vedanta
transforming for good

TRANSFORMING TOGETHER

INCLUSIVE. RESPONSIBLE. VALUE-ACCRETIVE DELIVERY.

Vedanta Resources Limited
Integrated Report and Annual Accounts 2022-23

TRANSFORMING TOGETHER

INCLUSIVE. RESPONSIBLE. VALUE-ACCRETIVE DELIVERY.

At Vedanta, we are inspired to consolidate our market-leading position as a natural resource powerhouse and scale new peaks of excellence in productivity, innovation and digitalisation. We intend to accomplish these goals through inclusive practices and responsible actions that create lasting value for our stakeholders and contribute to the nation's growth.

ABOUT THE REPORT

At Vedanta, we have always been inspired to make disclosures that go beyond statutory requirements to enable our stakeholders and providers of financial capital to take the right decision. In line with this, the content elements and guiding principles of the International Integrated Reporting <IR> Framework, outlined by the International Integrated Reporting Council (IIRC), now the Value Reporting Foundation (VRF).

We commenced our Integrated Reporting journey in FY 2018, with a view to communicating our approach to value creation and key outcomes to our stakeholders. The integrated 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 providing relevant disclosures pertaining to our material issues, with the highest standards of transparency and integrity, in line with our values.

Our quest for excellence drives us to advance our transformation journey, from 'Transforming for Good' to 'Transforming Together'. This transition encompasses smarter choices and collective actions on a foundation of shared values and inclusive development. Our future hinges upon it.

Driven by a deep sense of responsibility towards our people and communities while harnessing the wealth of natural capital, we are progressing toward ambitious goals in environmental stewardship, social equity and impact besides people excellence and good governance. We are simultaneously building new state-of-the-art capacities to drive value addition. By investing in world-class digital and operational practices, we are poised to chart new growth paths and explore bigger opportunities. Through our quest for 'Transforming Together', we are confident of securing sustainable and responsible growth to progress to a value-accretive future.

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INTEGRATED THINKING AT VEDANTA

Vedanta adopts a comprehensive value creation process that considers all resources and relationships, material issues and strategic focus areas, in the backdrop of our mission and values. Our ESG purpose 'Transforming for Good', supplemented by a more comprehensive 'Transforming Together' theme is deeply embedded into this process. This community value empowers our decision-making to drive business success, alongside contributing to the nation's growth, a sustainable world and shared value creation for all stakeholders.

1. We are led by

Mission

To create a leading global natural resource Company

Values

- Trust
- Integrity
- Entrepreneurship
- Care
- Innovation
- Respect
- Excellence

2. Building on

Capitals Pg. 2

Financial capital | Manufactured capital | Intellectual capital | Human capital | Social and relationship capital | Natural capital

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

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6. Creating consistent value for

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Shareholders, investors and lenders | Local communities | Employees | Industry | Governments | Civil societies

VALUE-CREATION HIGHLIGHTS FY 2023

FINANCIAL CAPITAL

We are focussed 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 maximise returns for shareholders.

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Key FY 2023 outcomes

Revenue

US$18.1 billion

3% ↑ YoY

EBITDA

US$4.6 billion

26% ↓ YoY

Net Debt/EBITDA

2.8x

EBITDA margin[1]

29%

ROCE

~20%

Cash and cash equivalents

US$2.6 billion

Profit attributable to equity shareholders (before special items)

US$49 million

Free cash flow (FCF) post-capex

US$1.6 billion

Note 1: Excluding custom smelting at copper business

MANUFACTURED CAPITAL

We invest in best-in-class equipment and machinery to ensure operational efficiency and safety, at both our current operations and expansion projects. This also supports our strong and sustainable cash flow generation.

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Key FY 2023 outcomes

Business highlights

Zinc India

16.74 million tonnes
Record ore production

1,032 kt
Highest ever refined zinc-lead production
7% ↑ YoY

714 tonnes
Ever-highest silver production
10% ↑ YoY

Zinc International

208 kt
Record mined metal production at Gamsberg
22% ↑ YoY

Oil & Gas

143 kboepd
Average gross operated production
11% ↓ YoY

Aluminium

2,291 kt
Highest ever aluminium production

Power

14,835 million units
Record overall power sales
25% ↑ YoY

Iron Ore

5.3 million tonnes
Production of saleable ore at Karnataka

696 kt
Pig Iron production

Steel

1.37 million tonnes
Highest ever hot metal production
1% ↑ YoY

1.29 million tonnes
Record saleable production
2% ↑ YoY

Copper India

148 kt
Cathode production from the Silvassa
18% ↑ YoY

FACOR

290 kt
Record chrome ore production
16% ↑ YoY

67 kt
Ferro chrome production
11% ↓ YoY

HUMAN CAPITAL

We promote diversity, equality and inclusivity, while also investing in people development, safety and well-being. We empower them to think independently, creatively and innovatively. It has enabled us to create a workplace where a diversity of individuals with diverse skills, experience and unique capabilities can thrive and contribute to business goals, reinforcing our position as a leading natural resources company.

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Key FY 2023 outcomes

87,500+
Total Workforce

14.0%[1]
Women employees

2,199
Employees covered under mentoring and support programs

8.9%[2]
Attrition rate

1.2%[3]
TRIFR

SOCIAL AND RELATIONSHIP CAPITAL

We are committed to nurturing lasting and enduring relationships with our stakeholders, built on trust and concern for their individual and collective well-being through meaningful engagements. These bonds are instrumental in maintaining our reputation, upholding our licence to operate, and enabling us to deliver on our strategy.

Pg. 88

Key FY 2023 outcomes

4,500+
Nand Ghars built

44 million[4]
Total CSR beneficiaries

US$56.6 million
Total CSR spend

Human Rights self-assessment conducted across all BUs

Note 1&2: Based on Full Time Employee (FTE)
Note 3: Based on total workforce
Note 4: Includes both direct and indirect beneficiaries

NATURAL CAPITAL

India and Africa provide us with world-class mining assets and abundant natural resources and reserves, driving our competitiveness. However, while using these resources to create social and economic value, our operations also have accompanying environmental impacts. We strive to operate responsibly through sustainable use of resources and investing in various environmental goals.

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Key FY 2023 outcomes

Zinc India R&R

460 million tonnes
Combined R&R

30.8 million tonnes
Zinc-Lead metal R&R

856 million ounces
Silver R&R

Zinc International R&R

659.1 million tonnes
Combined R&R

34.9 million tonnes
Metal R&R

Oil and Gas R&R

1,156 mmboe
Gross proved, and probable reserves and resources

GHG Intensity
6.24 tCO_2e per tonne of metal

Water Positivity Ratio
0.62x

HVLT waste recycled
162%

Biomass Usage
~78,000 tonnes

Trees Planted
1 million
As part of the commitment to plant 7 million trees by 2030

VEDANTA AT A GLANCE

INDIA'S LARGEST NATURAL RESOURCES COMPANY, POWERING SUSTAINABLE AND RESPONSIBLE PROGRESS

Vedanta Resources Limited, is one of the world's foremost natural resources conglomerates, with primary operations in zinc-lead-silver, iron ore, steel, copper, aluminium, power, nickel, and oil and gas.

As market leaders in most of these segments, we serve domestic and international demand for primary materials, thereby playing a key role that enables resource sufficiency at scale. With strategic assets in India, South Africa and Namibia, we are committed to creating long-term value, with an uncompromised 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

87,500+
Total Workforce

4+ million
tCO_2e in avoided emissions from FY 2021 baseline

R&R

460 million tonnes
Zinc India

659 million tonnes
Zinc International

1,156 mmboe
Oil and Gas

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

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

Asset development
We have a remarkable track record of project execution on time and within budget. We undertake special measures to develop the resource base to optimise production and increase the life of the resource. We have also developed strategic processing facilities.

Extraction
Our operations are focussed on the exploration and production of metals, oil and gas extraction besides power generation. 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 aluminiumsmelters, and other processing facilities in India and Africa. As a best practice measure, we also generate captive power and sell any surplus power.

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

Advanced technologies and digitalisation are used across the value chain resulting in superior operational efficiencies

ESG PURPOSE AND MISSION

TRANSFORMING FOR GOOD

Commitments and targets

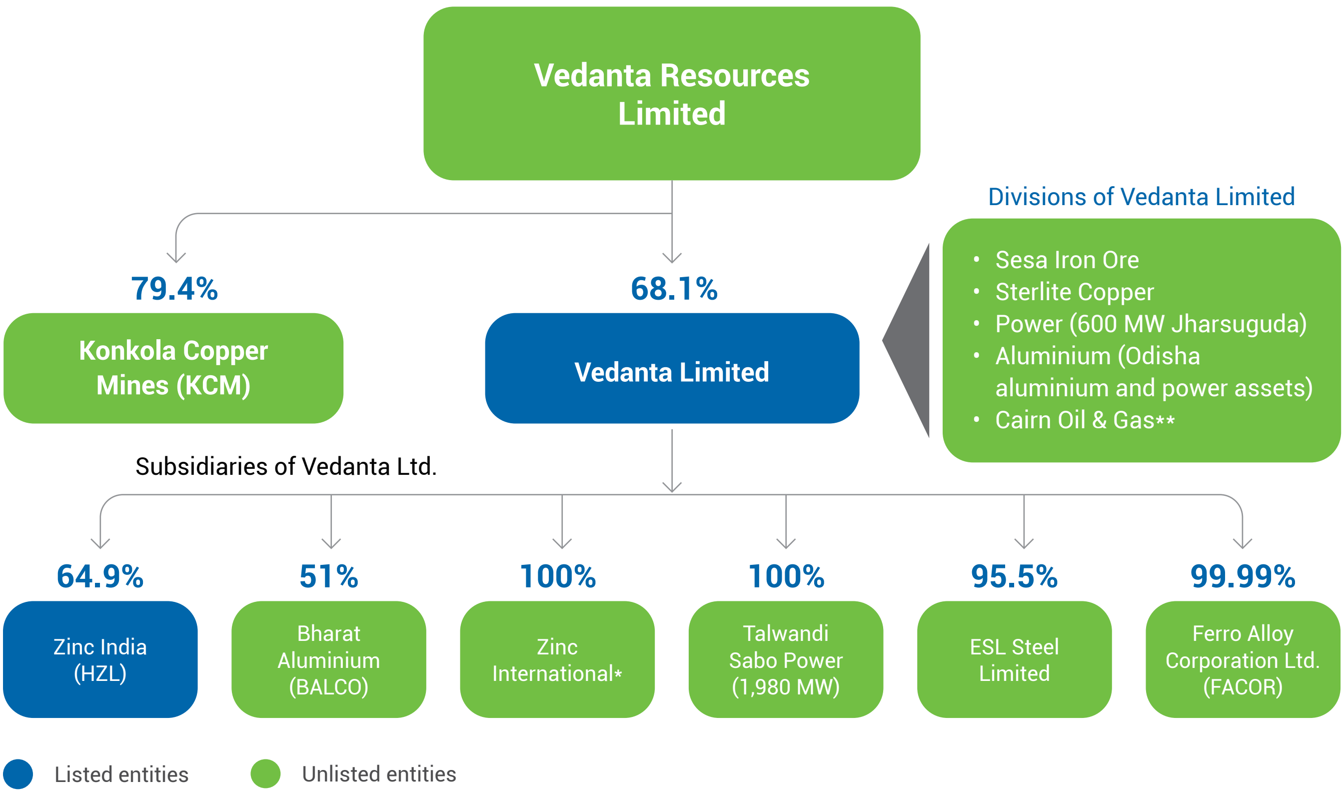
Pillars

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

Our diversified structure and wide geographic presence enable efficient operations and serviceability

As of 31 March 2023



**(Skorpion -100% BMM & Gamsberg – 74%)*

*(Note: **50% of the share in the RJ Block is held by a subsidiary of Vedanta Limited)*

ASSET OVERVIEW

LEADER IN KEY BUSINESS SEGMENTS

ZINC-LEAD-SILVER

77% market share in India's primary zinc market (Hindustan Zinc Limited)

Business

Zinc India (HZL), Zinc International

Asset Highlights

- World's largest underground zinc-lead mine at Rampura Agucha, India
- 5th largest silver producer in the world
- Zinc India has an R&R of 460 million tonnes with a mine life of 25+ years
- Zinc International has an R&R of more than 659 million tonnes supporting mine life in excess of 20 years
- HZL - Low-cost zinc producer, which lies in the first quartile of the global zinc cost curve (2022)

Application Areas

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

EBITDA (In US$ million): 2,418

2,177
(Zinc India)

241
(Zinc International)

