HZL has, under an Amnesty Scheme, settled the entry tax matter by making a payment of US$ 18 million against total claims of US$ 26 million.

The total claims including interest and penalty against Vedanta Limited and its subsidiaries (net of provisions made) are US$ 109 million (31 March 2021: US$ 125 million). Consequential interest after the date of order amounts to US$ 71 million (31 March 2021: US$ 68 million)

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$ 135 million (31 March 2021: US$ 121 million). As at 31 March 2022, an amount of US$ 139 million relating to principal has been considered as a contingent liability (31 March 2021: US$ 126 million).

BALCO: Electricity Duty

The Group operates a 1,200 MW power plant ("the Plant") which commenced production in July 2015. Based on the Memorandum of Understanding signed between the Group and the Chhattisgarh State Government, the management believes that the Plant is covered under the Chhattisgarh Industrial policy 2004-09 which provides exemption of electricity duty for 15 years. In June 2021, the Chief Electrical Inspectorate, Raipur ("CIE") issued a demand notice for electricity duty and interest thereon of US$ 117 million and US$ 78 million respectively for the period March 2015 to March 2021.

The Group carries an accrual for electricity duty of US$ 108 million (31 March 2021: US$ 116 million), net of US$ 30 million (31 March 2021: US$ Nil) paid under protest. The Group has requested the CIE to allow payment of the principal amount over a period of 5 years along with a waiver of interest demand. BALCO has received the reply from CIE that the matter will be discussed with appropriate authorities. As at 31 March 2022 no confirmation has been received on this matter. Therefore, BALCO continues to recognise an amount of US$ 97 million relating to interest as contingent liability."

Class actions against VRL and KCM on behalf of Zambian nationals

Two separate proceedings against VRL and KCM were issued in the UK on behalf of Zambian nationals who alleged that they had suffered loss and damages as a result of KCM's operations in Zambia. The two proceedings were subsequently combined into a single action as part of a court-mandated global litigation order ("GLO"). The claims were for damages for personal injury, property damage and other damages arising out of allegations of pollution. VRL and KCM in the first instance challenged the jurisdiction of the English e-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 e-Courts have jurisdiction to hear and adjudicate the claims. This judgement was appealed by VRL 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 VRL 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.

On 19 January 2021, VRL announced the settlement, without admission of liability by VRL or KCM, of the larger of the two class action proceedings covered by the GLO. During the current year, agreement has reached on the settlement of the remaining proceeding and the Group does not expect any material impact on its financial position.

Miscellaneous disputes – Income tax

The Group is involved in various tax disputes amounting to US$ 180 million (31 March 2021: US$ 268 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 holidays and depreciation under the Income-tax Act, 1961 and interest thereon which are pending at various appellate levels. Penalties, if any, may be additional.

Based on detailed evaluations and supported by external legal advice, where necessary, the Group believes that it has strong merits and no material adverse impact is expected.

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$ 616 million (31 March 2021: US$ 652 million).

Based on evaluations of the matters and legal advice obtained, the Group believes that it has strong merits in its favour. Accordingly, no provision is considered at this stage.

Except as described above, there are no pending litigations which the Group believes could reasonably be expected to have a material adverse effect on the results of operations, cash flows or the financial position of the Group.

33. 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

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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 in a public interest petition filed.

On 13 August 2020, the Supreme Court passed an order partially removing the status quo order in place and has allowed the arbitration proceedings to continue via its order passed on 18 November 2021, the Supreme Court of India allowed the GOI's proposal to divest its entire stake in HZL in the open market in accordance with the rules and regulations of SEBI and also directed the Central Bureau of Investigation to register a regular case in relation to the process followed for the disinvestment of HZL in the year 2002 by the GOI. A review petition has been filed by the GOI against this direction by the Supreme Court. In line with the said order, the Group has filed for withdrawal of its arbitration proceedings. Final order allowing for the withdrawal of arbitration matter has been passed.

(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. However, the Government of India has contested the valuation and validity of the option and contended that the clauses of the SHA violate the (erstwhile) 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 said Act and are not enforceable.

The Group has challenged the validity of the majority award before 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. The matter is currently scheduled for hearing at the Delhi High Court. 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 09 January 2012, the Group offered to acquire the Government of India's interests in HZL and BALCO for US$ 2,050 million and US$ 236 million 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 the fair value, which is effectively nil, 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 January 2008 to 2019 and issued a show cause notice vide an office order dated 31 January 2020 amounting to US$ 254 million, further an additional demand was issued vide an office order dated 14 December 2020 for US$ 41 million on similar questions of law. The Group has challenged (the show cause notice or/and) computation mechanism of the royalty itself and the High Court has granted a stay on the notice and directed DMG not to take any coercive action. State Government has also been directed to not take any coercive action in order to recover such miscomputed dues. 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 in favour of the Group is remote.

iii) Vedanta Limited is purchasing bauxite under long term linkage arrangement with Orissa Mining Corporation Ltd (OMC) at provisional price of US$ 13/MT (INR 1000/MT) from October 2020 onwards based on interim order dated 08 October 2020 of the Hon'ble High Court of Odisha, which is subject to final outcome of the writ petition filed by Vedanta Limited.

The last successful e-auction based price discovery was done by OMC in April 2019 at US$ 9/MT (INR 673/MT) and supplied bauxite at this rate from September 2019 to September 2020 with an undertaking from Vedanta Limited to compensate the differential price discovered through successful national e-auction. Though the OMC conducted the next e-auction on 31 August 2020 with floor price of US$ 23/MT (INR 1707/MT) determined on the basis of Rule 45 of Minerals Concession Rules, 2016 (hereafter referred as the Rules), there was no bidder at that floor price and hence, the auction could not be conducted. However, OMC issued a demand of US$ 37 million on Vedanta Limited towards differential pricing and interest for bauxite supplied till September 2020 considering the auction base price of US$ 23/MT (INR 1707/MT).

Vedanta Limited had then filed a writ petition before Hon'ble High Court of Odisha in September 2020 which issued interim Order dated 08 October 2020 directing that the petitioner shall be permitted to lift the quantity of bauxite mutually agreed on payment of US$ 13/MT (INR 1000/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 writ petition.

OMC re-conducted e-auction on 09 March 2021 with floor price of US$ 27/MT (INR 2,011/MT) which was not successful. On 18 March 2021, Cuttack HC issued an order disposing off the writ petition, directing that the current arrangement of bauxite price @ 13/MT (INR 1,000/MT) will continue for FY 2021-22. Further, on 06 April 2022, the Hon'ble Cuttack HC directed that the current arrangement will continue for FY 2022-23 also.

Supported by legal opinions obtained, management believes that the provisions of Rule 45 of the Rules are not applicable to sale of bauxite and hence, it is not probable that Vedanta Limited will have any material obligation towards the aforesaid commitments over and above the price of US$ 9/MT (INR 673/MT) discovered vide last successful e-auction.

However, as an abundant precaution, the Group has recognised purchase of Bauxite from September 2019 onwards at the aforesaid rate of US$ 13/MT (INR 1,000/MT).

iv) The Scheme of Amalgamation and Arrangement amongst Sterlite Energy Limited ('SEL'), Sterlite Industries (India) Limited ('Sterlite'), Vedanta Aluminium Limited ('VAL'), Ekaterina Limited ('Ekaterina'), Madras Aluminium Company Limited ('Malco') and Vedanta Limited (the "Scheme") had been sanctioned by the Honourable High Court of Madras and the Honourable High Court of Judicature of Bombay at Goa and was given effect to in the year ended 31 March 2014.

Subsequently, the above orders of the Honourable High Court of Bombay and Madras have been challenged by the Commissioner of Income Tax, Goa and the Ministry of Corporate Affairs through a Special Leave Petition before the Honourable Supreme Court and also by a creditor and a shareholder of Vedanta Limited. The said petitions are currently pending for hearing.

v) Flue-gas desulfurisation (FGD) implementation:

The Ministry of Environment, Forest and Climate Change (MOEFCC) 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 have to be installed. Timelines for compliance to the revised norm for various plants in the Group range from December 2023 to December 2024. Different power plants are at different stages of the implementation process.

TSPL filed a petition before Punjab State Electricity Regulatory Commission (PSERC) for approval of MoEFCC 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 MoEFCC 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 28 August 2020 in favour of TSPL allowing the cost pass through.

PSPCL has filed an appeal against this order in the Supreme Court. The matter was listed on 03 February 2022 wherein the SC issued notice and directed the respondents to file their respective counter affidavits in the matters. The matter is yet to be listed.

34. Related party transactions

Related party transactions

The information below sets out transactions and balances between the Group and various related parties in the normal course of business for the year ended 31 March 2022.

HOLDING COMPANIES

Volcan Investments Limited

Volcan Investments Cyprus Limited

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FELLOW SUBSIDIARY (with whom transactions have taken place)

Sterlite Technologies Limited

Sterlite Power Transmission Limited

Sterlite Iron and Steel Company Limited

Twin Star Technologies Limited

Sterlite Power Grid Ventures Limited

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

RoshSkor Township (Pty) Limited

Gaurav Overseas Private Limited

Goa Maritime Private Limited

OTHERS

Post-retirement benefit plans

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

HZL Employee Group Gratuity Trust

HZL Superannuation Trust

Balco Employees Provident Fund Trust

FACOR Superannuation Trust#

FACOR Employees Gratuity Scheme#

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

Cairn Foundation

Vedanta Foundation

Sesa Community Development Foundation

Vedanta Medical Research Foundation

Janhit Electoral Trust

Caitlyn India Private Limited

Runaya Refining LLP

Minova Runaya Private Limited

Fujairah Gold Ghana

Fujairah Metals LLC

Acquired during the previous year ended 31 March 2021.

Details of transactions for the year ended 31 March 2022 are as follows:

(US$ million)

	Particulars	Holding Company/Fellow Subsidiaries	Associates/Joint Ventures	Others	Total
	Income:				
(i)	Revenue from operations	187	-	8	195
(ii)	Dividend income	0	-	-	0
(iii)	Net interest received	1	-	-	1
(iv)	Guarantee commission income	0	-	-	0
	Expenditure:				
(i)	Purchases of goods/services	-	-	22	22
(ii)	Management fees paid	1	-	-	1
(iii)	Reimbursement for other expenses (net of recovery)	2	-	0	2
(iv)	Donation	-	-	6	6
(v)	Interest paid	1	-	-	1
(vi)	Dividend paid	131	-	-	131
(vii)	Contribution to post retirement employees benefit trust/fund	-	-	15	15
	Other transactions during the year:				
(i)	Loans given/(repayment thereof)	0	-	-	0
(ii)	Guarantees given during the year (net of relinquishment)	(0)	-	(1)	(1)
(iii)	Bond redeemed during the year	6	-	-	6
(iv)	Investments made during the year	-	0	-	0

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Details of balances as at 31 March 2022 are as follows:

(US$ million)

	Particulars	Holding Company/Fellow Subsidiaries	Associates/Joint Ventures	Others	Total
(i)	Net amounts receivable at year end *	3	0	1	4
(ii)	Net amounts payable at year end	0	-	10	10
(iii)	Investment in equity Share	16	0	-	16
(iv)	Value of bonds held by Volcan	7	-	-	7
(v)	Interest payable	0	-	-	0
(vi)	Dividend payable	0	-	-	0
(vii)	Net advance given at year end	-	1	0	1
(viii)	Financial guarantee given *	15	-	0	15
(ix)	Loans given**	-	1	-	1

* 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. The guarantee amount is US$ 15 million (31 March 2021: US$ 16 million).

**During the previous year ended 31 March 2021, the Group had renewed loan provided to Sterlite Iron and Steel Company Limited (Fellow Subsidiary) to finance project in earlier years. The loan balance as at 31 March 2022 was US$ 1 million (31 March 2021: US$ 1 million). The loan is unsecured in nature and carries an interest rate of 7.15% per annum. The loan was due in March 2022 and the agreement was renewed for a further period of 12 months. During the previous year, the group had recognised a provision of US$ 3 million (including accrued interest) on said loan.

During March 2022, Vedanta Limited and its subsidiary BALCO have executed Power Delivery Agreement ('PDA') with Serentica Renewables India 3 Private Limited ("Serentica 3") and Serentica Renewables India 1 Private Limited ('Serentica 1') respectively, which are fellow subsidiaries created by Volcan Investments Limited for building renewable energy power projects ("the Projects") of approximately 180 MW and 200 MW respectively, on a group captive basis. Under the terms of the PDA, Vedanta Limited and BALCO are expected to infuse equity of approximately US$ 30 million and US$ 33 million for twenty six percent stake in Serentica 3 and Serentica 1 respectively for procuring renewable power over twenty five years from date of commissioning of the Projects. No significant project-related activities have been carried out subsequent to signing of the PDA.

Details of transactions for the year ended 31 March 2021 are as follows:

(US$ million)

	Particulars	Holding Company/Fellow Subsidiaries	Associates/Joint Ventures	Others	Total
	Income:				
(i)	Revenue from operations	99	-	1	100
(ii)	Dividend income	0	-	-	0
(iii)	Net interest received	2	-	-	2
	Expenditure:				
(i)	Purchases of goods/services	-	-	7	7
(ii)	Management fees paid	2	-	1	3
(iii)	Reimbursement for other expenses (net of recovery) #	(14)	-	0	(14)
(iv)	Donation	-	-	9	9
(v)	Interest paid	1	-	-	1
(vi)	Dividend paid	251	-	-	251
(vii)	Contribution to post retirement employees benefit trust/fund	-	-	8	8
	Other transactions during the year:				
(i)	Loans given/(repayment thereof)	0	-	-	0
(ii)	Guarantees given during the year (net of relinquishment)	0	-	(2)	(2)

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Details of balances as at 31 March 2021 are as follows:

(US$ million)

	Particulars	Holding Company/ Fellow Subsidiaries	Associates/Joint Ventures	Others	Total
(i)	Net amounts receivable at year end	7	-	-	7
(ii)	Net amounts payable at year end	2	-	15	17
(iii)	Investment in equity Share	14	0	-	14
(iv)	Value of bonds held by Volcan	13	-	-	13
(v)	Interest payable	0	-	-	0
(vi)	Dividend payable	90	-	-	90
(vii)	Net advance given at year end	-	-	0	0
(viii)	Financial guarantee given	16	-	1	17
(ix)	Loans given	-	1	-	1

 # Structured investment

During the financial year ended 31 March 2019, as part of its cash management activities, 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 (GBP 428 million) determined based on an independent third-party valuation. In July 2019, the transaction was unwound, and the investments were redeemed for a total consideration of US$ 639 million (GBP 519 million), representing the actual price Volcan realised from selling the shares of AA Plc. CIHL was informed that the said realisation was net of applicable transaction costs of US$ 14 million (GBP 10 million), which in January 2021, CIHL agreed to bear. Accordingly, this amount has been recorded in the consolidated income statement in the previous year.

Remuneration of Key Management Personnel

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Short-term employee benefits	22	18
Post-employment benefits	1	1
Share-based payments	2	3
	25	**22**
Compensation for Non-Executive Directors	0	1
Commission/Sitting Fees to KMP	0	0

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

Other related party#

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Remuneration to relatives	3	0
Commission/sitting fees to relatives of KMP	0	0

close relatives of the executive chairman

35. Subsequent events

On 28 April 2022, Company has announced tender offer to purchase for cash up to US$ 500 million in aggregate principal amount of its outstanding 6.375% bonds due 2022 including accrued and unpaid interest. Upon expiration of the tender offer, the Company has accepted for purchase of principal amount of US$ 468,775,001 bonds validly tendered at or prior to the expiration time and had completed settlement of consideration for the tendered bonds amounting to US$ 477,318,253 (including interest) on 27 May 2022.

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

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36. Auditor's remuneration

The table below shows the fees payable globally to the Company's auditor, MHA Macintyre Hudson and their associate firms, for statutory external audit and audit related services, as well as fees paid to other accountancy firms for statutory external audit and audit related services for the year ended 31 March 2022:

(US$ million)

	Year ended 31 March 2022	Year ended 31 March 2021
Fees payable to the Company's auditor for the audit of Vedanta Resources Limited annual accounts	1	1
The audit of the Company's subsidiaries pursuant to legislation	0	0
Total audit fees	**1**	**1**
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation (1)	0	0
Corporate finance services (2)	0	0
Total non-audit fees	**0**	**0**
Total fees paid to the Company's auditor	**1**	**1**
Audit fees payable to other auditors of the Group's subsidiaries	2	3
Non-audit fees payable to other auditors of the Group's subsidiaries	1	2
Total fees paid to other auditors	**3**	**5**

(1) Other services pursuant to legislation principally comprise assurance services and the half year review of the Group's results.
(2) Corporate finance services principally comprise services in connection with debt raising transactions. These assurance-related services are ordinarily provided by the auditor.

37. Joint Arrangements

Joint Operations

The Group's principal licence interests in oil and gas business are joint operations. The principal licence interests for the years ended 31 March 2022 and 31 March 2021 are as follows:

Oil & Gas blocks/ fields (a)	Area	Participating Interest
Operating blocks		
Ravva block-Exploration, Development & production	Krishna Godavari	22.50%
CB-OS/2 – Exploration	Cambay Offshore	60.00%
CB-OS/2 - Development & production	Cambay Offshore	40.00%
RJ-ON-90/1 – Exploration	Rajasthan Onshore	100.00%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	70.00%
KG-OSN-2009/3 – Exploration	Krishna Godavari Offshore	100.00%
Non-operating blocks		
KG-ONN-2003/1	Krishna Godavari Onshore	49.00%

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38. List of Subsidiaries

The Group owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list below, and has power over the subsidiaries, is exposed or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2022	31 March 2021		31 March 2022	31 March 2021
Direct Subsidiaries of the Parent Company								
Vedanta Resources Holdings Limited ('VRHL')	Holding company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100%	100%	VRL	100%	100%
Vedanta Resources Jersey Limited ('VRJL")	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	100%	100%	VRL	100%	100%
Vedanta Resources Jersey II Limited ('VRJL-II')	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	100%	100%	VRL	100%	100%
Vedanta Finance (Jersey) Limited ('VFJL') [1]	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	-	-	VRL	-	-
Vedanta Jersey Investments Limited ('VJIL") [2]	Investment company	13 Castle Street, St. Helier, Jersey JE4 5UT, Channel Islands	Jersey (CI)	-	-	VRL	-	-
Vedanta Holdings Jersey Limited [3]	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	100%	100%	VRL	100%	100%
Vedanta Resources Investments Limited [4]	Investment Company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	UK	100%	-	VRL	100%	-
Indirect Subsidiaries of the Parent Company								
Valliant (Jersey) Limited	Investment company	47 Esplanade, St Helier JE1 0BD, Jersey	Jersey (CI)	100%	100%	VRJ2L	100%	100%
Vedanta Holdings Mauritius Limited [3] (VHML)	Investment company	Amicorp (Mauritius) Limited, 6th Floor, Tower 1, Nexteracom	Mauritius	100%	100%	VHJL	100%	100%
Vedanta Resources Finance II Plc	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100%	100%	VRHL	100%	100%
Vedanta Resources Finance Limited ('VRFL')	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100%	100%	VRHL	100%	100%
Vedanta Resources Cyprus Limited ('VRCL')	Investment company	221 Christodoulou Chatzipavlou, Helios Court, 3rd Floor, 3036 Limassol, Cyprus	Cyprus	100%	100%	VRFL	100%	100%
Richter Holding Limited ('Richter')	Investment company	221 Christodoulou Chatzipavlou, Helios Court, 3rd Floor, 3036 Limassol, Cyprus	Cyprus	100%	100%	VRCL	100%	100%

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Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2022	31 March 2021		31 March 2022	31 March 2021
Westglobe Limited ('Westglobe')	Investment company	IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324 Mauritius	Mauritius	100%	100%	Richter	100%	100%
Finsider International Company Limited ('Finsider')	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100%	100%	Richter, Westglobe	100%	100%
Vedanta Holdings Mauritius II Limited [3] ('VHM2L')	Investment company	Amicorp (Mauritius) Limited, 6th Floor, Tower 1, Nexteracom	Mauritius	100%	100%	Finsider	100%	100%
Welter Trading Limited ('Welter')	Investment company	28th Oktovriou Street, 205 Louloupis Court, 1st Floor P.C. 3035, Limassol, Cyprus	Cyprus	100%	100%	VRCL	100%	100%
Vedanta Finance UK Limited	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100%	100%	Welter	100%	100%
Twin Star Holdings Limited ('Twin Star')	Holding company	IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324 Mauritius	Mauritius	100%	100%	VRHL	100%	100%
Monte Cello Corporation NV ('MCNV') [5]	Investment company	Kaya Flamboyan 6, Curacao	Curacao	100%	100%	Twin Star	100%	100%
Vedanta UK Investments Limited ('VUIL') [6]	Investment Company	8th Floor 20 Farringdon Street, London, United Kingdom, EC4A 4AB	UK	100%	-	Vedanta Resources Holding Limited	100%	-
Vedanta Netherlands Investments BV [6] ('VNIBV')	Investment Company	Strawinskylaan 1143, 1077XX Amsterdam, Netherlands	The Netherlands	100%	-	VUIL	100%	-
Vedanta Netherlands Investments II BV [7]	Investment Company	Strawinskylaan 1143, 1077XX Amsterdam, Netherlands	The Netherlands	100%	-	VUIL	100%	-
Vedanta Resources Mauritius Limited [8]	Investment Company	Amicorp Mauritius, 6th Floor, Tower 1, Nextera Building, Ebene, Mauritius	Mauritius	100%	-	VRCL	100%	-
Vedanta Limited	Copper smelting, Iron ore mining, Aluminium mining, refining and smelting, Power generation, Oil and Gas exploration, and production	Vedanta Limited 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East), Mumbai – 400 093, Maharashtra	India	69.84%	55.29%	Twin Star, Welter, Westglobe Finsider and Vedanta Holdings Mauritius II Limited	69.84%	55.29%