Production Volume

Zinc India

821 kt
Zinc

211 kt
Lead

714 tonnes
Silver

Zinc International

273 kt
MIC

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 5.7 GW Power & 2 MTPA Alumina refinery
- 41% 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 and construction, packaging

EBITDA

US$707 million

Production Volume

2,291 kt
Aluminium

1,793 kt
Alumina

OIL & GAS

Operates ~25% of India's crude oil production

Business

Cairn India

Asset Highlights

- Signed 10-year extension up to 2030 for the Rajasthan block Production Sharing Contract (PSC)
- OLAP & DSF - Secured 8 blocks in Discovered Small Fields (DSF)-III bid round and one block in special Coal Bed Methane (CBM) bid round 2021
- World's longest continuously heated pipeline from Barmer to Gujarat Coast (~670 kms)
- Till FY 2023, 294 wells have been drilled and 201 wells hooked up across all assets
- Awarded key contracts for end-to-end management of Operations and Maintenance (O&M) across assets
- Largest private sector oil and gas producer in India
- Executed one of the largest polymer EOR projects in the world
- Footprint over a total acreage of 65,000 square kilometres
- Gross 2P reserves and 2C resources of 1,156 mmboe

Application Areas

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

EBITDA

US$972 million

Average daily gross operated production

143 kboepd

POWER

9 GW power portfolio

Business

Power assets at Talwandi Sabo, Jharsuguda, Korba & Lanjigarh

Asset Highlights

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

Application Areas

- Commercial power backed by power purchase agreements
- Captive use

**Including captive power generation*

EBITDA

US$106 million

Power sales

14,835 million units

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 66 million tonnes, and life of 9 years
- Value-added business: 3 blast furnaces (0.9 MTPA), 2 coke oven batteries (0.5 MTPA) and 2 power plants (65 MW) and one merchant coke plant of capacity 0.1 MTPA

Application Areas

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

EBITDA

US$124 million

Production Volume

5.3 million dmt
Iron ore

696 kt
Pig iron

STEEL

3 MTPA design capacity[1]

Business

Electrosteel India

Asset Highlights

- Design capacity of 3 MTPA
- Largely long steel products
- Highest-ever hot metal production of 1,368 kt
- Highest ever DIP production of 196 kt

Application Areas

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

EBITDA

US$39 million

Production Volume

1,285 kt
Steel

Note: 1. Hot metal design capacity

FACOR

80 KTPA charge chrome/ferro chrome capacity with 100 MW power plant; 290 KTPA chrome ore mining capacity

Business

Ferro Alloys Corporation Ltd

Asset Highlights

- Ostapal and Kalarangiatta Mines have 290 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 and other alloy steels

EBITDA

US$19 million

Production Volume

67 kt

Ferro chrome

COPPER

One of the largest copper production capacity in India

Business

Copper India

Asset Highlights

- Tuticorin smelter and refinery are currently not operational
- Tuticorin Smelter Capacity: 400 KTPA
- Silvassa Refinery Capacity: 216 KTPA

Application Areas

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

Production Volume

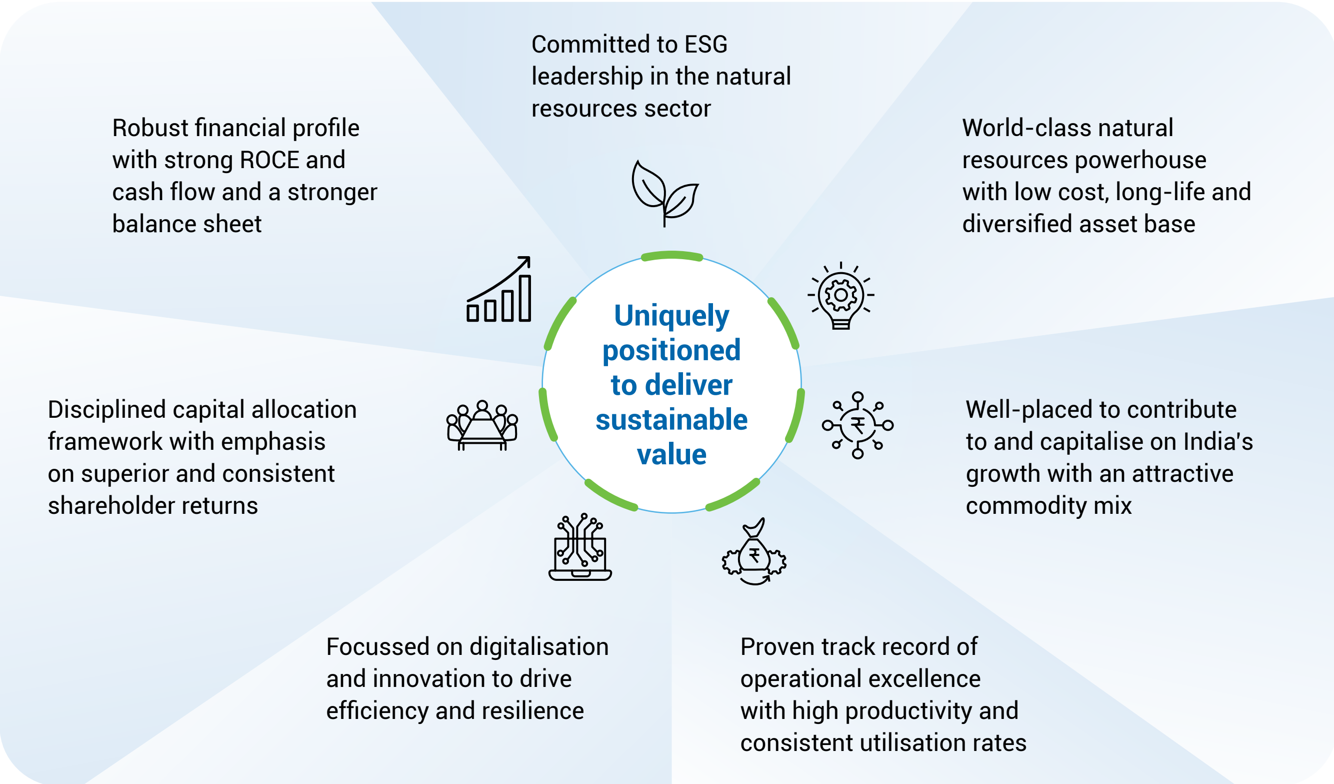
148 kt

Cathode

OUR INVESTMENT CASE

CAPITALISING ON INHERENT ADVANTAGES TO DELIVER LONG-TERM VALUE

India's natural resources industry is expected 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 well-positioned to play a major role in supporting India's economic growth. We are making the right investments for exponential growth. We have partnered with the government to promote inclusive development, raise environmental standards and build public support for the critical minerals and mining sector.



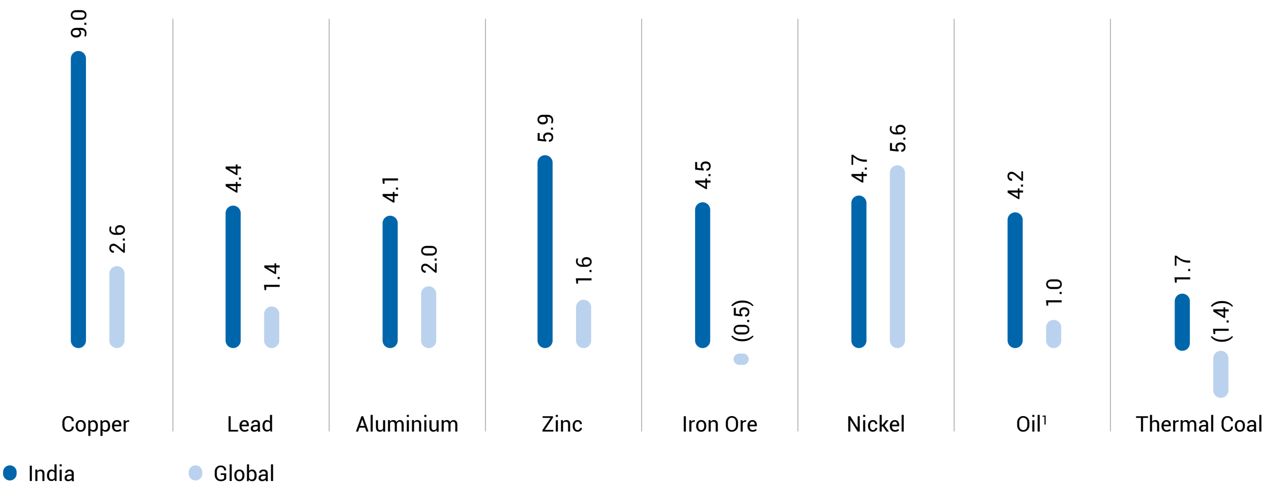
World-class natural resources powerhouse with low cost, long-life and diversified asset base

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 with a keen focus on base metals and oil. Our cost positioning globally, across key segments, is driven 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 2022-2030 CAGR

(%)



Source: Wood Mackenzie

1. OPEC World Oil Outlook 2022

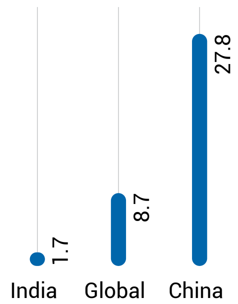
Well-placed to contribute to and capitalise on India's growth with an attractive commodity mix

India is our core market, with 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 6.8% over the course of 2022, is expected to grow by 5.9% in FY 2024 (IMF; April 2023 estimate). Urbanisation and industrialisation, supported by government initiatives on infrastructure and housing, a strong response to COVID-19 and an increase in capital outlay announced in the Union Budget 2023-24 will continue to drive strong economic growth and generate demand for natural resources.

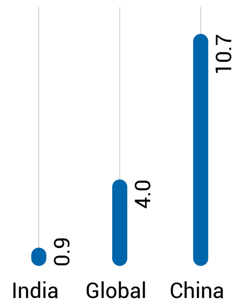
Vedanta's unique advantages:

- 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

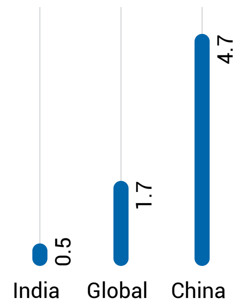
Aluminium consumption
(kg/capita)



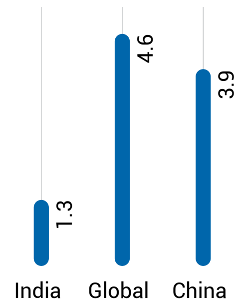
Copper consumption
(kg/capita)



Zinc consumption
(kg/capita)



Oil consumption
(boe/capita)



Source: Wood Mackenzie, IHS Markit, OPEC World Oil Outlook 2022
Note: All commodities' demand correspond to primary demand; figures are for 2022