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Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding 31 March 2022	The Company's economic percentage holding 31 March 2021	Immediate holding company	The Company's immediate percentage holding 31 March 2022	The Company's immediate percentage holding 31 March 2021
Cairn India Holdings Limited	Investment company	22-24 New Street, St. Paul's Gate, St. Helier, Jersey, JE1 4TR	Jersey	69.84%	55.29%	Vedanta Limited	100%	100%
Cairn Energy India Pty Limited [9]	Oil and gas exploration, development and production	Level 12, 680 George Street, Sydney NSW 2000, Australia	Australia	-	-	Cairn India Holdings Limited	-	-
Cairn Energy Hydrocarbons Limited	Oil and gas exploration, development and production	272 Bath Street, Glasgow, United Kingdom, G2 4JR	Scotland[(b)]	69.84%	55.29%	Cairn India Holdings Limited	100%	100%
Cairn South Africa Pty Limited [16]	Oil and gas exploration, development and production	22 Bree Street, Cape Town, 8001, South Africa	South Africa	69.84%	55.29%	Cairn Energy Hydrocarbons Limited	100%	100%
CIG Mauritius Holdings Private Limited [f]	Investment Company	Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, Mauritius	Republic of Mauritius	69.84%	55.29%	Cairn Energy Hydrocarbons Limited	100%	100%
CIG Mauritius Private Limited [f]	Investment Company, provides services and resources relevant to oil and gas exploration, production and development	Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, Mauritius	Republic of Mauritius	69.84%	55.29%	CIG Mauritius Holdings Private Limited	100%	100%
Cairn Lanka Private Limited	Oil and gas exploration	Lanka Shipping Tower, No.99, St. Michael's Road, Colombo 03	Sri Lanka	69.84%	55.29%	CIG Mauritius Private Limited	100%	100%
Cairn Energy Discovery Limited [9]	Oil and gas exploration, development and production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	Scotland	69.84%	-	Cairn India Holdings Limited		-
Cairn Energy Gujarat Block 1 Limited	Oil and gas exploration, development and production	272 Bath Street, Glasgow, United Kingdom, G2 4JR	Scotland	69.84%	55.29%	Cairn India Holdings Limited	100%	100%
Cairn Exploration (No. 2) Limited [9]	Oil and gas exploration, development and production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	Scotland		-	Cairn India Holdings Limited		-

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Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding 31 March 2022	The Company's economic percentage holding 31 March 2021	Immediate holding company	The Company's immediate percentage holding 31 March 2022	The Company's immediate percentage holding 31 March 2021
AvanStrate Inc. ('ASI')	Holding Company	No.1-11-1 Nishi-Gotanda-1, Shinagawa-ku, Tokyo, Japan	Japan	35.06%	28.55%	Cairn India Holdings Limited	51.63%	51.63%
AvanStrate Korea Inc	Manufacturer of LCG glass substrate	84, Hyeongoksandan-ro, Cheongbuk -myeon,Pyeongtaek-city, Gyeonggi-do,,17812, Republic of South Korea	South Korea	35.06%	28.55%	ASI	100%	100%
AvanStrate Taiwan Inc	Manufacturer of LCG glass substrate	No 8, Industry III road Annan, Tainan 709-55, Taiwan, R.O.C.	Taiwan	35.06%	28.55%	ASI	100%	100%
Sesa Resources Limited ("SRL")	Iron ore mining	Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa)- 403001	India	69.84%	55.29%	Vedanta Limited	100%	100%
Sesa Mining Corporation Limited [10]	Iron ore mining	Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa)- 403001	India	69.84%	55.29%	Sesa Resources Limited	100%	100%
Bloom Fountain Limited	Operating (Iron ore) and Investment Company	IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324 Mauritius	Mauritius	69.84%	55.29%	Vedanta Limited	100%	100%
Western Cluster Limited	Iron ore mining	Amir Building, 18th Street, Sinkor, Tubman Boulevard, Sinkor, Monrovia, Liberia, West Africa	Liberia	69.84%	55.29%	Bloom Fountain Limited	100%	100%
Paradip Multi Cargo Berth Private Limited [10]	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi Tamil Nadu 628002	India	69.84%	55.29%	Vedanta Limited	100%	100%
ESL Steels Limited (formerly known as Electrosteel Steels Limited)	Manufacturing of Steel & DI Pipe	Village -Siyaljori, Post – Jogidih, O.P. – Bangaria, PS – Chandankyari Bokaro Steel City, Bokaro, Jharkhand – 828 303	India	66.69%	52.80%	Vedanta Limited	95.49%	95.49%
Sterlite (USA) Inc. [11]	Investment company	Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware, 19808	United States of America	69.84%	55.29%	Vedanta Limited	100%	100%
THL Zinc Ventures Limited	Investment company	IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324, Mauritius	Mauritius	69.84%	55.29%	Vedanta Limited	100%	100%
THL Zinc Limited	Investment company	IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324, Mauritius	Mauritius	69.84%	55.29%	THL Zinc Ventures Limited	100%	100%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding 31 March 2022	The Company's economic percentage holding 31 March 2021	Immediate holding company	The Company's immediate percentage holding 31 March 2022	The Company's immediate percentage holding 31 March 2021
Black Mountain Mining (Proprietary) Limited	Exploration, development, production and sale of zinc, lead, copper and associated mineral concentrates	Penge Road, Aggeneys	South Africa	51.68%	40.91%	THL Zinc Ltd	74.00%	74.00%
THL Zinc Namibia Holdings (Proprietary) Limited ("VNHL")	Mining and Exploration and Investment company	24 Orban Street, Klein Windhoek, Windhoek	Namibia	69.84%	55.29%	THL Zinc Ltd	100%	100%
Skorpion Zinc (Proprietary) Limited ('SZPL')	Operating (Zinc) and Investment Company	24 Orban Street, Klein Windhoek, Windhoek	Namibia	69.84%	55.29%	VNHL	100%	100%
Amica Guesthouse (Proprietary) Limited	Accommodation and catering services	4 Mokke street, Windhoek, Namibia	Namibia	69.84%	55.29%	SZPL	100%	100%
Skorpion Mining Company (Proprietary) Limited ('NZ')	Exploration, development, production and sale of zinc ore	24 Orban Street, Klein Windhoek, Windhoek	Namibia	69.84%	55.29%	SZPL	100%	100%
Namzinc (Proprietary) Limited	Owns and operates a zinc refinery	24 Orban Street, Klein Windhoek, Windhoek	Namibia	69.84%	55.29%	SZPL	100%	100%
THL Zinc Holding BV	Investment company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	The Netherlands	69.84%	55.29%	Vedanta Limited	100%	100%
Lakomasko BV	Investment company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	The Netherlands	69.84%	55.29%	THL Zinc Holding BV	100%	100%
Vedanta Lisheen Holdings Limited	Holding company	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	69.84%	55.29%	THL Zinc Holding BV	100%	100%
Killoran Lisheen Mining Limited	Development of a zinc/lead mine	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	69.84%	55.29%	Vedanta Lisheen Holdings Limited	100%	100%
Vedanta Lisheen Mining Limited	Development of a zinc/lead mine	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	69.84%	55.29%	Vedanta Lisheen Holdings Limited	100%	100%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding 31 March 2022	The Company's economic percentage holding 31 March 2021	Immediate holding company	The Company's immediate percentage holding 31 March 2022	The Company's immediate percentage holding 31 March 2021
Lisheen Mine Partnership	Development and operation of a zinc/lead mine	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	69.84%	55.29%	50% each held by Killoran Lisheen Mining Limited & Vedanta Lisheen Mining Limited	100%	100%
Killoran Lisheen Finance Limited [(a)]	Investment company	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	69.84%	55.29%	Vedanta Lisheen Holdings Limited	100%	100%
Lisheen Milling Limited	Manufacturing[13]	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	69.84%	55.29%	Vedanta Lisheen Holdings Limited	100%	100%
Vedanta Exploration Ireland Limited [(a)]	Exploration activities	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	69.84%	55.29%	Vedanta Lisheen Holdings Limited	100%	100%
Hindustan Zinc Limited ("HZL")	Zinc mining and smelting	Yashad Bhawan, Udaipur (Rajasthan) – 313004	India	45.34%	35.89%	Vedanta Limited	64.92%	64.92%
Bharat Aluminium Company Limited ("BALCO")	Aluminium mining and smelting	Aluminium Sadan, 2nd Floor, Core-6-Scope Complex, 7 Lodhi Road, New Delhi – 110 003	India	35.62%	28.20%	Vedanta Limited	51%	51%
Monte Cello BV ("MCBV")	Holding company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	The Netherlands	69.84%	55.29%	Vedanta Limited	100%	100%
Copper Mines of Tasmania Pty Limited ("CMT")	Copper mining	C/o Norton Rose Fulbright Australia Level 18, Grosvenor Place 225 George Street Sydney, New South Wales	Australia	69.84%	55.29%	Monte Cello BV	100%	100%
Thalanga Copper Mines Pty Limited ("TCM")	Copper mining	C/o Norton Rose Fulbright Australia Level 18, Grosvenor Place 225 George Street Sydney, New South Wales	Australia	69.84%	55.29%	Monte Cello BV	100%	100%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding 31 March 2022	The Company's economic percentage holding 31 March 2021	Immediate holding company	The Company's immediate percentage holding 31 March 2022	The Company's immediate percentage holding 31 March 2021
MALCO Energy Limited ("MEL")	Power generation	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O. Tuticorin, Tamil Nadu – 628 002	India	69.84%	55.29%	Vedanta Limited	100%	100%
Fujairah Gold FZC	Manufacturing of Copper Rod and Refining of Precious Metals (Gold & Silver)	P.O. Box 3992, Fujairah, United Arab Emirates	United Arab Emirates	69.84%	55.29%	MEL	100%	100%
Talwandi Sabo Power Limited ("TSPL")	Power generation	Vill. Banawala, Mansa - Talwandi Sabo Road, Mansa, Punjab – 151 302	India	69.84%	55.29%	Vedanta Limited	100%	100%
Vizag General Cargo Berth Private Limited	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Thoothukudi, Tamil Nadu – 628 002	India	69.84%	55.29%	Vedanta Limited	100%	100%
Sterlite Ports Limited [10]	Infrastructure	MALCO Power Company Limited, SIPCOT Industrial Complex, Madurai Bypass Road, Tuticorin Thoothukudi, Tamil Nadu – 628 002	India	69.84%	55.29%	Vedanta Limited	100%	100%
Goa Sea Port Private Limited [10]	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi, Tamil Nadu – 628 002	India	69.84%	55.29%	Sterlite Ports Limited	100%	100%
Maritime Ventures Private Limited [10]	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi Tamil Nadu 628002	India	69.84%	55.29%	Sterlite Ports Limited	100%	100%
Ferro Alloy Corporation Limited ('FACOR') [12]	Manufacturing of Ferro Alloys and Mining	Charge Chrome Plant, Randia, Bhadrak – 756 135, Odisha	India	69.84%	55.29%	Vedanta Limited	100%	100%
Facor Realty and Infrastructure Limited [(c)]	Real estate	Corporate One, Suite 401 Plot No. 5, Jasola, Delhi – 110 025	India	69.84%	55.29%	FACOR	100%	100%
FACOR Power Ltd [12]	Power generation	148 G/F, Zamrudpur, Kailash Colony, New Delhi –110 048	India	62.86%	49.76%	FACOR	90%	90%
Desai Cement Company Private Limited [d]	Cement	Survey no. 184, Maina, Navelim, Bicholim, North Goa – 403 505, Goa	India	69.84%	-	Sesa Mining Corporation Limited	100%	-