Employee On-site

India mineral reserves ranking globally

7th Zinc
Reserves: 9.1 million tonnes

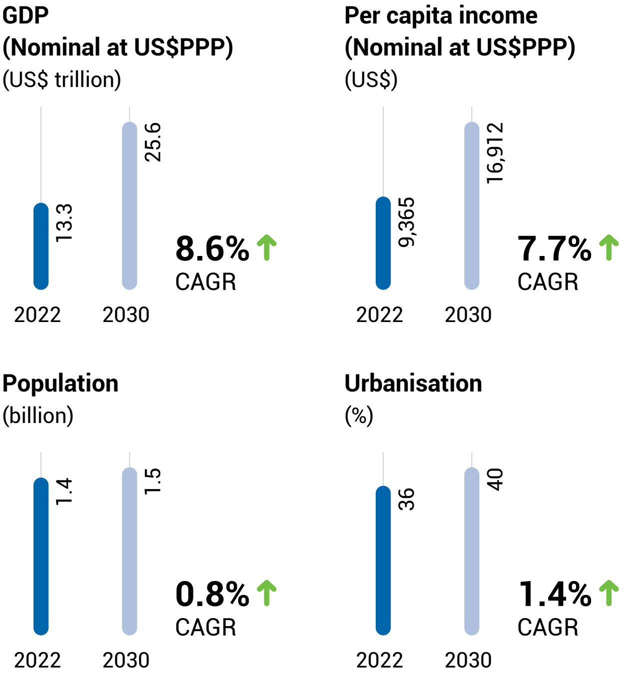
Crude Oil
Reserves: 3.7 billion barrel

7th Iron Ore
Reserves: 5.5 billion tonnes

8th Bauxite
Reserves: 660 million tonnes

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

India Growth Potential



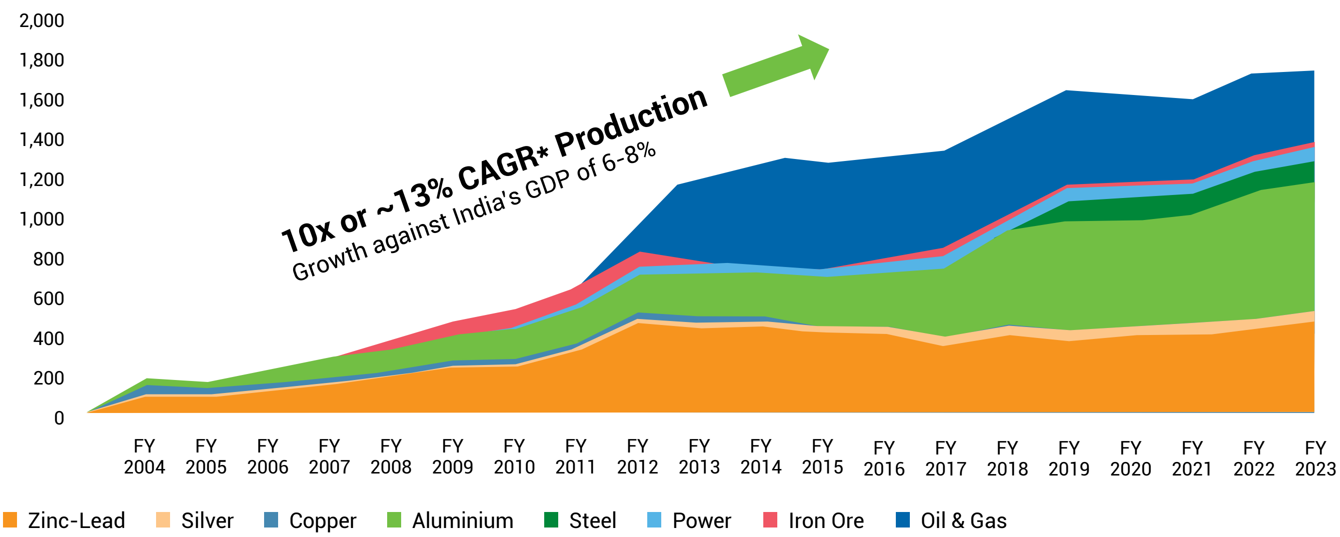
Source: IHS Markit

Employees at Lanjigarh Refinery

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; achieving steady production growth across operations with a focus on 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 FY 2023. Power rebased using FY 2023 realisations, Copper custom smelting production rebased at TC/RC for FY 2023, Iron ore volumes refer to sales with prices rebased at realised prices for FY 2023*

Focussed on digitalisation and innovation to drive efficiency and resilience

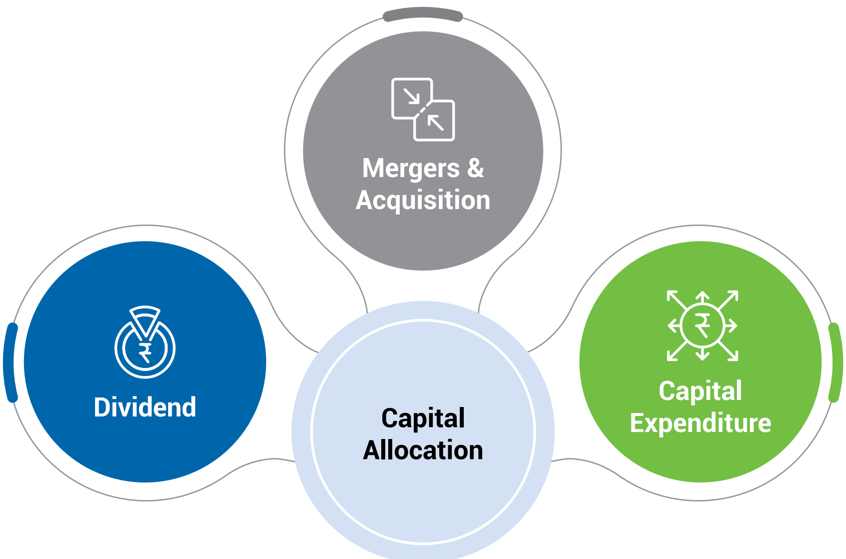

Leveraging digital technology

To optimise efficiency and ensure future-readiness in our operations, we are actively investing in Industry 4.0 technologies, and mainstreaming a digital-first culture throughout the organisation. This has helped to achieve a 100% digitally literate workforce, a 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.

Project Pratham, aimed at significantly improving volume, cost and ease of doing business, has been a key step in this direction. Being implemented in partnership with global entities, it involves introducing emerging technologies throughout the Vedanta Industry 4.0 framework. The primary objectives of this project include EBITDA improvement, making gains on intangibles and reducing overall carbon footprint. Additionally, we are collaborating with technology start-ups, through the Spark programme, to leverage the power of cutting-edge technology for bringing large-scale impact.

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

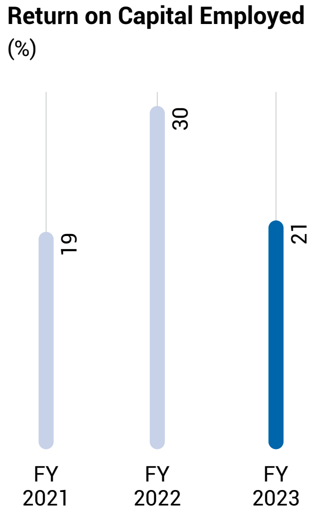
We have unveiled a structured capital allocation policy that prioritises growth and shareholder returns. The policy aligns three streams across capital expenditure, dividend policy and selective inorganic growth. It will be driven by a consistent, disciplined, and balanced allocation of capital with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



Robust financial profile with strong ROCE and cash flow and a stronger balance sheet

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

- Revenues of US$ 18.1 billion and EBITDA of US$ 4. 6 billion
- Strong ROCE of ~20%
- Strong and robust FCF (Post Capex) of US$ 1.6 billion
- Cash and liquid investments of US$ 2.6 billion



Committed to ESG leadership in the natural resources sector

- Being sustainable and the lowest cost producer in a sustainable manner
- Incorporated global best practices to transform communities, planet and workplace in alignment with our Group's objective of 'zero harm, zero waste and zero discharge'
- Implemented critical risk management across the business to improve workplace safety
- Promoting diversity at the workplace to build an inclusive work culture
- Attaining net zero carbon by 2050 and reducing absolute emissions by 25% by 2030 from the 2021 baseline. Levers being used for achieving this goal include 2.5 GW Round the Clock Renewable Energy (RE RTC) by 2030, promoting operational efficiency, changing fuel mix, decarbonisation of 100% of our Light Motor Vehicle (LMV) fleet by 2030 and 75% of our mining fleet by 2035, exploring greener business opportunities and development of a low carbon product portfolio
- Achieving water efficiency and net water positivity by 2030
- Retaining community welfare at the core of decision-making by implementing global best practices
- Positively impacting the lives of 100 million women and children through upskilling and education, nutrition and healthcare initiatives
- Improving transparency and completeness of disclosures in alignment with international best practices like GRI, TCFD etc.

Plantation drive at VZI

MESSAGE FROM THE CHAIRMAN

PURPOSEFUL PATH TO A PROSPEROUS FUTURE

Dear Stakeholders,

I am happy to take this opportunity to share my thoughts and express gratitude for your continued trust in Vedanta. Our journey of growth and shared value creation continued unabated during FY 2023 despite market volatility. We owe this success to our team whose agility in pursuing opportunities, thought leadership and decisive action brought us closer to achieving our ambitious goals.

Dear Stakeholders,

I am happy to take this opportunity to share my thoughts and express gratitude for your continued trust in Vedanta. Our journey of growth and shared value creation continued unabated during FY 2023 despite market volatility. We owe this success to our team whose agility in pursuing opportunities, thought leadership and decisive action brought us closer to achieving our ambitious goals.

We are pleased to have meaningfully addressed the needs of our stakeholders and communities while assuming a leadership position in tackling environmental issues. Our ESG strategy, 'Transforming for Good' has been instrumental in achieving this objective. We are now evolving this further with a more comprehensive approach of 'Transforming Together', to create a greater positive impact on our stakeholders and society at large. We are excited about the future and are progressing with greater energy and enthusiasm to create value for all.

India gains global prominence

FY 2023 has been an incredible year for India. The country outperformed and repositioned itself amongst the world's fastest-growing economies, even as most developed nations faced slower growth amidst high inflation. It posted an impressive 6.8% GDP growth in FY 2023, after delivering 9.1% growth in the previous fiscal year. It is indeed encouraging to witness this growth story unfold with a visible supply chain shift in India's favour and its manufacturing prowess getting due recognition globally.

India's improved outlook in many ways is attributable to the government's quest for self-reliance in manufacturing, minerals and resources. Its importance was accentuated in the aftermath of the pandemic and the Russia-Ukraine conflict, which saw heightened uncertainties and geopolitical tensions globally. Several countries have found themselves precariously positioned, given their dependence on others for key resources. Reassessment of supply chain strategies globally was thus inevitable. Already "China Plus One" policy is gathering momentum as companies and countries seek to diversify their reliance beyond China to other destinations.

India finds itself in an advantageous position, particularly in creating a resilient supply chain and indigenous manufacturing. Energy security and world-class infrastructure will be key to the success of this journey. This trinity of manufacturing, infrastructure and energy along with a focus on digitalisation can continue to propel India's economic growth, unlock new business opportunities and create jobs. It is expected that India's GDP will double to US$7.5 trillion during 2022-2031 with a substantial rise in the contribution from manufacturing.

The Union Budget 2023 also seems to have hit the right notes by prioritising green and digital economies and infrastructure creation through increased capital expenditure allocations. It further focusses on giving a boost to MSMEs with a revamped credit scheme.

The Indian economy remains on a strong footing, with unprecedented levels of optimism and multiple advantageous factors at play. The determined implementation of various positive policies and programmes will drive India's exceptional growth story for years to come.

Vedanta for a self-reliant India

As India's largest diversified natural resources company and one of the largest corporations globally with businesses spanning metals, mining and energy, Vedanta has a distinct advantage in India's journey of self-reliance. Our mining expertise powered by best-in-class technology and talented people along with a robust value-added portfolio positions us attractively to harness the evolving growth opportunity.

We envisage a greater role for us in the nation's growth story and in making India self-reliant for minerals and energy – an imperative given the growing population and rising industrial activity. Vedanta is already expanding its aluminium and zinc capacities. Our oil and gas operations, which account for nearly one-quarter of India's production, is also diversifying its reserve and resources portfolio towards a vision of contributing 50% to India's total Oil and Gas production. We have already invested US$1.2 billion in the form of growth capex in FY 2023 to augment

We reported a strong set of financial results, US$ 18.1 billion in revenue and US$ 4.6 billion in EBITDA. We have generated a healthy net-free cash flow of US$ 1.6 billion. This all-round performance is a testament to our outstanding portfolio and accomplished leadership team.


Expanding Nand Ghar footprint

Vedanta is now ranked #6 among the top 10 diversified metal and mining peers on the Dow Jones Sustainability Index. Further, Vedanta and its various group companies received multiple awards in finance, operational excellence, CSR and HR categories across various recognised platforms.

our assets and production. We envisage committing another US$1.7 in FY 2024 towards growth projects.

Delivering all-round performance

This year, we operated against a difficult and uncertain macro-environment, driven by prolonged geo-political conflict, subsequent energy crisis and aggressive monetary policies adopted by central banks. Our teams delivered excellent operating performance despite the challenges posed by uncertain commodities markets and supply chain realignments. We reported a strong set of financial results, US$18.1 billion in revenue and US$4.6 billion in EBITDA. We have generated a healthy net-free cash flow of US$1.6 billion. This all-round performance is a testament to our outstanding portfolio and accomplished leadership team.

Vedanta is committed to growing responsibly, by ensuring that the communities in which we operate, thrive and grow with us. Our flagship programme 'Nand Ghar' has been working extensively to strengthen the Aanganwadi ecosystem in India and bridge the urban-rural gap with best-in-class services. We now have Nand Ghars across 14 states of India which have collectively uplifted 3.2 lakhs women and children through education, nutrition and healthcare.

In continuation of our 'net zero' journey, we have signed renewable energy power delivery agreements (PDAs) under the Group's captive policy during FY 2023. We have also moved a step closer towards realising our philosophy of "zero harm, zero waste, zero discharge" with three more of our business sites being declared water positive.

Our ESG efforts have led to significant improvements in our position across key external ratings platforms, like Dow Jones Sustainability Indexes, Sustainalytics, MSCI and CDP. Further, Vedanta and its various group companies received multiple awards in finance, operational excellence, CSR and HR categories across various recognised platforms.

Ensuring sustainable operations

Quest to transform and grow together

Vedanta stands for the highest standards of excellence and integrity and strives to achieve sustainable and responsible growth together with all stakeholders. Our new theme, 'Transforming Together', embodies this commitment by fostering collective actions to achieve inclusive, responsible and value-accretive growth. These efforts will be underpinned by environmental stewardship, social equity and impact, besides good governance to deliver tangible benefits to all stakeholders.

Inclusive

It is our continuous endeavour to drive a more resource and minerals-secure world but with the utmost consideration for our people, stakeholders and communities at large.

We believe people are our greatest assets. Through our industry-leading, globally-benchmarked people practices, we promote a work culture that fosters an ecosystem of trust, high performance and inclusivity, with safety being a top priority. Diversity is an area where Vedanta has performed exceptionally with efforts around enhancing women's representation at higher levels including CXO positions, attracting talent from all regions and promoting an LGBTQ+ friendly workplace.

We are making significant progress in our mission to combat malnutrition and achieve zero hunger. This year, Nand Ghar reached the 4,500 mark across 14 states of India. We also reached out to people, globally, to join us in the Run for zero hunger movement with the Vedanta Delhi Half Marathon and Vedanta Pink City Half Marathon. Hundreds of thousands of people joined us in this movement, and we pledged 2 million meals for a healthy and nourished India. In the International Year of Millets and in line with Poshan 2.0 initiative, Nand Ghar also launched a multi-millet nutribar for the holistic nourishment of every child.

We continue to positively transform the lives of our communities through targeted social impact interventions. I am happy to share that this year, we were able to touch the lives of 44 million community members across India and abroad.

Responsible

Climate change is a defining challenge in the current era. Vedanta seeks to address this. We have set ambitious goals, aligned with UN's Sustainable Development Goals, for environmental stewardship through decarbonisation, circular economy and water positivity. We are also working in partnership with trade bodies and governments to ensure all stakeholders push towards these goals.

In FY 2023, substantial progress was made towards net carbon neutrality. In a pioneering effort, we became the first corporate in South Asia to join the World Economic Forum's 1 trillion trees movement with a pledge to plant 7 million trees by 2030. We are taking steady steps to achieve 2.5 GW round-the-clock renewable energy (RE RTC) targeted capacity by 2030. We have also rolled out a unique industry-leading EV policy to incentivise employees to switch to Evs and are well on track towards decarbonising 100% of our light motor vehicles fleet by 2030.

Value-accretive

Vedanta's strategic investments and prudent financial management strategy are to ensure long-term sustainable growth and consistent shareholders' returns. With this strategic objective, we are investing in various projects for volume growth, backward integration and value-added products, as well as advancing digitalisation at pace.

We have an impeccable track record of honouring all capital market commitments. Vedanta Resources has deleveraged by ~US$2 billion during FY 2023 against its commitment of US$4 billion deleveraging over three years.

Exciting times ahead

We are optimistic about an exciting journey ahead. The macroeconomic factors and risks faced by advanced economies going into recession may pose potential challenges to metal demand. Yet the overall sentiment towards mined commodities is improving as the pace of energy transition accelerates across the globe. Even in the macro backdrop, some green shoots are already visible with inflationary pressures beginning to ease and supply chain constraints showing signs of relenting. This will help to improve profitability and generate robust cash flows.

Uplifting community through Skill Training

The demand side remains buoyant with the re-opening of China and the global trend towards a green economy and digital economy. India's focus on electric mobility, renewable energy and infrastructure creation is expected to drive domestic minerals demand and attract global investments.

We expect vast opportunities to unfold in the coming years. Our focus is on consolidating our leadership position and unlocking value through growth project execution, scaling innovation and digitalisation and progressing on ESG targets. We also remain committed to improving our financial profile and continue to make disciplined capital allocation decisions. On this positive note, I thank all our stakeholders for believing in our growth story. We seek your continued support in our efforts to create value for all and continue to be a partner in and contribute to India's remarkable economic rise.

Best regards,

Anil Agarwal
Chairman

We expect vast opportunities to unfold in the coming years. Our focus is on consolidating our leadership position and unlocking value through growth project execution, scaling innovation and digitalisation and progressing on ESG targets.

Vedanta's centralised process system unlocks the power of automation and enables superior process controls

Electrosteel Steels Limited

ESL improves blast furnace performance with process digital twin

Problem statement

Blast furnace involves various integrated processes. Operators at ESL Steel typically relied on their experience to control burden distribution, blowing parameters and casting parameters. Considering the multiple parameters and wide variation in input conditions, such decisions sometimes proved inaccurate, causing brief production drops and increased fuel rates due to sub-optimal control.

Solution

ESL is implementing the process of digital twin technology to address the challenge. This uses artificial intelligence (AI), machine learning and high-performance computing to optimise the equipment and the manufacturing process. It will facilitate efficient control of blast furnace operations through predictive alerts and provide data-backed standard operating procedure (SOP) for all controllable parameters.

The tool includes four modules which will help in:

- Getting a data-backed digital SOP for ensuring better burden distribution
- Facilitating real-time root-cause analysis of fuel rate increase to identify the actions to control it
- Assisting to improve control and prediction of hot metal silicon prediction to minimise variations
- Achieving better, real-time visibility of coke and sinter average particle size using computer vision

Currently, two modules have been implemented, and the other two will be launched in Q1 FY 2024.

Targeted outcome

4-5%*
Increase in production

~2%*
Annual cost reduction

US$8.4 MILLION*
Annual savings

**Based on H1 FY 2023 baseline*

Next step

Fast-tracking implementation of the other two modules

Vedanta Aluminium Limited

Advanced process controller optimises efficiency and specific consumption at Lanjigarh

Problem statement

Alumina refining is a complex and highly interactive industrial process, necessitating advanced control strategies. Evaporation, in particular, is a critical aspect of the process, which utilises steam to concentrate the spent liquor from the process and effectively reutilises it, without disturbing process inventory. At Lanjigarh Refinery, this entire process was controlled in semi-automatic mode by operators, resulting in lower efficiency due to slow response time and operator-driven variance. It inevitably led to higher specific steam consumption (SSC).

Solution

Lanjigarh Refinery implemented the advanced process control (APC) technique across the refinery process to improve performance.

APC is a robust system that optimises the operational efficiency of a process and productivity, by maintaining optimal operating conditions and integrating all possible process constraints into a predictive controller. This action helps to maintain dependent (controlled) variables at targeted levels or within constraints, by manipulating the independent variables.

At Lanjigarh, APC was implemented by developing a predictive model for controlling and optimising specific steam consumptions across the evaporation units by minimising variability and driving efficiencies. The Refinery has benefited as follows:

- Tighter control of process parameters and elimination of manual errors in the process following automation
- Decline in process variations resulting in enhanced efficiency and reduction in the specific consumption
- Auto optimisation of process control strategies with predictive algorithms

Next step

We intend to proliferate APC utilisation across different units of the refinery. An APC Global Optimiser is planned for overall process control and coordination and for building the platform for digital twins.

Hindustan Zinc Limited

Transforming the planet with Miyawaki afforestation at Dariba smelting complex

Problem statement

Number of trees in the world has halved, and every passing year another 15 billion are lost. This has harmed global biodiversity and ecosystems, threatened health and food security, and has made the world less resilient to climate change impact.

Solution

Vedanta has pledged to plant 7 million trees as part of the World Economic Forum's '1 trillion trees' campaign or UN SDG Goal of 1 million plantations by 2025.

To implement this pledge, we have undertaken a tree plantation drive at Dariba Smelting Complex (DSC) using the Miyawaki afforestation method. It involves planting dozens of native species in the same area, resulting in 10x faster plant growth and 30x denser than usual plantation, leading to higher carbon sequestration. Such a plantation becomes self-sustaining after the first three years. Besides, it is chemical-free and supports local biodiversity. Until now, 12,000 trees across 65 different species have been planted covering an area of one hectare.


Miyawaki Afforestation at Dariba

Improved biodiversity

Through lowered temperature, better soil nutrition and wildlife support

Goals met

Vedanta Aim 6 innovation for greener business model

Next step

We plan to replicate the project across all units.

A thriving, self-sustaining ecosystem at Dariba Smelting Complex to restore the balance of nature.

Sterlite secures 16 MW renewable energy contract for its green copper journey

Sterlite Industries (India) Limited

Sterlite Copper advances low-carbon journey with green copper

Problem statement

Sterlite aims to promote responsible and environmentally sustainable production of copper to achieve its goal of net zero carbon emissions from operations by FY 2030. Green copper will enable a reduction in our carbon footprint and ensure optimal utilisation of resources while caring for communities.

Solution

Sterlite Copper has embraced revolutionary changes in daily operations to achieve the objective of green copper and reducing its carbon footprint. These include:

- **Smart fuel optimisation project –** AI-ML driven solutions have been successfully deployed in shaft furnaces of (Rod Plant and Blister Plant) for optimising fuel consumption
- **Recycled copper production project –** Using fire-refined high conductivity (FRHC) technology to scale up recycled copper capacity by 20% to 4,000 tonnes/month at Silvassa and by 30% to 3,400 tonnes/month at Fujairah. Secondary copper is melted and oxidised in the furnace
- **Hybrid renewable energy (RE) contract –** Power development agreements have been signed for 16 MW RE RTC to switch off from conventional thermal power
- **Fleet decarbonisation –** The project, being implemented at the Chinchpada plant, Silvassa, involves the conversion of pool vehicles to EV/CNG, employee commute vehicles to CNG and electrification of forklifts. It is expected to be completed by June 2023

Targeted Outcome

57%
GHG emission reduction (from FY 2021 baseline)

3,554 tCO_2e
reduction through smart fuel optimisation

92,000 tCO_2e
reduction through recycled copper rod production

64,535 tCO_2e
reduction through hybrid renewable energy contract


Afforestation at Tuticorin

Hindustan Zinc Limited

Turning around lead smelter at Dariba Smelter

Problem statement

DSC's lead smelter is designed for an optimal production capacity of 108 KTPA lead cathode at 93% efficiency, running 350 days and utilising 6.8 kiloampere (kA) current.

However, its production was unstable. A major hit was witnessed in Q4 FY 2022 due to parameters disturbance (purity and chemical composition) due to an externally sourced input commodity, which went unnoticed. This caused rough dendritic deposition on cathodes, causing corrosion, poor current efficiencies and lower weight deposition.

Solution

The smelting team did a thorough analysis to improve the production. This included brainstorming, benchmarking with similar smelters, holding a dialogue with industry experts and conducting a multi-variability study of cell house parameters and deviation (to compare numbers) using six-sigma regression modelling. Lastly, based on the data, test cell experimentations were done.

The correction finally came with continuous heavy-dose additions of Glue and B-Naphthol which brought the dendrite depositions under control and improved lead deposition. This has resulted in consistent lead production with better efficiency.

Outcome

65%

Increase in daily production rate to 330 tonnes from the lowest recorded level of 200 tonnes

Highest-ever annual production

at 112.6 KTPA in FY 2023

94.5%

Efficiency levels achieved, up from 90% average

Next step

We are working on a long-term plan to upgrade the cell house with advanced automation control systems, to drive efficiency through better control of process parameters.

Dariba Smelting Complex (DSC)

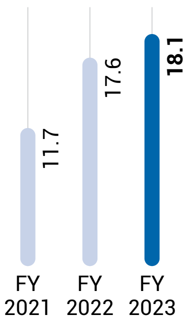
Dariba Smelting Complex turnaround lead smelter to achieve 94.5% efficiency levels

KEY PERFORMANCE INDICATORS

TESTAMENT TO SUSTAINED VALUE CREATION

GROWTH

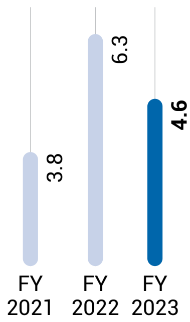
Revenue (US$ billion)



Description: Revenue represents the value of goods sold and services provided to third parties during the year

Commentary: In FY 2023, consolidated revenue was at US$18.1 billion compared with US$17.6 billion in FY 2022. This was primarily driven by higher volumes from copper and zinc and aluminium, rupee depreciation and partially offset by the slip in commodity prices majorly in aluminium and copper.