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding 31 March 2022	The Company's economic percentage holding 31 March 2021	Immediate holding company	The Company's immediate percentage holding 31 March 2022	The Company's immediate percentage holding 31 March 2021
Hindustan Zinc Alloys Private Limited [e]	Zinc Melting and Smelting	C/O Hindustan Zinc Limited, Yashad Bhavan Near Swaroop Sagar, Yashadgarh, Udaipur, Rajasthan – 313 004	India	45.34%	-	Hindustan Zinc Limited	64.92%	-
Vedanta Zinc Football & Sports Foundation [14]	Sports Foundation	C/O Hindustan Zinc Limited, Yashad Bhavan Near Swaroop Sagar, Yashadgarh Udaipur Rajasthan – 313 004	India	45.34%	-	Hindustan Zinc Limited	64.92%	-

(a) Dissolved on 09 June 2021 (b)Principal place of business is in India (c) Passed a resolution for striking off. (d) Acquired on 15 November 2021 (e) Incorporated on 17 November 2021 (f) Under liquidation.

1. Vedanta Finance Jersey Limited liquidated w.e.f. 29 March 2021.
2. Vedanta Jersey Investments Limited liquidated w.e.f. 25 March 2021.
3. Incorporated with effect from 29 June 2020. On 24 December 2020, Vedanta Holdings Mauritius II Limited purchased shares of Vedanta Limited.
4. Incorporated on 14 January 2022.
5. Monte Cello Corporation N.V. liquidated w.e.f. 06 May 2021.
6. Incorporated on 01 November 2021.
7. Incorporated on 11 January 2022.
8. Incorporated on 12 January 2022.
9. Cairn Exploration (No. 2) Limited and Cairn Energy Discovery Limited have been dissolved w.e.f. 22 September 2020. Cairn Energy India (Pty) Ltd was deregistered on 26 August 2020.
10. The Group has filed an application at Mumbai NCLT on 25 September 2021 and at Chennai NCLT on 29 September 2021 for the merger of Maritime Ventures Private Limited, Sterlite Ports Limited, Paradip Multi CargoBerth Private Limited, Goa Sea Port Private Limited with Sesa Mining Corporation Limited.
11. Sterlite USA has been liquidated on 20 December 2021.
12. The Group has filed an application at NCLT Cuttack on 16 September 2020 for the merger of FACOR Power Limited with Ferro Alloy Corporation Limited ("FACOR").
13. Activity of the Company ceased in February 2016.
14. Incorporated on 21 December 2021.
15. The Group also has interest in certain trusts which are neither significant nor material to the Group.
16. Cairn South Africa Pty Limited has been deregistered w.e.f. 06 April 2021.
17. VRL, through its wholly owned subsidiaries, VNIBV, VHM2L, VHML and Twin Star collectively acquired additional stake in Vedanta Limited (VEDL) during the current year thereby increasing their economic shareholding in VEDL from 55.29% to 69.84%.

39. Ultimate controlling party

At 31 March 2022, all of the issued shares of the Company were held by Volcan Investments Limited and its wholly owned subsidiary. Accordingly, the ultimate controlling party of the Group was Volcan, which is beneficially owned by the Anil Agarwal Discretionary Trust. Volcan Investments Limited is incorporated in the Bahamas and does not produce Group accounts.

Company Balance Sheet

As at 31 March 2022

(US$ million)

	Note	As at 31 March 2022	As at 31 March 2021
Fixed assets			
Tangible assets	2	12	14
Investments in subsidiaries	3	1,731	1,731
Financial asset investment	4	0	0
		1,743	**1,745**
Current assets			
Debtors due within one year	5	819	1,420
Debtors due after one year	5	4,713	2,706
Investments	6	27	1,158
Cash and cash equivalents		7	38
		5,566	**5,322**
Creditors: amounts falling due within one year			
Trade and other creditors	7	152	220
Lease liability	9	2	2
External borrowings	7	1,831	490
Loan from subsidiary	7	473	-
		2,458	**712**
Net current assets		**3,108**	**4,610**
Total assets less current liabilities		**4,851**	**6,355**
Creditors: amounts falling due after one year			
External borrowings	8	2,008	3,591
Loan from subsidiary	8	2,260	2,264
Other creditors	8	8	13
Lease liability	9	6	7
		4,282	**5,875**
Net assets		**569**	**480**
Capital and reserves			
Called up share capital		29	29
Capital reduction reserve		2	2
Other reserves		(2)	(2)
Retained earnings		540	451
Equity shareholders' funds		**569**	**480**

As permitted by Section 408 of the Companies Act, 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to US$ 220 million (2021: US$ 148 million)

The separate Financial Statements of Vedanta Resources Limited, registration number 4740415 were approved by the Board of Directors on 06 June 2022 and signed on their behalf by

A R Narayanaswamy
Director

Deepak Kumar
Company Secretary

Company Statement of Changes in Equity

For the year ended 31 March 2022

(US$ million)

	Share capital*	Share premium	Capital redemption Reserve	Retained earnings	Other Reserves	Total
Equity shareholders' funds at 01 April 2021	29	-	2	451	(2)	480
Profit for the year	-	-	-	220	-	220
Dividends paid (note 13 of Group financial statements)	-	-	-	(131)	-	(131)
Movement in fair value of Financial Investment	-	-	-	-	0	0
Equity shareholders' funds at 31 March 2022	**29**	**-**	**2**	**540**	**(2)**	**569**

(US$ million)

	Share capital*	Share premium	Capital redemption Reserve	Retained earnings	Other Reserves	Total
Equity shareholders' funds at 01 April 2020	29	202	2	352	(2)	583
Profit for the year	-	-	-	148	-	148
Dividends paid (note 13 of Group financial statements)	-	-	-	(251)	-	(251)
Conversion of share premium	-	(202)	-	202	-	-
Movement in fair value of Financial Investment	-	-	-	-	(0)	(0)
Equity shareholders' funds at 31 March 2021	**29**	**-**	**2**	**451**	**(2)**	**480**

* For details, refer note 30 of Group financial statements.

Notes to the Financial Statements

1. Company accounting policies

Basis of Accounting

The Company meets the definition of a qualifying entity in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' (FRS 100) issued by the Financial Reporting Council and in accordance with 101 Reduced Disclosure Framework (FRS 101). Accordingly, these financial statements have been prepared on a going concern basis and in accordance with the provisions of the UK Companies Act, 2006 and applicable UK accounting standards.

These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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".

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The requirements of paragraph 38, 134 and 136 of IAS 1 'Presentation of Financial Statements';
- The requirements of IAS 7 'Statement of Cash Flows';
- Paragraphs 45 (b) and 46 to 52 of IFRS 2, "Share-based payment" (details of the number and weighted average exercise prices of share options and how the fair value of goods and services received was determined);
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of Paragraph 17 of IAS 24 "Related party disclosures";
- The requirements of IAS 24, "Related party disclosures" to disclose related-party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- Paragraphs 91-99 of IFRS 13 "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" in relation to standards not yet effective.

Significant accounting policies

Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries except preference shares, valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, short-term bank deposits and cash in hand.

Currency translation

Transactions in currencies other than the functional currency of the Company, being US dollars, are translated into US dollars at the spot exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into US dollars at year end exchange rates, or at a contractual rate if applicable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Deferred taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards is determined with the assistance of an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged by subsidiaries in respect of awards granted to employees of the Company are recognised as intercompany creditors until paid.

The resultant increase in equity is recorded in share-based payment reserve.

In case of cash-settled transactions, a liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with

Notes to the Financial Statements

recognition of a corresponding liability. The fair value is determined with the assistance of an external valuer.

Borrowings

Interest bearing loans are recorded at the net proceeds received i.e. net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on accruals basis and charged to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial guarantees

Guarantees issued by the Company on behalf of subsidiaries are designated as 'Insurance Contracts'. Accordingly, these are shown as contingent liabilities. (Note 10)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets – Recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset on the trade date.

For purposes of subsequent measurement, financial assets are classified in the following categories:

Debt instruments at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method.

Equity instruments

All equity investments in scope of IFRS 9 are measured at fair value. For all equity instruments not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

Dividends

Dividend income is recognised in the consolidated income statement only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(b) Financial Asset – Derecognition

The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(c) Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is used instead of 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR.

(d) Financial liabilities – Recognition & Subsequent measurement

The Company's financial liabilities include trade and other payables and loans and borrowings. All financial liabilities are recognised initially at fair value, and in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method.