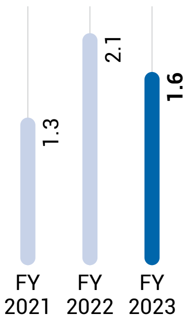
EBITDA (US$ billion)



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: EBITDA for FY 2023 was at US$4.6 billion, 26% lower YoY. This was mainly due to a slip in commodity prices of aluminium, lead and silver with a headwind in input commodity prices, partially offset by improved operational performance and strategic hedging gains

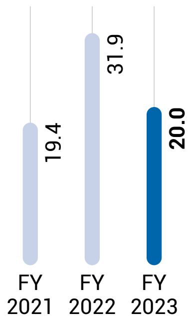
FCF post-capex (US$ billion)



Description: This represents net cash flow from operations after investing in growth projects. This measure ensures that profit generated through our assets is reflected by cash flow, in order to de-lever or maintain future growth or shareholder returns

Commentary: We generated FCF of US$1.6 billion in FY 2023, driven by strong cash flow from operations and working capital release, partly offset by higher capex

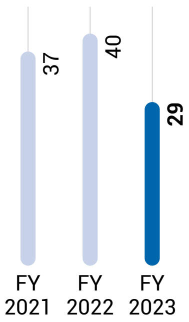
Return on capital employed (ROCE) (%)



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: ROCE stood at 20.0% in FY 2023 (FY 2022: 31.9%), primarily due to decrease in EBIT

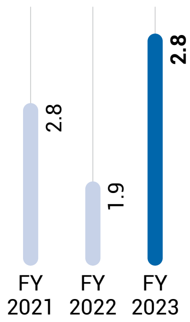
Adjusted EBITDA margin (%)



Description: Calculated as EBITDA margin excluding EBITDA and turnover from custom smelting of Copper businesses

Commentary: Adjusted EBITDA margin for FY 2023 was 29% (FY 2022: 40%)

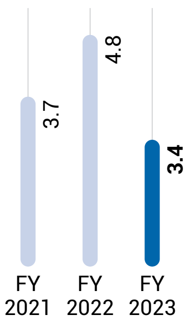
Net debt/EBITDA (consolidated)



Description: This ratio represents the level of leverage of the Company. It represents the strength of the balance sheet of Vedanta. Net debt is calculated in the manner as defined in Note 22(b) of the consolidated financial statements

Commentary: Net debt/EBITDA ratio as of 31 March 2023, was at 2.8x well within approved capital allocation framework, compared with 1.9x as on 31 March 2022

Interest cover (%)



Description: This 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

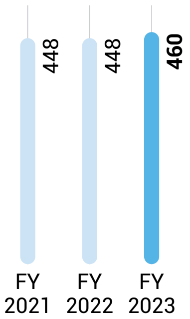
Commentary: The interest cover for the Company was at c. 3.4 times, lower YoY on account of lower EBITDA and higher interest

LONG-TERM VALUE

Reserves and resources (R&R)

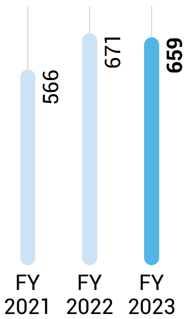
Description: Reserves and resources are based on specified guidelines for each commodity and region.

Zinc India (million tonnes)



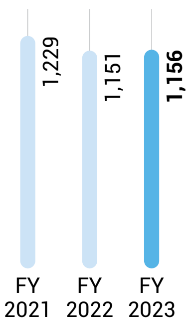
Commentary: During the year, combined R&R were estimated to be 460.1 million tonnes, containing 30.8 million tonnes of zinc-lead metal and 855.9 million ounces of silver. Overall mine life continues to be more than 25 years.

Zinc International (million tonnes)



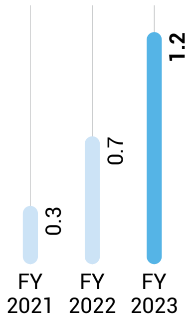
Commentary: During the year combined mineral resources and ore reserves estimated at 659.1 million tonnes, containing 34.9 million tonnes of metal.

Oil & Gas (mmboe)



Commentary: During FY2023, the gross proved, and probable reserves and resources stood at of 1,156 mmboe

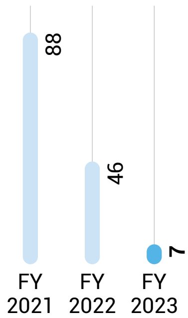
Growth CAPEX (US$ billion)



Description: This represents the amount invested in our organic growth programme during the year

Commentary: Our stated strategy is disciplined capital allocation on high-return, low-risk projects. Capital expenditure on expansion was US$1.2 billion during the year

Dividend (US cents)



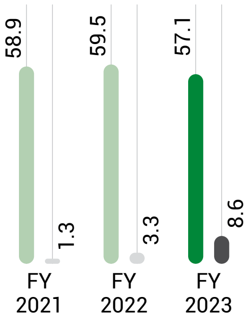
Description: Dividend per share is the total of the final dividend recommended by the Board in relation to the year, and the interim dividend paid out during the year

Commentary: The Board has recommended a total interim dividend of 7 US cents per share this year compared with 46 US cents per share in the previous year

SUSTAINABILITY KPIs

GHG emissions

(tonnes of CO_2e)

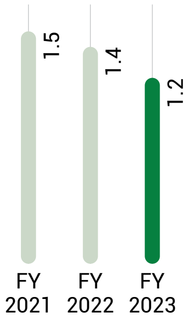


Description: Vedanta used Scope 1 and Scope 2 GHG emissions, measured in Tonnes of CO2e to track its carbon footprint.

● Scope 1 ● Scope 2

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 Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI) GHG Protocol.

TRIFR

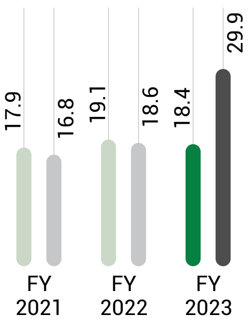


Description: The total recordable injury frequency rate (TRIFR), is the number of fatalities, lost time injuries, and other injuries requiring treatment by a medical professional per million hours worked.

Commentary: This year, the TRIFR was 1.20. Safety remains the key focus across businesses.

HVLT (high volume low toxicity)

(million tonnes)



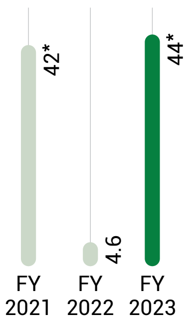
Description: High Volume Low Toxicity (HVLT) waste is present in large quantities and is usually stored in tailings dams/ash dyes or other secure landfill structures before being sent to other industries as raw materials. HVLT includes fly ash, bottom ash, slag, jarosite, and red mud.

Commentary: In FY 2023, we have achieved 162% recycling of our HVLT waste.

● Generation ● Recycled

CSR Footprint

(million beneficiaries)



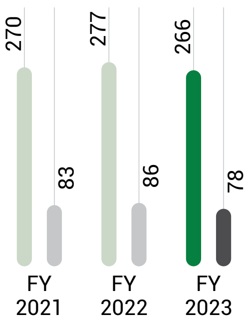
Description: The total number of beneficiaries through our community development programmes across all our operations.

Commentary: We benefited 43.6 million people this year through our community development projects comprising community health, nutrition, education, water and sanitation, sustainable livelihood, women empowerment and bio-investment.

**out of 44 million, 39 million are from the e-shiksha program*

Water consumed & recycled

(million m³)



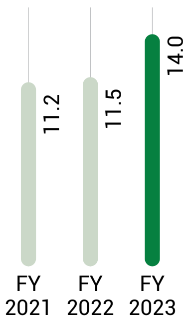
Description: Water consumed is the portion of water used that is not returned to the source after being withdrawn. Recycled water or reclaimed water means treated or recycled wastewater commonly used for non-potable (not for drinking) purposes, such as agriculture, landscape, public parks, and golf course irrigation (million m³)

Commentary: In FY 2023, we recycled 78 million m3 of water, equivalent to around % of consumed water.

● Consumed ● Recycled

Gender diversity

(%)



Description: The percentage of women in the total permanent employee workforce.

Commentary: We focus on diversity, equity and inclusion in the workplace. During the year, female employees made up 14% of the total workforce.

*Note *Includes both direct and indirect beneficiaries*

VALUE CREATION MODEL

TRANSFORMING FOR BETTER OUTCOMES

Inputs

Financial capital

- Gross Debt: **US$ 15.4 billion**
- Cash and Cash Equivalent: **US$ 2.6 billion**
- Growth Capex: **US$ 1.2 billion**

Manufactured capital

- Plant and Equipment: **US$ 13.1 billion**

Human capital

- Total Workforce: **87,513**
- HSE workforce (incl. contractors): **817**
- No. of geologists (incl. contractors): **188**
- No. of hours of training: **28,65,662**
- No. of hours of safety training: **21,07,035**
- Employees covered under mentoring and support programs: **2,199**

Social and relationship capital

- Community investment: **US$ 56.6 million**
- Rated by two domestic rating agencies: **CRISIL & India Rating**
- Strong network of global and domestic relationship banks: **30+**
- Independent Directors: **4**

Natural capital

- Energy consumption: **559 million GJ**
- Water consumed: **266 million m³**
- Coal used: **34.5 million tonnes**
- HVLT waste generated: **18.4 million tonnes**
- Fly ash generated: **13.86 million tonnes**
- R&R Zinc India: **460 million tonnes, containing 30.8 million tonnes of zinc-lead metal and 855.9 million ounces of silver**
- R&R Zinc International: **659.1 million tonnes, containing 34.9 million tonnes of metal**
- R&R Oil & Gas: **1,156 mmboe gross proved, and probable reserves and resources**

Business Segments

Zinc

Aluminium

Oil and Gas

Processes

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

Creating Value for Stakeholders

Pg. 78

Employees

87,513

Total Workforce

Industries

US$ 4.4 billion

Local Procurement

Our Core Value

Trust

Entrepreneurship

Innovation

Iron Ore **Steel** **Ferro Alloys** **Copper**

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 flows

Market

We supply our commodities to customers in varied industry sectors, from automotive to construction, with a product base ranging from energy to consumer goods

Communities

US$ 56.6 million

CSR spend

Governments

US$ 9.4 billion

Exchequer Contribution

Outputs and Outcomes

Financial capital

- Turnover: **US$ 18.1 billion**
- EBIDTA: **US$ 4.6 billion**
- Total exchequer contribution: **US$ 9.4 billion**
- Attributable PAT (before exceptional items): **US$ 49 million**
- FCF post-capex: **US$ 1.6 billion**
- RoCE: **~20%**
- Net Debt to EBITDA: **2.8x**

Manufactured capital

- Zinc India: Mined Metal – **1,062 kt**
  Integrated Metal – **1,032 kt**
- Oil & Gas: **143 kboepd**
- Power: **14.8 bn kWh**
- Aluminium: Alumina – **1.8 million tonnes**
  Aluminium – **2.3 million tonnes**
- Pig Iron: **696 kt**
- Zinc International: **273 kt**
- Steel: **1,285 kt**
- Copper: **148 kt**

Human capital

- Attrition Rate: **8.86%**
- Diversity Ratio: **14.00%**
- Total Recordable Injury Frequency Rate (TRIFR): **1.20**

Social and relationship capital

- CSR beneficiaries: **~44 million**
- Nand Ghars built till FY 2023: **4,533**
- Dividend: **₹101.5 per share**
- Contribution to the exchequer: **US$ 9.4 billion**
- Youth benefited from employment based skills training: **8,354**

Natural capital

- GHG Emissions: Scope 1 - **57.1 million tCO_2e**
  Scope 2 - **8.6 million tCO_2e**
- Water recycled: **78 million m^3**
- HVLT utilised: **29.93 million tonnes**
- HVLT utilisation: **162%**
- Fly ash utilised: **28.25 million tonnes**
- Fly ash utilisation rate: **204%**

Excellence Integrity Care Respect

OPPORTUNITIES

A MULTI-FACETED APPROACH TO FUTURE-PROOFING

Global metal and mining industry is reshaping with rapidly-evolving externalities centred on decarbonisation, digitalisation, supply chain disruptions and market volatility. While necessitating change in the business model, these trends are expected to open up enormous potential and unleash mega opportunities. We are evaluating these trends to stay ahead of the curve and shape the future of our business.

T1

ESG as a gateway to unlocking value

Globally, markets and stakeholders are increasingly prioritising ESG alignment. This presents an opportunity for companies, especially those in the natural resources sector, to think holistically, embed ESG in their strategy and allocate capital in accordance with their commitments. Such a strategic approach can help the Company to stay ahead of the competition and evolving expectations, besides creating long-term value for all stakeholders.

Vedanta response

ESG has long been a priority at Vedanta, and we continue to make sustained investments in it. Last year, we introduced a repurposed ESG strategy – 'Transforming for Good', based on the pillars of communities, the planet and the workplace. We have defined various goals and roadmaps as part of our ESG strategy, including net carbon zero, water positivity and a greener business model, which are contributing to scalable results and making our business more sustainable in the long term. Continuing this journey, in FY 2023, we have proposed a more holistic theme, 'Transforming Together', to initiate collective action for shared value creation.

T2

Mapping benefits of circular economy

Global economies are gradually transitioning from linear to circular models, and metals and mining companies have a unique opportunity to lead this change. By building new capabilities and reconfiguring business models to incorporate circular initiatives like metals reprocessing, recycling or urban mining, early adopters stand to gain preferential access to responsible sourcing markets and investors. This strategic shift can also empower market players to influence downstream, lower costs and improve ESG scores.

Vedanta response

Progressing to greener business models with circular economy activities is part of our ESG strategy. We are undertaking R&D to identify newer ways to convert operational by-products into raw materials for application in other industries and internal consumption. We have partnered with Runaya, an emerging manufacturing start-up offering circular economy solutions, to improve aluminium recovery from dross up to 90%, and convert the residue into raw material for the steel industry. We are executing recycled copper projects using fire-refined high-conductivity technology. We are further working with cement companies and NHAI with an aim to increase HVLT waste utilisation to 100%.

T3

Multiple safety layers for greater sustainability

Safety in mining has evolved, with four aspects – physical, psychological, cyber and cultural – becoming prerequisites for sustainable mining activities. While physical safety has improved, others are also gaining importance to ensure people feel valued and included to achieve job satisfaction. By prioritising all four aspects, natural resources companies can attract, engage, and retain diverse talent to drive their success.

Vedanta response

We have robust physical safety mechanisms in place supported by world-class practices, digital initiatives and regular training and campaigns. This is being further enhanced with the launch of HSE digital, an incident management module, to automate and improve working with incident records. A critical risk management (CRM) module is being rolled out covering three major risks.

We are also undertaking initiatives to target other safety areas. Psychological safety is being notched up by implementing initiatives to provide greater opportunities and an improved work environment for all, along with ensuring a zero-discrimination workplace. Cultural safety is ensured through complying with local regulations, standards and cultural practices. A security community of practice has been instituted that will work towards improving the connect with local communities.

T4

Building an agile business model

Metal and mining companies depend on supply chains for various input raw materials to enable production, processing and services for daily operations. Supply chain security is therefore imperative to ensure the availability of inputs at the right costs. However, under the shadow of the COVID-19 pandemic and the Russia-Ukraine conflict, there are heightened challenges due to high transportation and logistical costs, labour and material shortages and increased prices.

Companies taking the initiative to fortify their supply chain by reassessing risks and implementing innovative practices and digital technologies, stand to benefit. Besides improved access to raw material supplies, these players can also unlock productivity gains to manage commodity volatility and increased costs. Such reassessment can open opportunities to sustainably reduce costs with measures like transitioning to renewable energy, innovations that make for a sustainable portfolio and implementation of strategic joint ventures for economies of scale.

Vedanta response

We are mitigating supply chain risks by undertaking vertical integration projects including acquiring coal mines and securing linkages to reduce import dependence. We are also strengthening inbound logistics. These efforts stand to reduce production costs.

We are further undertaking periodic vendor life cycle assessments to evaluate risks at every stage, and accordingly implement necessary actions.

To unlock productivity, we are focussed on achieving full capacity utilisation and improving operational efficiencies. Towards this goal, we have initiated the implementation of phase 2 digitalisation, which will make Vedanta a 100% automated and data-driven organisation. These initiatives will contribute to significant savings and productivity gains.

T5

Employer of choice as a differentiator

Labour markets around the world have evolved following the COVID-19 pandemic. New ways of work have become a key job requirement for employees globally, as they now seek more flexibility, purpose, complete well-being, personalised career opportunities and inclusiveness. Companies that are investing in innovative ways to fulfil these value propositions are well-positioned to become an attractive employer. This is especially true for mining and manufacturing companies, where physical presence and conventional ways of working have ruled the roost for a long time.

Vedanta response

Transforming the workplace is a top ESG priority at Vedanta. We have increased our focus on diversity, equity and inclusion, health and safety, besides skill development for employees. We are aligning our business with the nation's interest and the global exigency for addressing the issue of climate change, thereby creating opportunities for employees to contribute to nation-building and the betterment of communities and even the planet. We are breaking the gender barrier by encouraging women and LGBTQ+-friendly workplaces. We are also undertaking multiple programmes that support their career growth, in addition to using digital technologies to enrich their experiences.

T6

Social impact for sustainable success

Globally, the indigenous communities have growing expectations for greater accountability and responsibility from corporates in exchange for the social licence to operate. They seek newer ways to connect with corporate and assign responsibilities for not only contributing to the local economy but also addressing social and environmental issues. Natural resources companies, operating near these communities, have an opportunity to unlock business value and establish themselves as a socially and environmentally responsible corporate. By establishing novel ways, these players can forge a deeper connect with the communities for a better understanding of their operations. By ensuring sustained engagement with communities and aligning priorities, their needs and expectations can be identified and fulfilled.

Vedanta response

Vedanta is proactively bringing meaningful development in the communities where it operates with multi-dimensional efforts to address their most urgent needs. Our programmes for healthcare and hygiene, livelihood creation, women empowerment, environmental protection and child well-being and education while uplifting the community, are also enabling us to fortify our relations with them. Vedanta strives to be the preferred developer of choice in most regions of its core operations. We are embedding their welfare at the core of business decisions and continue to seek innovative ways to empower 2.5 million families with enhanced skillsets and uplift 100 million women and children. We are further strengthening our connect with them, by adhering to globally accepted human rights practices. We have also established a dedicated community of practice with defined key results areas.

T7

Digital leadership to unleash the potential

Automation, digitalisation and big data are revolutionising the way metals and mining companies operate. These methods are improving decision-making and the exploration and development of minerals with real-time information and a huge database. The ability to leverage the data using advanced technologies can help in many ways to unlock value across the mining life cycle, including better cost and asset utilisation and minimising environmental impact.

Vedanta response

Innovation is a key element of our strategy aimed at productivity, safety and sustainability. We are undertaking an organisation-wide digital transformation project, currently in phase-2, to become smarter and data-driven with a focus on smart operations and asset optimisation, workplace safety, logistics optimisation and enabling functions automation. Multiple tools like advanced process control, predictive analytics, asset performance monitoring and digital twin are being used towards these goals.

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. These strategic areas 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.

S1

Continued 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 value for stakeholders and minimising the impact on the environment

FY 2023 Update

- Total Nand Ghar in FY 2023 – 4,533
- Skill-based training for 5,400 individuals
- GHG emissions increased by 4.6% YoY
- Water positivity ratio 0.62
- 162% HVLT waste utilisation
- 13 Fatalities
- LTIFR - 0.52
- TRIFR - 1.20
- Women employees - 14.0%
- Women in leadership positions - 9%
- ESG rating improvement in MSCI, DJSI, Sustainalytics and CDP water

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 FY 2025

- Target to enhance skillsets of ~1,600 families
- Target to positively impact ~13,000 women and children through programmes in education, healthcare, nutrition
- 20% reduction in metals and mining intensity
- 900 MW RE RTC in operations
- Investment in energy transition - ~US$ 350 million
- Water positivity ratio - 0.83
- Legacy waste - 29.6 million tonnes
- Habitat restoration - 2,300 hectares
- Zero fatalities
- LTIFR - 0.48
- Total women employees - 19%
- Women in leadership roles - 20%
- Zero governance issues

Objectives for FY 2030

- ~2.5 million families with enhanced skillsets
- 25% absolute reduction GHG emissions vs FY 2021 baseline
- 2.5 GW RE RTC in operations
- Water positivity ratio – 0.98
- Legacy waste - 7 million tonnes
- Habitat restoration - ~2,500 hectares
- Zero fatalities
- LTIFR - 0.15
- Total women employees - 20%
- Women in leadership roles - 40%
- Zero governance issues

KPIs

- Total Number of Nand Ghars
- Skillset imparted to families
- Impact of CSR programmes in education, healthcare, nutrition
- Annual GHG emissions
- RE power in operations
- Metals and Mining GHG intensity
- Annual waste utilisation
- Water positivity ratio
- Habitat restoration
- Fatalities
- LTIFR
- % of women employees
- % of women in leadership roles
- Zero governance-related issues
- Annual disclosures

Risks

R1 R9 R12 R13

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

FY 2023 Update

Zinc India

- Total Ore Reserves stand at 173.5 million tonnes (net of depletion of FY 2023 production of 16.7 million tonnes) at the end of FY 2023 (161.2 million tonnes at the end of FY 2022) due to heightened focus on resource-to-reserve conversion during the year. Exclusive Mineral Resource totalled 286.6 million tonnes
- Combined R&R were estimated to be 460.1 million tonnes, containing 30.8 million tonnes of zinc-lead metal and 855.9 million ounces of silver
- Overall mine life continues to be more than 25 years

Zinc International

- Combined mineral resources and ore reserves estimated at 659 million tonnes, containing 34.87 million tonnes of metal

Oil & Gas

- Secured 8 blocks in Discovered Small Fields (DSF)-III bid round and one block in special Coal Bed Methane (CBM) round 2021
- Exploration and appraisal wells drilled across PSC and OALP blocks
- Two exploration successes in Ravva Infill drilling campaign
- Drilled first shale exploration well in Rajasthan to unlock the potential in Barmer basin
- Gross 2P reserves and 2C resources of 1,156 mmboe

Objectives for FY 2024

Zinc India

- Target generation and drill testing: Zawar, RD-SK, RA Mine
- Exploration plan to enhance the mineral resource by 15 million tonnes Ore
- Acquiring new potential areas through auction
- Ore reserves upgradation for sustained mine production for next 10 years
- Use of AI & ML and Advance Geophysics for target generation
- Addition and upgradation of 34 million tonnes of ore (3 million tonnes metal)

Zinc International

- Execution of 40 km of drilling across greenfield and brownfield projects in RSA and Namibia

Oil & Gas

- Exploration and appraisal drilling across the portfolio in Rajasthan, Cambay, Northeast and Offshore blocks
- Shale studies and evaluation of pilot well to establish potential
- ASP pilot project in Bhagyam and Aishwariya fields
- Monetisation of Bhagyam Bio-degradable zone (BDZ), Satellite fields & Tight oil fields
- Infill wells across operating fields to augment reserve base

Objectives for FY 2025

Zinc India

- Securing new tenements for R&R growth
- Target generation through the application of AI & ML along with advanced geophysics
- Enhancement of the mineral resource by 40 million tonnes ore with contained metal of 2 million tonnes and upgrade ore reserves to 42 million tonnes, which will lead to total R&R of 500+ million tonnes with ~35 million tonnes metal
- Addition and upgradation of 68.0 million tonnes of ore (4 million tonnes of metal)

Zinc International

- Execution of 76 km of drilling across greenfield and brownfield projects in RSA and Namibia

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 Mangala Bhagyam and Aishwariya for commercial development

Objectives for FY 2030

Zinc India

- Retain existing mining leases in HZL portfolio while acquiring new potential areas through auction
- Attain R&R metal of ~40 million tonnes in HZL portfolio

Oil & Gas

- Establish diversified R&R portfolio to support the vision of contributing to India's 50% of domestic O&G production

KPIs

- Total R&R in Zinc India and Zinc International
- Total 2P+2C Reserves & Resources in O&G

Risks

R1 R5 R9

S3 Delivering on growth opportunities

We are focussed on growing our operations organically/inorganically 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.