(e) Financial liabilities – Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the Financial Statements

2. Company tangible fixed assets

	(US$ million)
Cost	
At 01 April 2020	**8**
ROU Asset as at 01 April 2020	10
Additions	0
At 31 March 2021	**18**
Additions	0
At 31 March 2022	**18**
Accumulated depreciation	
At 01 April 2020	**2**
ROU asset	1
Other asset	1
Charge for the period	2
ROU asset	1
Other asset	1
At 31 March 2021	**4**
Charge for the period	2
At 31 March 2022	**6**
Net book value	
At 01 April 2020	**16**
At 31 March 2021	**14**
At 31 March 2022	**12**

Details of Right of Use (ROU) Assets

Particulars	Building
Net book value as at 01 April 2020	**9**
Depreciation	(1)
Net book value as at 31 March 2021	**8**
Depreciation	(1)
Net book value as at 31 March 2022	**7**

3. Investments in subsidiaries

	(US$ million)
Cost	
At 01 April 2020	**1,731**
Additions during the year*	0
Investments written off during the year**	0
At 31 March 2021	**1,731**
At 01 April 2021	**1,731**
Additions during the year***	0
At 31 March 2022	**1,731**

*During the previous year, the Company acquired one share in Vedanta Holdings Jersey Limited ('VHJL'), being 100% of its issued equity share capital for a consideration of US$ 1.

**During the previous year, Vedanta Finance Jersey Limited ('VFJL') and Vedanta Jersey Investment Limited ('VJIL') were liquidated. Accordingly, the Company has written off its investments in these companies.

*** During the current year, the Company acquired one share in Vedanta Resources Investments Limited ('VHJL'), being 100% of its issued equity share capital for a consideration of US$ 1.

Notes to the Financial Statements

At 31 March 2022, the Company held 662,073,200 shares in Vedanta Resources Holdings Limited ('VRHL') (March 2021: 662,073,200 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (March 2021: one). At 31 March 2022, the Company held Nil shares in Vedanta Finance Jersey Limited ('VFJL') (March 2021: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (March 2021: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (March 2021: two), Nil share in Vedanta Jersey Investment Limited ('VJIL') (March 2021: two) and one share in Vedanta Holdings Jersey Limited ('VHJL') (March 2021: one), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in the United Kingdom (note 39 of the financial statements of the Group) and registered in England and Wales. VFJL, VRJL, VJIL, VHJL and VRJL-II are companies, registered and incorporated in Jersey, established to raise funds for the Vedanta Group.

4. Financial asset investment

	(US$ million)
Fair value	
As at 01 April 2020	**0**
Fair value movement	0
As at 31 March 2021	**0**
As at 01 April 2021	**0**
Fair value movement	0
As at 31 March 2022	**0**

The investment relates to an equity investment in the shares of Victoria Gold Corporation. As at 31 March 2022, the investment in Victoria Gold Corporation was revalued and gain of US$ 0 million (2021: gain of US$ 0 million) was recognised in equity.

5. Company debtors

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Amounts due from subsidiary undertakings	6,352	4,945
Amounts due from Konkola Copper Mines (note 3(b) of Group financial statements)	305	305
Advance to vendors and deposit	0	0
Prepayments and accrued income	0	0
Other taxes	0	1
Less: Provision for impairment*	(1,125)	(1,125)
Total	**5,532**	**4,126**
Debtors due within one year	819	1,420
Debtors due after one year	4,713	2,706
Total	**5,532**	**4,126**

Amounts due from subsidiary undertakings

At 31 March 2022, the Company had loans of US$ 2,352 million (2021: US$ 2,127 million) due from VRHL which represented the funds being loaned for funding the subsidiaries. Out of the total loan US$ 1,246 million bears interest at 8.09%, US$ 560 million at 7.80%, US$ 546 million at 9.70%, US$ 0 million at 14.375%.

At 31 March 2022, the Company had loans of US$ 1,170 million (2021: US$ 1,130 million) due from Vedanta Resources Jersey II Limited (VRJL-II). Out of the total loan US$ 452 million bears interest at 8.09%, US$ 142 million at 7.11%, US$ 376 million at 8.05% (Net of impairment provision US$ 1,054 million) and US$ 200 million at 6.82%.

At 31 March 2022, the Company had loan of US$ 78 million (2021: US$ 36 million) due from Vedanta Holdings Mauritius II Limited (VHM2L). Out of the total loan US$ 36 million at 14.625% and US$ 42 million at 8.03%.

At 31 March 2022, the Company had loan of US$ 140 million (2021: Nil) due from Vedanta Holdings Mauritius Limited (VHML) at 8.10%.

Notes to the Financial Statements

At 31 March 2022, the Company had loan of US$ 408 million (2021: US$ 0) due from Westglobe Limited (WL). Out of the total loan US$ 259 million at 8.11%, US$ 149 million at 5.45%.

At 31 March 2022, the Company had loan of US$ 147 million (2021: Nil) due from Vedanta Netherlands Investment BV (VNIBV). Out of the total loan US$ 141 million at 10.48%, US$ 6 million at 7.95%.

At 31 March 2022, the Company had loan of US$ 248 million (2021: Nil) due from Twin Star Holdings Limited (THL) at 7.90%.

At 31 March 2022, the Company had loan of US$ 8 million (2021: Nil) due from Vedanta Resources Financial Limited (VRFL) at 7.84%.

The Company was owed US$ 625 million (2021: US$ 469 million) of accrued interest from VRHL, VRJL-II, VHM2L, Westglobe, VHML, VNIBV, VRFL and THL.

The Company had given a corporate guarantee for loan facilities/trade advances on behalf of Konkola Copper Mines Plc (KCM), an erstwhile subsidiary of Vedanta Resources Holding Limited (VRHL). During the year ended 31 March 2020, due to loss of control over KCM and the resulting developments (for details refer note 3 (b) of group financial statements), the Company had recognised a liability of US$ 355 million (inclusive of interest), towards the guarantee liability and a corresponding receivable from KCM. Of the said liability, the Company had paid an amount of US$ 250 million to the lenders of KCM. During the previous year ended 31 March 2021, the Company has made further payments of US$ 23 million to lenders of KCM. The Company has also reversed the amount of corporate guarantees which have expired, from the corresponding receivable and from the corresponding liability. The balance is presented as creditors due within one year.

Additionally, the Company was owed US$ 16 million (2021: US$ 16 million) from KCM in the form guarantee commission and other receivables.

In addition to the loans, the Company was also owed US$ 51 million (Net of impairment provision US$ 71 million) (2021: US$ 59 million (Net of impairment provision US$ 71 million created during the year)) of other receivables from Group companies. The above amounts include brand fee receivable from subsidiaries (refer note 11).

* The Company had given loans to its subsidiary, VRJL - II in previous years, which was further advanced as inter-company loans to its then fellow subsidiary, (KCM). With the loss of control over KCM w.e.f. 21 May 2019 and the ensuing recoverability assessment (Refer note 3 (b) of Group Financial Statements for details), VRJL- II had impaired its receivables from KCM in the year ended 31 March 2020. Consequently, the Company had also carried out an impairment assessment of its receivables from VRJL- II and had recognised an impairment of US$ 1,102 million during the year ended 31 March 2020. During the previous year ended 31 March 2021, VRJL- II has reversed the previously recognised impairment on its receivables from KCM, amounting to $ 118 million. Consequently, the Company has also carried out an impairment assessment of its receivables from VRJL- II and had recognised an impairment reversal of US$ 118 million during the previous year ended 31 March 2021. During the current year, the directors have assessed receivables from KCM for indicators of impairment and are of opinion that no impairment has to be provided on these receivables.

6. Company current asset investments

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Liquid investments	-	1,125
Bank term deposits	27	33
Total	**27**	**1,158**

7. Company creditors: amounts falling due within one year

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Accruals	126	85
Advance from related parties	11	30
Loan from subsidiary (Note 8)	473	-
Term Loans (Note 8)	832	305
Bonds	999	185
Guarantee amount payable on behalf of KCM (Refer note 5)	15	15
Dividend payable	0	90
Total	**2,456**	**710**

Notes to the Financial Statements

8. Company creditors: amounts falling due after one year

(US$ million)

	As at 31 March 2022	As at 31 March 2021
Loan from subsidiaries	2,260	2,264
Advance from related parties	8	13
Term loans	1,348	1,414
Bonds:		
6.125% bonds due August 2024	994	991
8.25% bonds due June 2021	-	185
6.375% bonds due July 2022	999	994
7.125% bonds due May 2023	498	497
Less: Current Maturities (Note 7)		
Term Loans	(832)	(305)
Bonds	(999)	(185)
Total	**4,276**	**5,868**

As at 31 March 2022, loan from subsidiaries includes US$ 149 million (2021: US$ 149 million) due to Vedanta Finance UK Limited. During the year 2019-20, its maturity was extended to January 2022 and the rate of interest was amended to US$ LIBOR plus 410 basis points. During the previous year, maturity of the said loan was further extended to October 2023 and rate of interest was amended to 7.84%.

Loan from subsidiaries also includes US$ 1,985 million (2021: US$ 2,115 million) due to Vedanta Resources Finance II Plc (VRF2). Out of the total loan, US$ 785 million bears an interest at the rate 14.13% and is repayable in January 2024. The remaining amount of US$ 1,200 million bears an interest at the rate of 9.20% and payable in March 2025.

Loan from subsidiaries also includes US$ 299 million (2021: Nil) due to Twin Star Holdings Limited (THL). Out of total loan, US$ 11 million bears an interest at the rate of 8.61% and is repayable on June 2022, which was re-assigned from VHM2L to THL in July 2021 and US$ 142 million bears an interest at the rate of 8.61% and is repayable on June 2022, which was re-assigned from Westglobe to THL in July 2021 and balance US$ 146 million bears an interest at the rate of 10.23% and payable in October 2022.

Loan from subsidiaries also includes US$ 174 million (2021: Nil) due to Vedanta Holdings Mauritius II Limited (VHM2L) bears an interest at the rate of 13.15% and is repayable on August 2022.

Loan from subsidiaries also includes US$ 126 million (2021: Nil) due to Welter Trading Limited (WTL) bears an interest at the rate of 5.13% and is repayable on October 2024, which was re-assigned from Westglobe to WTL in July 2021.

Terms loans are made up of the following loan arrangements that the Company has executed:

In March 2015, the Company executed a facility agreement with State Bank of India for borrowing up to US$ 350 million. US$ 100 million is repaid during the year. US$ 250 million is repayable in June 2022 bears interest at a rate of LIBOR plus 453 basis points. As at 31 March 2022, the outstanding amount under this facility is US$ 150 million. The unamortised expense on this loan as at 31 March 2022 was US$ 2 million.

In January 2016, the Company executed a facility agreement with State Bank of India for borrowing up to US$ 300 million. US$ 120 million is repaid during the year. US$ 180 million is repayable in February 2023 and bears interest at a rate of LIBOR plus 503 basis points. As at 31 March 2022, the outstanding amount under this facility is US$ 180 million. The unamortised expense on this loan as at 31 March 2022 was US$ 3 million.