FY 2023 Update

Zinc India

- Total mine development increased by 4% to 110.6 km in FY 2023
- Zawar Mines has achieved highest ever MIC of 165 kt in FY 2023
- Skip handling system upgradation resulting in capacity enhancement by 32% to 110 kt/month
- Rampura Agucha Mines achieved ever highest 534 kt MIC in FY 2023
- Highest-ever mined metal production 1,062 kt in FY 2023
- Highest-ever refined metal production at 1,032 kt in FY 2023
- Highest-ever silver production of 714 tonnes in FY 2023
- Successfully conducted a public hearing at Chanderiya to obtain EC for expansion of CLZS unit
- Increment of 20.5% production through complete cell house revamp at Zinc Smelter Debari (ZSD)
- Pantnagar Metal Plant producing green zinc using 100% renewable energy produced from hydropower
- Waste management through Jarosite utilisation in the cement industry by modification in present circuits

Zinc International

- Significant ramp up in Gamsberg production with 208 kt zinc MIC in FY 2023

Oil & Gas

- Exploration drilling ongoing across basins. Exploration success in Ravva Infill campaign
- Production commenced from Jaya discovery in OALP Cambay region
- Infill drilling in Bhagyam, Aishwariya, Tight Oil (ABH), Tight Gas (RDG), Satellite Field (NI) and Offshore (Ravva & Cambay) to augment reserves and mitigate natural decline
- 38 wells drilled across all assets

Aluminium

- Ramp up of Jharsuguda facility
- Commissioning of new 120 KTPA Billet line
- Operationalisation of Jamkhani coal mine
- Declared preferred bidder for Ghogharpalli coal block & CMDPA executed for Barra coal block
- LoI issued for Sijimali bauxite block

Objectives for FY 2024

Zinc India

- Further ramp-up of underground mines towards their design capacity of 1.2 MTPA
- Combined paste-fill and dry tailing plant at Rajpura Dariba, which will help increase ore production from 1.5 MTPA to 2 MTPA
- 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
- New beneficiation plant to start at RDM to increase treatment capacity from 1.1 MTPA to 1.5 MTPA
- Hydraulic fill plant hook up with Mill 2 at Zawar to expedite filling at Mochia & Balaria mines and improve ore recovery
- New portal commencement at Zawarmala to enhance production up to 2 MTPA
- With supporting MIC flow, smelters are geared to touch approx. 1,050 - 1,075 kt
- Capacity expansion through major overhauling of Roaster-3 and erection of Roaster-6
- Debottlenecking of Debari Cell house and other efficiency improvement initiatives to achieve overall FG production of 1.1 MTPA
- Best-in-class new HZDA production facility (HZAPL) to cater to demand of Indian market

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 21 months
- Skorpion Refinery conversion – awaiting confirmation of power tariff to take the final decision before beginning on-ground execution in FY 2024
- 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 2023

Oil & Gas

- Exploration and appraisal drilling in OALP and PSC blocks to unlock resource potential
- Monetisation of discoveries notified in OALP blocks
- Commence ASP project execution in the Mangala field to monetise reserves
- Infill well projects across producing fields to add reserves and mitigate natural decline

Aluminium

- Commissioning of 3 MTPA alumina refinery
- JSG VAP expansion to 1.6 MTPA and Balco VAP expansion to 1 MTPA. To be completed by Q3 FY 2024
- Operationalise Kuraloi (A) North & operational readiness for Radhikapur West

Objectives for FY 2025

Zinc India
- Ramp-up of underground mines to reach 1.25 MTPA capacity
- Study on alternate access to the portal at RAM
- Commissioning of vertical conveyor at SKM to mine high-grade shaft pillar area
- Transition to one-third BEV deployment at RA & SK Mines
- Completion of Mill 3 at Zawar to increase beneficiation capacity
- Establishment of a new tailing dam at Zawar Mines
- Commissioning of Roaster-6
- Set up 510 KTPA Fertiliser plant in Chanderiya
- Up to 450 MW green energy sourcing in operations

Zinc International
- Full ramp-up of Gamsberg Phase 2 project in FY 2025
- Skorpion Refinery conversion – Completion of conversion project expected by FY 2025
- Gamsberg Smelter planned to treat all zinc concentrate from current operation. Planned first production in FY 2026. First phase planned to produce 300 KTPA

Oil & Gas
- Complete execution of Alkaline Surfactant Polymer (ASP) project at Mangala to deliver incremental volume
- Monetisation of discoveries from OALP, DSF and PSC block
- Commence ASP project execution in the Bhagyam and Aishwariya field to monetise reserves
- Commence shale monetisation
- Establish secondary methods of oil recovery in offshore fields

Aluminium
- BALCO 435 KTPA
- 100% value-added product portfolio
- Operationalisation of Radhikapur West Coal Block
- Start of supplies from Sijimali bauxite block

Objectives for FY 2030

Zinc India
- Ramp-up of underground mines from 1.5 MTPA capacity
- Look for new mining leases
- Advocacy for opening new mining sites
- Addition of one more smelter to take the overall capacity to 1.5 MTPA

Zinc International
- Gergarub mining and concentrator plant planned to be in production by FY 2025, delivering MIC of 100 KTPA
- Gamsberg mining operations from underground to increase throughput from 8 MTPA to 9 MTPA from current processing plants
- Iron Ore Phase 2: Construction of an additional plant to treat 2 MTPA of current tailings storage facility with opportunity to construct a pig iron plant

Oil & Gas
- Commence full field scale ASP project execution in Rajasthan field to monetise reserves
- Continuation of monetisation opportunities across asset portfolio (supported by organic and inorganic strategies)

Aluminium
- Debottleneck Lanjigarh Refinery Capacity from 5 to 6 MTPA
- Increase Jharsuguda capacity to 2 MTPA through debottlenecking & asset reliability projects
- Operationalisation of all requisite coal and bauxite blocks

KPIs
- Volume
- Revenue
- ROCE
- FCF post-capex
- Growth capex

Risks
R2 R9 R12

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 maximise shareholder returns

FY 2023 Update

- Free cash flow (FCF) at US$ 1.6 billion
- Net debt at US$ 12.7 billion
- Net Debt/EBITDA at 2.8x on a consolidated basis

Objectives for FY 2024

- 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 exceptional items)
- Interest cover ratio
- Dividend

Risks

R9 R10 R11 R13

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 focussed on enhancing profitability by optimising our cost and improving realisations through prudent marketing strategies

FY 2023 Update

Zinc India

- Record ore production of 16.7 million tonnes
- Mined metal production of 1,062 kt and refined zinc-lead production of 1,032 kt
- APC commissioned at all the beneficiation plants of RA
- Smelters achieving designed recovery
- Volume enhancement through operations of Pyro plant on Lead-Zinc mode for 7 months
- To mitigate higher coal costs, our CPPs were shut down and power was procured from the grid

Zinc International

- BMM achieved consistent production in FY 2023 (65 kt)
- Gamsberg ramped up significantly with 208 kt production in FY 2023 and several best performances in ore milled tonnes, mill throughput and plant availability
- Skorpion remained under care and maintenance following geotechnical instabilities in the open pit

Oil & Gas

- Average gross operated production of 143 kboepd for FY 2023, down 11% YoY, owing to natural field decline
- Signed 10-year extension up to 2030 for the Rajasthan block Production Sharing Contract (PSC)
- Onboarded 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

- Record aluminium production at 2,291 kt, up 1% YoY
- Highest ever domestic sales at 773 kt, 14% increase over previous best achieved
- Alumina production at Lanjigarh refinery at 1,793 kt, down 9% YoY due to shutdown of calciners
- Alumina COP up by 25% YoY due to increased rates of critical input commodities
- FY 2023 CoP for aluminium at US$2,324 per tonne, up by 25% YoY, due to increase in commodity prices, majorly coal and carbon
- Optimisation of gross working capital

Objectives for FY 2024

Zinc India

- Maintain cost of production between US$1,125 - US$1,175 per tonne through efficient ore hauling, higher volume and grades and higher productivity through ongoing efforts in automation and digitalisation

Zinc International

- Ramp up Gamsberg to design a capacity of 250 KTPA in FY 2024
- BMM debottlenecking plant to achieve 2 million tonnes ore 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
- Stabilise end-to-end Operations and Maintenance (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

- Highest ever production from refinery, start of alumina production from 3 MTPA refinery
- Highest ever aluminium production projected at 2,280-2,350 kt
- Significant reduction in aluminium production COP, unlocking potential in operational & buying efficiency
- Improve raw material security & local materialisation (bauxite & coal)
- Increased focus on asset integrity and optimisation, quality, innovation, and digitalisation through Centre of Excellence

Objectives for FY 2025

Zinc India

- Maintain cost of production at a low level through efficient ore hauling, higher volume and grades and higher productivity through ongoing efforts in automation and digitalisation
- Engineering 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 the use of leading-edge technologies, large-scale AIML (artificial intelligence and machine learning enabled base)
- End-to-end output-based Operations and Maintenance (O&M) model
- Continue to operate at a low cost-base and generate free cash flow post-capex

Aluminium

- Lower hot metal cost of production through increased domestic Alumina & captive coal consumption
- Continued focus on quality, asset reliability and optimisation, digitalisation, innovation, and R&D

Objectives for FY 2030

Zinc India

- Maintain cost of production at below US$1,000 per tonne through efficient ore hauling, higher volume & grades and higher productivity through ongoing efforts in automation and digitalisation
- Elimination of waste generation by gainful utilisation and recycling
- Deploy new innovation and technology for holding benchmark operation

Oil & Gas

- Leverage win-win partnership models for operations through global technology leaders to achieve best-in-class operational efficiencies
- 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 & bauxite security (Captive + Linkage)

KPIs

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

Risks

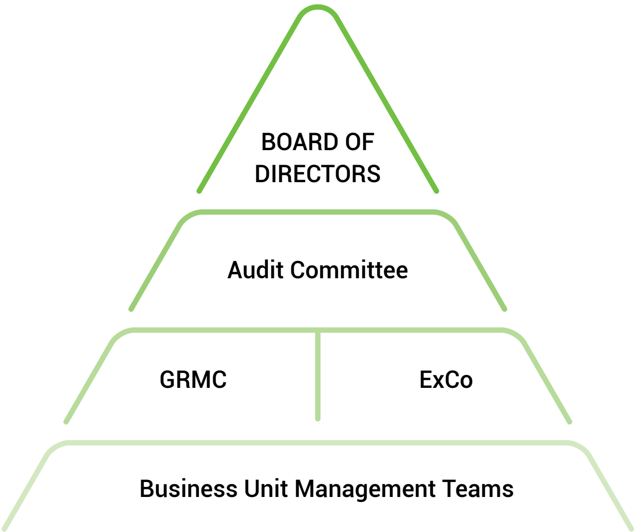
R1 R3 R7 R11

RISK MANAGEMENT

MANAGING RISKS AND OPPORTUNITIES AMIDST A DYNAMIC EXTERNAL ENVIRONMENT

As our operations are spread globally, our businesses are exposed to a variety of risks. Our multi-layered risk management system and robust governance framework help us align our operating controls with the Group's overarching vision and mission. This, in turn, helps us deliver on our strategic objectives.

Risk Governance Framework



Enterprise risk management

For our existing operations and ongoing projects, we identify risks at the individual business-level by way of a consistently applied methodology. We undertake business-level review meetings at least once every quarter to discuss risk management formally. Within the Group, every business division has created and evolved its risk matrix and developed its risk registers. The respective business divisions review the risks, changes in the nature and extent of major risks since the last assessment and control measures, and then decide on further action plans. These risks are then reviewed by the Business Management Committee.

The business management teams also periodically review control measures stated in the risk matrix in order to verify their effectiveness. The CEOs of respective businesses chair these meetings, which are also attended by CXOs, senior management and the functional heads. At the business and Group level, the role of Risk Officers is to create awareness among the senior management on risks and to develop and nurture a risk-management culture within the businesses. An integral part of KRAs and KPIs of process owners is to come up with risk mitigation plans. The governance of the risk management framework is anchored with the leadership teams of individual businesses.

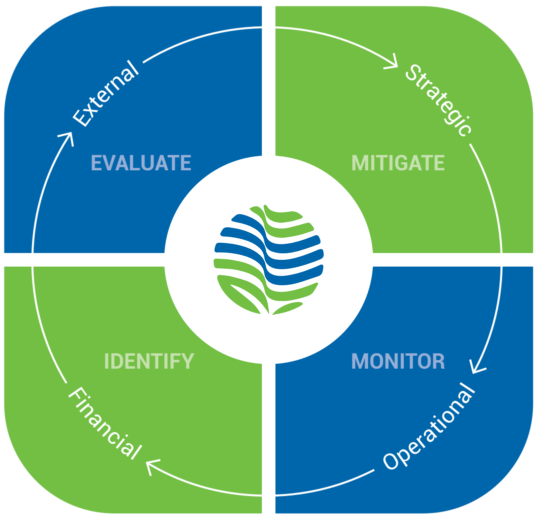
By identifying and assessing changes in risk exposure, reviewing risk-control measures and approving remedial actions, wherever appropriate, the Audit & Risk Management Committee aids the Board in its risk management process. This Committee is supported by the Group Risk Management Committee (GRMC), which helps evaluate the design and operating effectiveness of the risk mitigation programme and control systems. This analysis discusses risks and mitigation measures, reviews the robustness of our framework at an individual business level and maps progress against actions planned for key risks by meeting at least four times annually.