In November 2017, the Company executed a facility agreement with Syndicate Bank (since amalgamated into Canara Bank) for borrowing up to US$ 100 million and bears interest at a rate of 3 months LIBOR plus 325 basis points. US$ 1 million is repaid during the year and US$ 99 is repayable in November 2022. As at 31 March 2022, the outstanding amount under this facility is US$ 99 million. The unamortised expense on this loan as at 31 March 2022 was US$ 1 million.

During the year 2017-18, the Company executed facility agreements with Yes Bank Limited for borrowings up to US$ 150 million in different tranches and bears interest at a rate of 3 months LIBOR plus 324 basis points (increased to 324 basis points from October 2019). During the previous year, US$ 35 million was repaid. The entire outstanding has been repaid during the year.

During the year 2017-18, the Company executed facility agreements with State Bank of India for borrowings up to US$ 200 million in different tranches and bears interest at a rate of LIBOR plus 389 basis points. The loan is repayable in January 2025. As at 31 March 2022, the outstanding amount under this facility is US$ 200 million. The unamortised expense on this loan as at 31 March 2022 was US$ 4 million.

Notes to the Financial Statements

During the year 2019-20, the Company executed facility agreements with Syndicate Bank (since amalgamated into Canara Bank) for borrowings up to US$ 200 million in different tranches and bears interest at a rate of LIBOR plus 375 basis points. The loan is repayable in various installments till December 2024. US$ 20 million was repaid during the year. As at 31 March 2022, the outstanding amount under this facility is US$ 200 million. The unamortised expense on this loan as at 31 March 2022 was US$ 2 million.

During the year 2018-19, the Company executed facility agreements with ICICI Bank Limited for borrowings up to US$ 200 million in different tranches and bears interest at a rate of LIBOR plus 390 basis points. The loan is repayable in various instalments till September 2023. During the year, US$ 60 million was repaid. As at 31 March 2022, the outstanding amount under this facility is US$ 120 million. Loan has been reclassified from creditors due after one year to creditors due within one year. The unamortised expense on this loan as at 31 March 2022 was US$ 0 million.

During the year 2018-19, the Company executed facility agreements with Bank of Baroda for borrowings up to US$ 200 million in different tranches and bears interest at a rate of LIBOR plus 350 basis points. The loan is repayable in various instalments till June 2024. During the year, US$ 20 million was repaid. As at 31 March 2022, the outstanding amount under this facility is US$ 165 million. Out of this US$ 20 million has been reclassified from creditors due after one year to creditors due within one year. The unamortised expense on this loan as at 31 March 2022 was US$ 2 million.

During the year, the Company executed into facility agreements with Standard Chartered Bank for borrowings up to US$ 250 million and bears interest at a rate of LIBOR plus 600 basis points. As at 31 March 2022, the outstanding amount under this facility is US$ 250 million. The unamortised expense on this loan as at 31 March 2022 was US$ 2 million. The loan has been repaid in May 2022.

During the year, the Company has repaid entire bond amount of US$ 185 million bearing interest at the rate of 8.25% which was repayable in June 2021.

9. Lease liability

Movement in Lease liabilities is as follows:

(US$ million)

Particulars	Amount
At 01 April 2020	**10**
Interest on Lease Liabilities	0
Payments made	(1)
At 31 March 2021/ 01 April 2021	**9**
Interest on Lease Liabilities	0
Payments made	(1)
As at 31 March 2022	**8**

10. Company contingent liabilities

During the year, the Company, along with Finsider International Company Limited and Westglobe Limited as co-guarantors, has guaranteed US$ 1,000 million for a facility agreement executed by Vedanta Holdings Mauritius II Limited with OCM Verde XI Investment Pte Ltd as facility agent. US$ 427 million was drawn under this facility.

Vedanta Resources Limited ("VRL" or "the Company") has provided a guarantee for Vedanta Limited's ('VEDL') obligation under the Production Sharing Contract ('PSC') provided for onshore block RJ-ON-90/1, for making available financial resources equivalent to VEDL's share for its obligations under the PSC, personnel and technical services in accordance with industry practices and any other resources in case VEDL is unable to fulfil its obligations under the PSC. Similarly, the Company has also provided financial and performance guarantee to the Government of India for VEDL's obligations under the Revenue Sharing Contract ('RSC') in respect of 51 Blocks awarded under the Open Acreage Licensing Policy ("OALP") by the Government of India.

The Company has guaranteed US$ 180 million for a facility agreement entered by Vedanta Resources Jersey II Limited with Yes Bank Limited as facility agent. As at 31 March 2022, US$ 108 million is outstanding under the said facility (31 March 2021: US$ 162 million).

The Company has guaranteed US$ 100 million for a facility agreement entered by Welter Trading Limited with Axis Bank Limited as facility agent (31 March 2021: US$ 35 million). During the year 2021-22, the entire outstanding amount of $35 million has been repaid under the said facility.

The Company has guaranteed US$ 575 million for a facility agreement entered by Twin Star Holdings Limited with Citicorp International Limited as facility agent. As at 31 March 2022, US$ 178 million is outstanding under the said facility (31 March 2021: US$ 523 million).

Notes to the Financial Statements

The Company has guaranteed US $100 million for a facility agreement entered by Twin Star Holdings Limited with First Abu Dhabi Bank PJSC as facility agent. As at 31 March 2022, US$ 24 million is outstanding under the said facility (31 March 2021: US$ 44 million).

The Company has guaranteed US$ 70 million for a facility agreement entered by Twin Star Holdings Limited and Vedanta Resources Jersey II Limited with ICICI Bank Limited as facility agent. During the current year, the entire amount outstanding of US$ 70 million was repaid.

During the year 2019-20, Vedanta Resources Finance II Plc (VRFII Plc) issued US$ 1,000 million bonds which were guaranteed by the Company. During the year 2020-21, VRFII Plc further issued US$ 1,000 million and US$ 1,200 million bonds which were guaranteed by the Company along with Twin Star Holdings Limited and Welter Trading Ltd as co-guarantors.

During the year 2020-21, the Company has guaranteed US$ 350 million for a facility agreement entered by Vedanta Holdings Mauritius Limited with First Abu Dhabi Bank PJSC as facility agent. During the year 2020-21, US$ 110 million was drawn under this facility. During the current year, US$ 240 million was further drawn and US$ 175 million repaid under the said facility. Outstanding amount as on 31 March 2022 is US$ 175 million.

During the year 2020-21, the Company, along with Finsider International Company Limited and Westglobe Limited as co-guarantors, has guaranteed US$ 1,000 million for a facility agreement entered by Vedanta Holdings Mauritius II Limited with OCM Verde XI Investments Pte. Limited as facility agent. US$ 427 million and US$ 323 million have been drawn under this facility during the years 2020-21 and 2021-22 respectively.

During the current year, the Company has guaranteed, jointly with Welter Trading Limited, US$ 100 million for a facility agreement entered by Twin Star Holdings Limited with Deutsche Bank Plc. US$ 100 million has been drawn under the facility.

During the current year, the Company has guaranteed, jointly with Welter Trading Limited, US$ 180 million for a facility agreement entered by Twin Star Holdings Limited with Barclays Bank Plc. US$ 180 million has been drawn under the facility.

During the current year, the Company has guaranteed US$ 400 million and $150 million for facility agreement entered by Twin Star Holdings Limited and Vedanta Netherlands Investments BV respectively with Standard Chartered Bank. The entire amount under the facilities have been drawn.

11. Related party transactions

During the year, the Company executed transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with wholly-owned subsidiaries. Transactions entered into and trading balances outstanding at 31 March with other related parties, are as follows:

(US$ millions)

Name of Company	Relationship	Nature of transaction	Year ended 2022	Year ended 2021
Vedanta Limited	Subsidiary	PCO Income and Management & Brand fees charged	174	128
Vedanta Limited	Subsidiary	Sale of alumina	10	11
Volcan Investments Limited	Holding Company	Dividend declared	86	165
Volcan Investments Cyprus Limited	Holding Company	Dividend declared	45	86
Vedanta Limited	Subsidiary	Receipt of service	(0)	(0)
Vedanta Limited	Subsidiary	Guarantee commission income	17	16
Vedanta Limited	Subsidiary	(Reimbursement)/Payment of expenses	0	10
Cairn India Holdings Limited	Subsidiary	(Reimbursement)/Payment of expenses	0	0
ESL Steels Ltd (ESL)	Subsidiary	Brand fee charged	13	9
Talwandi Sabo Power Ltd	Subsidiary	Brand fee charged	4	4
Namzinc Pty Limited	Subsidiary	Brand fee charged	-	0
Black Mountain Mining (Pty) Limited	Subsidiary	Brand fee charged	3	3
Cairn Energy Hydrocarbon Limited	Subsidiary	Brand fee charged	12	9
Cairn Energy Hydrocarbon Limited	Subsidiary	Guarantee commission income	3	3
THL Zinc Limited	Subsidiary	Reimbursement of expenses	0	0
THL Zinc Ventures Limited	Subsidiary	Reimbursement of expenses	0	0
Bloom Fountain Limited	Subsidiary	Reimbursement of expenses	0	0

Notes to the Financial Statements

Outstanding balances

US$ million

	Relationship	Nature of transaction	As at 31 March 22	As at 31 March 2021
Vedanta Limited	Subsidiary	Receivable /(payable)	3	(15)
Sterlite Technologies Limited	Fellow Subsidiary	Receivable	0	0
Namzinc Pty Limited	Subsidiary	Receivable	0	0
Cairn India Holdings Limited	Subsidiary	Receivable	0	0
ESL Steels Ltd (ESL)	Subsidiary	(Payable)	-	(3)
Talwandi Sabo Power Ltd	Subsidiary	(Payable)	-	(1)
Black Mountain Mining (Pty) Limited	Subsidiary	Receivable	3	2
Western Cluster Limited	Subsidiary	Receivable	0	0
THL Zinc Limited	Subsidiary	Receivable	0	0
THL Zinc Ventures Limited	Subsidiary	Receivable	0	0
Monte Cello BV	Subsidiary	(Payable)	(1)	(1)
Cairn Energy Hydrocarbon Limited	Subsidiary	Receivable/(payable)	2	(3)
Bloom Fountain Limited	Subsidiary	Reimbursement of receivables	0	0
Volcan Investments Limited	Holding Company	Dividend payable	0	59
Volcan Investments Cyprus Limited	Holding Company	Dividend payable	0	31

For details relating to Ultimate controlling party, refer note 39 of Group financial statements.

12. Subsequent Events

On 28 April 2022, Company has announced tender offer to purchase for cash up to US$ 500 million in aggregate principal amount of its outstanding 6.375% bonds due 2022 including accrued and unpaid interest. Upon expiration of the tender offer, the Company has accepted for purchase of principal amount of US$ 468,775,001 bonds validly tendered at or prior to the expiration time and had completed settlement of consideration for the tendered bonds amounting to US$ 477,318,253 (including interest) on 27 May 2022.

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

Five Year Summary

SUMMARY CONSOLIDATED INCOME STATEMENT

(US$ million except as stated)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Revenue	**17,619**	**11,722**	**11,790**	**13,006**	**15,294**
EBITDA	**6,255**	**3,800**	**3,003**	**3,457**	**3,963**
Depreciation and amortisation	(1,228)	(1,099)	(1,412)	(1,380)	(1,271)
Special items	408	(49)	(2,065)	38	586
Operating profit	**5,435**	**2,652**	**(474)**	**2,115**	**3,278**
Net finance (costs)/investment revenues (including other gains and Losses)	(1,287)	(969)	(872)	(747)	(790)
Profit before taxation from continuing operations (a)	**4,148**	**1,683**	**(1,346)**	**1,368**	**2,488**
Net tax credit/(expense) (b)	(1,570)	(298)	370	(611)	(1,013)
Profit for the period/year from continuing operations (a+b)	**2,578**	**1,385**	**(976)**	**757**	**1,475**
Profit/(loss) after tax for the period/year from discontinued operations and gain on deconsolidation	-	91	(771)	(333)	-
Profit after taxation	**2,578**	**1,476**	**(1,747)**	**425**	**1,475**
Non-controlling interests	1,576	1,153	(179)	661	1,236
Profit attributable to equity shareholders in parent	**1,002**	**323**	**(1,568)**	**(237)**	**239**
Dividends	(131)	(251)	(352)	(185)	(182)
Retained (loss) profit	**871**	**72**	**(1,919)**	**(422)**	**57**
Dividend per share (US cents per share)	46	88	123	65	65

SUMMARY CONSOLIDATED FINANCIAL POSITION

(US$ million except as stated)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Goodwill	12	12	12	12	12
Intangible assets	90	99	100	108	123
Property, plant and equipment	13,704	13,302	13,245	17,726	17,727
Financial asset investments	20	21	12	707	25
Total fixed assets	**13,826**	**13,434**	**13,369**	**18,553**	**17,887**
Stocks	1,895	1,358	1,515	2,060	2,038
Debtors	2,479	1,465	1,102	1,504	1,527
Cash & Liquid Investments	4,476	5,957	5,090	5,297	5,606
Total current assets	**8,850**	**8,780**	**7,707**	**8,861**	**9,171**
Short-term borrowings	(4,972)	(3,673)	(6,065)	(5,456)	(5,460)
Other current liabilities	(6,570)	(5,670)	(5,805)	(7,060)	(6,194)
Total current liabilities	**(11,542)**	**(9,343)**	**(11,870)**	**(12,516)**	**(11,654)**
Net current assets	**(2,655)**	**(552)**	**(4,069)**	**(3,643)**	**(2,457)**
Total assets less current Liabilities	**14,112**	**15,976**	**12,316**	**17,265**	**17,584**
Long-term borrowings	(11,110)	(12,704)	(9,030)	(10,524)	(9,734)
Other long-term liabilities	(255)	(215)	(238)	(258)	(136)
Provisions and deferred tax assets	(1,212)	(726)	(775)	(1,218)	(1,162)
Total long-term liabilities	**(12,577)**	**(13,645)**	**(10,043)**	**(12,000)**	**(11,032)**
Equity Non-controlling interests	(4,648)	(5,478)	(5,536)	(6,181)	(6,870)
Non equity Non-controlling interest	-	-	(0)	(12)	(12)
Net assets attributable to the equity holders of the parent	(3,113)	(3,147)	(3,263)	(928)	(330)

Five Year Summary

TURNOVER

Turnover (US$ million)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Zinc-	4,446	3,328	3,004	3,347	3,889
India	3,844	2,960	2,563	2,955	3,354
International	602	368	441	392	535
Oil and Gas	1,669	1,016	1,787	1,892	1,480
Iron ore	852	611	489	417	485
Copper:-	2,035	1,469	1,278	1,537	5,111
India/Australia	2,035	1,469	1,278	1,537	3,828
Zambia	-	-	-	-	1,283
Aluminium	6,833	3,865	3,751	4,183	3,545
Power	783	725	827	933	877
Steel	869	630	604	600	
Other	132	76	51	97	(93)
Group	**17,619**	**11,722**	**11,790**	**13,006**	**15,294**

EBITDA

EBITDA (US$ million)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Zinc	2,376	1,688	1,283	1,616	2,122
India	2,170	1,568	1,230	1,516	1,902
International	206	120	54	100	220
Oil and Gas	809	438	1,032	1,101	849
Iron ore	304	245	117	90	48
Copper	(15)	(21)	(40)	(36)	235
India/Australia	(15)	(21)	(40)	(36)	162
Zambia	-		(0)	-	73
Aluminium	2,328	1,046	281	316	414
Power	145	190	233	219	258
Steel	94	117	83	113	-
Other	214	97	14	38	37
Group	**6,255**	**3,800**	**3,003**	**3,457**	**3,963**

EBITDA MARGIN

EBITDA Margin (%)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Zinc	53	51	43	48	54
India	56	53	48	51	56
International	34	33	12	25	41
Oil and gas	48	43	58	58	57
Iron ore	36	40	24	22	10
Copper	(1)	(1)	(3)	(2)	5
India/Australia	(1)	(1)	(3)	(2)	4
Zambia	-	-	-	-	6
Aluminium	34	27	8	8	12
Power	19	26	28	23	25
Steel	11	19	14	19	-
Group	**36**	**32**	**25**	**27**	**26**

Five Year Summary

PRODUCTION

Production (000's MT)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Aluminium	2,268	1969	1904	1959	1675
BALCO	582	570	561	571	569
Jharsuguda Aluminium	1,687	1400	1,343	1,388	1106
Copper	125	101	77	90	599
Sterlite Copper	125	101	77	90	403
KCM	-	-	-	-	195
Iron Ore (WMT)	5,597	5,607	4,562	4,511	7903
Steel	1,260	1,187	1,231	1,199	-
Zinc total	967	930	937	960	876
HZL	967	930	870	894	791
Skorpion	-	-*	67	66	84
Zinc and Lead MIC	967	930	174	82	72
BMM	52	58	66	65	72
Lisheen	-	-	-	-	-
Gamsberg	170	145	108	17	-
Oil and Gas – Gross Production	59	59	63	69	68
Oil and Gas – Working Interest	38	37	40	44	43

* Skorpion produced 0.6kt in April 20 before moving into Care and Maintenance for rest of the year

CASH COST OF PRODUCTION IN US CENTS

Cash costs of production (US cents/lb)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Aluminium-Balco	87	66	77	92	87
Aluminium-Jharsuguda Aluminium	83	59	76	90	85
Copper – Sterlite Copper	-	-	-	-	5.7
Copper – KCM	-	-	-	276	239
Zinc including Royalty – HZL	71	58	62	63	62
Zinc without Royalty – HZL	51	43	47	46	44
Zinc COP-Skorpion	-	-	100	110	85
Zinc COP-BMM	77	61	67	66	59
Zinc COP-Lisheen	-	-	-	-	-
Zinc COP-Gamsberg	62	58	65	67	
Oil and Gas (Opex) (US$/boe)	11	8	8.9	7.7	6.6

CASH COST OF PRODUCTION IN INR

Cash costs of production in INR (INR/mt)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Aluminium-Balco	1,42,400	1,07,500	1,20,400	1,35,906	1,23,947
Aluminium-Jharsuguda Aluminium	1,37,000	96,600	1,19,500	1,35,466	1,20,349
Copper – Sterlite Copper	-	-	-	-	8,112
Zinc including Royalty	1,16,655	95,305	97,248	96,488	87,971
Zinc without Royalty	83,500	70,700	74,300	70,400	62,882

Five Year Summary

CAPITAL EXPENDITURE

Capital expenditure (US$ million)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Sustaining	697	467	558	399	385
Expansion	705	324	819	1,081	820
Total capital expenditure	**1,402**	**792**	**1,376**	**1,480**	**1,205**

NET CASH / (DEBT)

Net cash/(debt) (US$ million)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Zinc	2,450	2,097	2,902	2,528	3,507
India	2,377	2,064	2,890	2,454	3411
International	73	32	12	74	96
Oil and gas	-24	77	693	1,388	754
Iron Ore	6	38	-51	-141	-176
Copper	90	48	-49	-317	-382
India/Australia	90	48	-49	-169	-7
Zambia				-148	-375
Aluminium	-4,064	-4,102	-4,987	-4,494	-4,400
Power	-916	-1,062	-917	-1,347	-1,693
Other	-9,229	-7,827	-7,612	-7,910	-7,198
Group	**-11,686**	**-10,731**	**-10,022**	**-10,292**	**-9,588**

GEARING

Gearing (%)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Gearing	88%	83%	82%	66%	60%

GROUP FREE CASH FLOW

Group Free Cash Flow (US$ million)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Group Free Cash Flow after capital creditors	2,788	1,578	1,642	2,411	1745
Group Free Cash Flow after post capex	2,083	1,253	823	1,330	925

CAPITAL EMPLOYED

Capital Employed (US$ million)	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Avg Capital Employed	13,176	12,679	13,920	15,837	15,323

ROCE

ROCE	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
ROCE	31.9%	19.4%	10.2%	9.6%	14.3%

Production and Reserves Summary

Copper

Copper Production Summary

Facility	Product	Year ended 31 March 2022 Mt	Year ended 31 March 2021 Mt
Tuticorin	Copper anode	-	-
	Sulphuric acid	-	-
	Phosphoric acid	-	-
	Copper cathode	-	-
	Copper rods	-	-
Silvassa	Copper cathode	125,104	101,435
	Copper rods	180,237	122,390

Aluminium, Alumina and Bauxite

Aluminium Production Summary

Company	Year ended 31 March 2022 Mt	Year ended 31 March 2021 Mt
BALCO	581,675	5,69,608
Jharsuguda Aluminium	168,676	1,399,876

Alumina Production Summary

Company	Year ended 31 March 2022 Mt	Year ended 31 March 2021 Mt
Jharsuguda Aluminium	196,791	1,840,894

Bauxite Production Summary

Company	Year ended 31 March 2022 Mt	Year ended 31 March 2021 Mt
BALCO – Mainpat	-	-
BALCO – Bodai Daldali	-	-

Bauxite Mine Resource and Reserve Summary

	Resources				Reserves	
Mine	Measured and indicated million mt	Aluminium grade %	Inferred million mt	Aluminium grade %	Proved and probable reserves million mt	Aluminium grade %
BALCO						
Mainpat (Kesra, Kudiridih, Sapnadar)	6.2	40.4	1.3	42.1	4.6	43.6
Bodai-Daldali (Kawardha)	2.0	43.2	0.5	44.4	1.9	43.1
Total BALCO	**8.2**	**41.1**	**1.8**	**42.7**	**6.5**	**43.4**
MALCO						
Kolli Hills and Yercaud	0.8	44.0			0.2	43.0

Resources are additional to Reserves

Production and Reserves Summary

Hindustan Zinc

Zinc and Lead Production Summary:

Company	Year ended 31 March 2022 Mt	Year ended 31 March 2021 Mt
HZL		
Zinc	7,75,812	7,15,446
Lead	1,91,185	2,14,400

Zinc and Lead Mining Summary:

a) Metal mined & metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate	
		31 March 2022 mt	31 March 2021 mt	31 March 2022 mt	31 March 2021 mt	31 March 2022 mt	31 March 2021 mt
Rampura Agucha	Underground	45,11,122	42,72,902	9,00,085	8,32,646	73,563	67,764
Rajpura Dariba	Underground	12,52,363	12,15,169	83,098	81,375	19,859	21,838
Zawar	Underground	44,10,641	39,51,282	1,89,450	1,70,706	99,324	1,02,535
Kayad	Underground	9,33,951	11,74,825	78,166	1,10,447	7,570	11,772
Sindesar Khurd	Underground	52,30,479	48,42,264	3,43,288	3,18,820	1,67,725	1,73,017
Total		**1,63,38,556**	**15,456,442**	**15,94,087**	**15,13,995**	**3,68,040**	**3,76,927**

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc concentrate		Lead concentrate	
		31 March 2022 mt	31 March 2021 mt	31 March 2022 mt	31 March 2021 mt
Rampura Agucha	Underground	4,54,664	4,14,840	45,828	38,349
Rajpura Dariba	Underground	40,634	38,452	7,423	8,395
Zawar	Underground	99,673	88,770	60,838	62,295
Kayad	Underground	39,685	56,472	39,685	6,965
Sindesar Khurd	Underground	1,66,378	1,57,315	97,353	1,00,122
Total		**8,01,035**	**7,55,849**	**2,51,127**	**2,16,127**

Zinc and Lead Mine Resource and Reserve Summary

Zinc India

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Rampura Agucha	10.3	14.7	2.2	17.6	6.0	3.6	47.0	11.8	1.3
Rajpura Dariba	5.3	7.1	2.2	33.6	6.3	1.9	28.9	4.9	1.6
Zawar	36.8	3.4	2.0	79.3	3.6	2.1	37.9	2.8	1.2
Kayad	2.6	8.0	1.1	2.4	6.6	0.9	1.9	7.6	0.9
Sindesar Khurd	43.8	4.0	2.2	15.5	3.4	1.9	45.4	3.0	2.0
Bamnia Kalan	20	3.3	1.1	19.5	3.5	1.5	-	-	-
Total	**118.9**	**4.9**	**1.9**	**167.8**	**4.4**	**2.1**	**161.1**	**5.9**	**1.5**

Resources are additional to Reserves

Production and Reserves Summary

Zinc International

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Skorpion	3.7	11.8	-	1.5	9	-	0.8	10.3	-
BMM									
- Deeps	12.5	2.3	1.8	-	-	-	3.0	2.5	1.5
- Swartberg	76.8	0.9	2	36.1	0.9	2.2	48.0	0.6	2.0
- Gamsberg	43.0	6.6	0.5	142.6	7.2	0.5	96.8	6.0	0.5
- Big Syncline Project	6.1	3.0	1.1	185.6	2.4	1.0	-	-	-

Resources are additional to Reserves

Zinc Production Summary:

Company	Year ended 31 March 2022 Mt	Year ended 31 March 2021 Mt
Skorpion	-	-*

* Skorpion produced 0.6kt in April 20 before moving into Care and Maintenance for rest of the year

Zinc and Lead Mining Summary:

a) Metal mined & metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate	
		31 March 2022 mt	31 March 2021 mt	31 March 2022 mt	31 March 2021 mt	31 March 2022 mt	31 March 2021 mt
Skorpion	Open Cast	-	-	-	-	-	-
BMM	Underground	14,41,229	13,57,068	53,686	62,263	40,463	40,006
Gamsberg	Underground	30,18,753	19,15,561	3,58,199	3,05,190	3,938	0
Total	**Underground**	**44,59,982**	**32,72,630**	**4,11,885**	**3,67,453**	**44,401**	**40,006**

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc in concentrate		Lead in concentrate	
		31 March 2022 mt	31 March 2021 mt	31 March 2022 mt	31 March 2021 mt
BMM	Underground	24,852	30,131	27,393	27,471
Gamsberg	Underground	1,68,880	1,44,577	1,599	-
Total	**Underground**	**1,93,732**	**1,74,708**	**27,393**	**27,471**

Iron ore

Iron Ore Production Summary

Company	Year ended 31 March 2022 Mt	Year ended 31 March 2021 Mt
Vedanta Limited		
Saleable Iron Ore	5.4	5.0
Goa	0.0	0.0
Karnataka	5.4	5.0
Dempo	-	-

Production and Reserves Summary

Iron Ore Resource and Reserve Summary

Mine	Resources: Measured and indicated million mt	Iron ore grade %	Inferred million mt	Iron ore grade %	Reserves: Proved and probable reserves million mt	Iron ore grade %
Iron ore Karnataka	11.86	39.9	0.99	45.6	71.41	45.3

Oil and gas

The Oil and gas reserves data set out below are estimated on the basis set out in the section headed "Presentation of Information".

Cairn India

The Company's gross reserve estimates are updated at least annually based on the forecast of production profiles, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The estimates of reserves and resources have been derived in accordance with the Society for Petroleum Engineers "Petroleum Resources Management System (2018)". The changes to the reserves are generally on account of future development projects, application of technologies such as enhanced oil recovery techniques and true up of the estimates. The management's internal estimates of hydrocarbon reserves and resources at the period end, based on the current terms of the PSCs, are as follows:

Particulars	Gross proved and probable hydrocarbons initially in place (mmboe)		Gross proved and probable reserves and resources (mmboe)		Net working interest proved and probable reserves and resources (mmboe)	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Rajasthan MBA Fields	2,307	2,307	230	266	161	186
Rajasthan MBA EOR	-	-	386	388	270	271
Rajasthan Block Other Fields	3,603	3,603	390	470	273	329
Ravva Fields	704	704	23	27	5	6
CBOS/2 Fields	298	298	25	34	10	14
Other fields	826	352	98	44	82	26
Total	**7,739**	**7,265**	**1,151**	**1,229**	**801**	**832**

The Company's net working interest proved and probable reserves is as follows:

Particulars	Proved and Probable reserves: Oil (mmstb)	Gas (bscf)	Proved and Probable reserves (developed): Oil (mmstb)	Gas (bscf)
Reserves as of 31 March 2020*	**303**	**301**	**164**	**143**
Additions/revision during the year	(11)	(14)	30	51
Production during the year	(32)	(28)	(32)	(28)
Reserves as of 31 March 2021**	**260**	**259**	**161**	**166**
Additions/revision during the year	(19)	(34)	5	(9)
Production during the year	32	36	32	36
Reserves as on 31 March 2022***	**210**	**189**	**133**	**121**

* Includes probable oil reserves of 132.23 mmstb (of which 21.94 mmstb is developed) and probable gas reserves of 114.73 bscf (of which 42.64 bscf is developed)
** Includes probable oil reserves of 111.14 mmstb (of which 23.08 mmstb is developed) and probable gas reserves of 128.41 bscf (of which 52.06 bscf is developed)
*** Includes probable oil reserves of 78.48 mmstb (of which 18.15 mmstb is developed) and probable gas reserves of 75.98 bscf (of which 26.30 bscf is developed)

Production and Reserves Summary

Source of information:

In respect of all businesses, the information has been certified by geologist on behalf of Group management.

Basis of Preparation

Ore reserves and mineral resources reported herein comply with the 'Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves'. The code is prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia, and is commonly referred to as the 'JORC Code'. As at the date of this document, the editions of the JORC Code in force are dated December 2012.

The JORC Code uses the term Ore Reserve for Reserves. For the purposes of ore and mineral resources reported herein, the term ore resources have been used throughout.

Oil and Gas reserves and resources have been prepared according to the Petroleum Resources Management Systems (PRMS) approved in June 2018 by the Board of Society of Petroleum Engineers (SPE). The process included approval by six sponsoring societies: the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the European Association of Geoscientists and Engineers, and the Society of Petrophysicists and Well Log Analysts.

Mineral resources are based on mineral occurrences quantified on the basis of geological data and an assumed cut-off grade, and are divided into Measured, Indicated and Inferred categories reflecting decreasing confidence in geological and / or grade continuity. The reporting of resource estimates carries the implication that there are reasonable prospects for eventual economic exploitation. An Ore or Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource. It includes the effect of dilution and losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, need to have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors.

These assessments demonstrate at the time of reporting that extraction could be reasonably justified. Ore Reserves are sub-divided in order of decreasing confidence into Proved Ore Reserves and Probable Ore Reserves.

The Measured and Indicated mineral resources have been reported as being exclusive of those mineral resources modified to produce the ore reserves, in addition to the ore reserves. The resource and reserve estimates provided herein comply with the resource and reserve definitions of the JORC Code.

Other 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.

Production and Reserves Summary

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 & Amortisation
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 NonIFRS 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 FY2022 is calculated based on the working summarised below. The same method is used to calculate the ROCE for all previous years (stated at other places in the report).

Particulars	Period ended 31 March 2022
Operating Profit Before Special Items	5,027
Less: Cash Tax Outflow	829
Operating Profit before special Items less Tax outflow (a)	**4,198**
Opening Capital Employed (b)	13,062
Closing Capital Employed (c)	13,221
Average Capital Employed (d)= (a+b)/2	**13,142**
ROCE (a)/(d)	**31.9%**

Production and Reserves Summary

Adjusted Revenue, EBITDA & EBITDA Margin for FY 2022 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 31 March 2022
Revenue	17,619
Less: Revenue of Custom smelting operations	2,035
Adjusted Revenue(a)	**15,584**
EBITDA	6,255
Less: EBITDA of Custom smelting operations	(15)
Adjusted EBITDA(b)	**6,270**
Adjusted EBITDA Margin (b)/(a)	**40%**

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