The GRMC, which meets every quarter, discusses key events impacting the risk profile, relevant risks and uncertainties, emerging risks and progress against planned actions. This committee comprises the Group Chief Executive Officer, Group Chief Financial Officer and Director-Management Assurance. The Group Head - Health, Safety, Environment & Sustainability are also invited to attend these meetings.

The risk management framework, which is simple and consistent, provides clarity on managing and reporting risks to the Board. Our management systems, organisational structures, processes, standards and Code of Conduct and ethics together represent our internal control systems. These internal control systems 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 these internal control systems. The Board's responsibility includes a review of the Audit & Risk Management Committee's report on the risk matrix, significant risks, and mitigating actions. A regular review is conducted of any systemic weaknesses identified and addressed by enhanced procedures to strengthen the relevant controls.

Group Risk Management Framework



Risk management is embedded in business-critical activities, functions and processes. This is also critical to deliver on the Group's strategic objectives. The Company's risk management framework is designed to manage, not eliminate, the risk of failure to achieve its business objectives. The framework provides reasonable, (not absolute), assurance against material misstatement or loss. The key considerations of our decision-making are materiality and risk tolerance.

Every manager and business leader is responsible for identifying and managing risks. The key risk governance and oversight committees in the Group are as below:

- The Board is supported by the Committee of Directors (COD), comprising the Vice Chairman and Group CFO, by considering, reviewing and approving the borrowing and investment-related proposals within the overall limits approved by the Board. The CEO, Business CFOs, Group Head Treasury and BU Treasury Heads, based on the agenda, are invited to these committee meetings
- The Audit and Risk Management Committee, along with Sustainability Committee, review sustainability-related risks
- Various group-level ManCom such as Procurement ManCom, Sustainability - HSE ManCom, and CSR ManCom work on identifying specific risks and working out mitigation plans


Control Room at VZI

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

It is this element which 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. Recommending improvements in the control environment and reviewing compliance with our philosophy, policies and procedures are the key responsibilities of MAS.

It is from the risk perspective that the planning of internal audits is approached. Inputs are sought from the senior management, business teams and members of the Audit Committee and reference is made to the risk matrix while preparing the internal audit plan. The past audit experience, financial analysis and prevailing economic and business environment are also referred to in the process.

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

The Company's risk management framework has been formulated to help the organisation meet its objectives. However, there is no guarantee that the Group's risk management activities will mitigate these risks or prevent them, or other risks, from occurring.

With the assistance of the management, the Board conducts periodic and robust assessments of principal risks and uncertainties of the Group, while also testing the financial plans associated with each.

Sustainability Risks

R1 Health, safety and environment (HSE)

Impact: The resources sector is subject to extensive health, safety and environmental laws, regulations and standards. Evolving requirements and stakeholder expectations could result in increased costs or litigation or threaten the viability of operations in extreme cases. Large-scale environmental damage is amongst the top 10 risks, as per the World Economic Forum's Global Risk Report 2023 for the next 2 years, which can lead to global policy changes

Emissions and climate change

Climate change mitigation and adaption failure is ranked amongst the top 10 risks as per World Economic Forum's Global Risk Report 2023 over the next 2 years to 10 years. 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 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

Mitigation

- 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 the key focus areas
- Policies and standards are in place to mitigate and minimise any HSE-related occurrences. Safety standards are issued or continue to be issued to reduce the risk level in high-risk areas. Structured monitoring, a review mechanism and a 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 the 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 practices. 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 the 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 the carbon agenda for the Group to the Executive Committee (ExCo) and Board
- Enhanced focus on renewable power obligations
- The Group companies are actively working on reducing the intensity of GHG emissions in our operations
- A task force team is formulated to assess end-to-end operational requirements for the FGD plant. We continue to engage with various stakeholders on the matter

Decrease in risk profile | Same as last year | Increase in risk profile

R2 Managing relationship with stakeholders

Impact: The continued success of our existing operations and future projects is partly dependent on the broad support and healthy relationships with our local communities. Failure to identify and manage local concerns and expectations can have a negative impact on relations and, therefore, can affect the organisation's reputation and social licence to operate and grow

Mitigation

- Our CSR approach to community programmes are governed by the following key considerations relating to the 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
- A group-level CSR management committee meets every fortnight to review and decide on strategic CSR Planning, its execution and communication
- Business Executive Committee (ExCo) factor in these inputs, and then decide upon the focus areas of CSR and budgets, in alignment with strategic business priorities
- All BUs follow well-laid processes for recording and resolving all community and external grievances as well as standard processes for social investment
- Every business has a dedicated Community Development Manager, who is a part of the BU ExCo. They are supported by dedicated teams of community professionals
- 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 the stakeholder engagement plan at each BU by the CSR and cross-functional teams. Regular social and environmental 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 organic followers and enhance engagement through social media
- CSR communication and engagement with all stakeholders – within and outside communities

R3 Tailings dam stability

Impact: 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 and is a continuous risk. Hence, it receives the highest priority

Mitigation

- The Risk Management Committee included a tailings dam on the Group risk register with a requirement for an annual internal review and a three-yearly external review
- Operation of the tailings dam is executed by suitably experienced personnel within the businesses
- Third party has been engaged to review tailings dam operations, including the improvement opportunities and remedial works required in addition to 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 a 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 parties and will receive ongoing 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 was incorporated into Vedanta Standard during FY 2021

Operational risks

R4 Challenges in Aluminium and Power business

Impact: 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

Mitigation

- Despite the fluctuation in LME along with pressure on cost, best-ever production outcomes have resulted in a sustained performance in the Aluminium sector
- Despite improvement in costs QoQ, along with improved raw material security, alumina refinery expansion from 2 MTPA to 5 MTPA is being pursued
- Tapping of new coal mines and sourcing of bauxite have been beneficial for plant operations
- Continue to pursue new coal linkages to ensure coal security
- Inbound and outbound supply chains 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 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: 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, may change significantly when new information becomes available

Mitigation

- Exploration Executive Committee has been established to develop and implement strategy and review projects group-wide
- Dedicated exploration cell with a continuous focus on enhancing exploration capabilities
- Appropriate organisation and adequate financial allocation in place for the 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 the drilling and exploration programme
- Continue to make applications for new exploration tenements in countries in which we operate under their respective legislative regimes
- Exploration-related systems are being strengthened and standardised across the Group, and new technologies are being utilised wherever appropriate
- International technical experts and agencies are working closely with our exploration teams to enhance our capabilities

Decrease in risk profile | Same as last year | Increase in risk profile

R6 Breaches in IT/cybersecurity

Impact: 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

Mitigation

- 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
- RCM (Risk Control Matrix) and IT General Controls (ITGC) under SOx framework are performed as per defined frequency and effectiveness
- Structured and well-defined cyber security awareness program to cover all classes of stakeholders, including employees and the leadership
- Special focus to strengthen the security landscape of plant technical systems (PTS) through various initiatives
- Adoption of various international standards related to information security, disaster recovery and business continuity management, IT risk management and setting up of 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
- Structured and well-defined cyber security awareness programme in place to cover all classes of stakeholders from employees to leadership and will include Board members too

R7 Loss of assets or profit due to natural calamities

Impact: 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.

Mitigation

- Vedanta has taken an appropriate Group insurance cover to mitigate this risk and an Insurance Council is in place to monitor the adequacy of coverage and status of claims
- An external agency reviews the risk portfolio and adequacy of this cover and assists us in reviewing our insurance portfolio
- We engage underwriters from reputed institutions to underwrite our risk
- Established mechanisms 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 and insurance function
- Continue to focus on capability building within the Group

R8 Cairn-related challenges

Impact: Cairn India has 70% participating interest in Rajasthan Block, the production sharing contract (PSC) of which was valid 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 with what was envisaged may impact profitability

Mitigation

- Rajasthan PSC extension for 10 years from 15 May 2020 to 14 May 2030 has been executed by the parties to the PSC on 27 October 2022
- The applicability of the Pre-NELP Extension Policy to the RJ Block is currently sub judice
- Focussed efforts on managing production decline through:
  - Infill wells across producing fields
  - Enhanced recovery projects in key producing fields
  - Exploration drilling across the portfolio to add resources
- Project Management Committee and Project Operating Committee were set up to provide support to the outsourcing partner and address issues on time to enable better quality control and timely execution of growth projects

Compliance risks

R9 Regulatory and legal risk

Impact: 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/or restrictions such as the imposition or increase in royalties or taxation rates, export duty, impact on mining rights/bans, and changes in legislation.

Mitigation

- 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 through 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
- A competent in-house legal organisation is in place at all the businesses; these legal teams have been strengthened with the induction of senior legal professionals across all Group companies
- SOPs implemented across our businesses for compliance monitoring
- Greater focus on timely closure of key non-compliances
- Contract management framework was strengthened with the issue of boilerplate clauses across the Group, which will form a 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

Decrease in risk profile | Same as last year | Increase in risk profile

R10 Tax related matters

Impact: Our businesses are in a tax regime and changes in any tax structure, or any tax-related litigation may impact our profitability.

Mitigation

- 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 opinions from reputable tax consulting firms on major tax matters to mitigate tax risks on the Group and its subsidiaries
- Strengthened governance in foreign subsidiaries

Financial risks

R11 Price (metal, oil, ore, power, others), currency and interest rate volatility

Impact: 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.

Mitigation

- 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 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
- Any sharp movements in commodity prices are discussed at the Group commercial and marketing Mancoms and suitable actions are discussed, deliberated and implemented

R12 Major project delivery

Impact: Shortfall in the achievement of stated objectives of expansion projects, leading to challenges in achieving stated business milestones – existing and new growth projects.

Mitigation

- Project management organisation cell set up at a Group level with the objective of monitoring growth project progress, extracting useful insights through market research, leveraging data analytics and benchmarking with best-in-class 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 were 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. Digitisation 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 the safety and quality of services/design/actual physical work
- Use of a reputed international agency for Geotech modelling and technical support, wherever required

R13 Access to capital

Impact: The Group may be unable 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 operations in any business, affecting revenue and free cash flow generation, may cause stress on the Company's ability to raise financing at competitive terms.

Mitigation

- Focussed team continues to work on proactive refinancing initiatives with an objective to contain cost and extend tenure
- 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
- CRISIL and India ratings maintained ratings at "AA" with the outlook revised to negative from stable

Decrease in risk profile Same as last year Increase in risk profile

STAKEHOLDER ENGAGEMENT

EFFECTIVE ENGAGEMENT AND BUILDING STAKEHOLDER TRUST

At Vedanta, we ensure constructive stakeholder engagement across multiple industries and geographies. This builds successful, long-lasting relationships by identifying and addressing material problems that help us to anticipate emerging risks, opportunities and challenges that reinforce our competitiveness for long-term value creation.

The table below sets out how we engaged with our stakeholders during the year to address their concerns and meet their expectations.

Stakeholder	Key Expectations	How We Engage	Initiatives in FY 2023	Value Created
Local Community	• Undertaking need-based community infrastructure projects • Increasing reach of community development programmes • Provision of jobs & other means of livelihood • Improving grievance mechanism	The Group has established a comprehensive social framework as a key to engaging with local communities. The Social Performance Steering Committee (SPSCs) employs a cross-functional approach to community engagement through community group meetings and village council meetings Community needs/social impact assessments are developed to undertake need-based community projects. We are increasing our community outreach via public hearings, grievance mechanisms and cultural events. Vedanta Foundation supports community engagement by supporting them philanthropically	• Completed baseline, need, impact and SWOT assessments in all BUs • Community grievance process followed at all operations	**US$56.6 million** of CSR investment **~44 million** community members benefited
Employees	• Safe workplace • Improved training on safety • Increased opportunities for career growth • Increasing the gender diversity of the workforce	The Group undertakes employee performance management and employee feedback as the primary mode of engaging with employees. We follow a multi-dimensional approach to career and leadership development through V-Lead and ACT-UP programmes Chairman's workshops, Chairman's/CEO's townhall meetings and plant-level meetings are organised periodically to improve performance on material issues pertinent to Vedanta Event management committee and welfare committee to assist in the training, organisation and supervision of employee engagement initiatives	• Identification of top talent and future leaders through workshops • Recruitment of global talent through hiring from top global universities • Strengthening gender and regional diversity with V-Lead and V-Engage respectively • Dedicated hiring drive for women	**2.11 million man-hours** of safety training **>30%** of all new hires are women

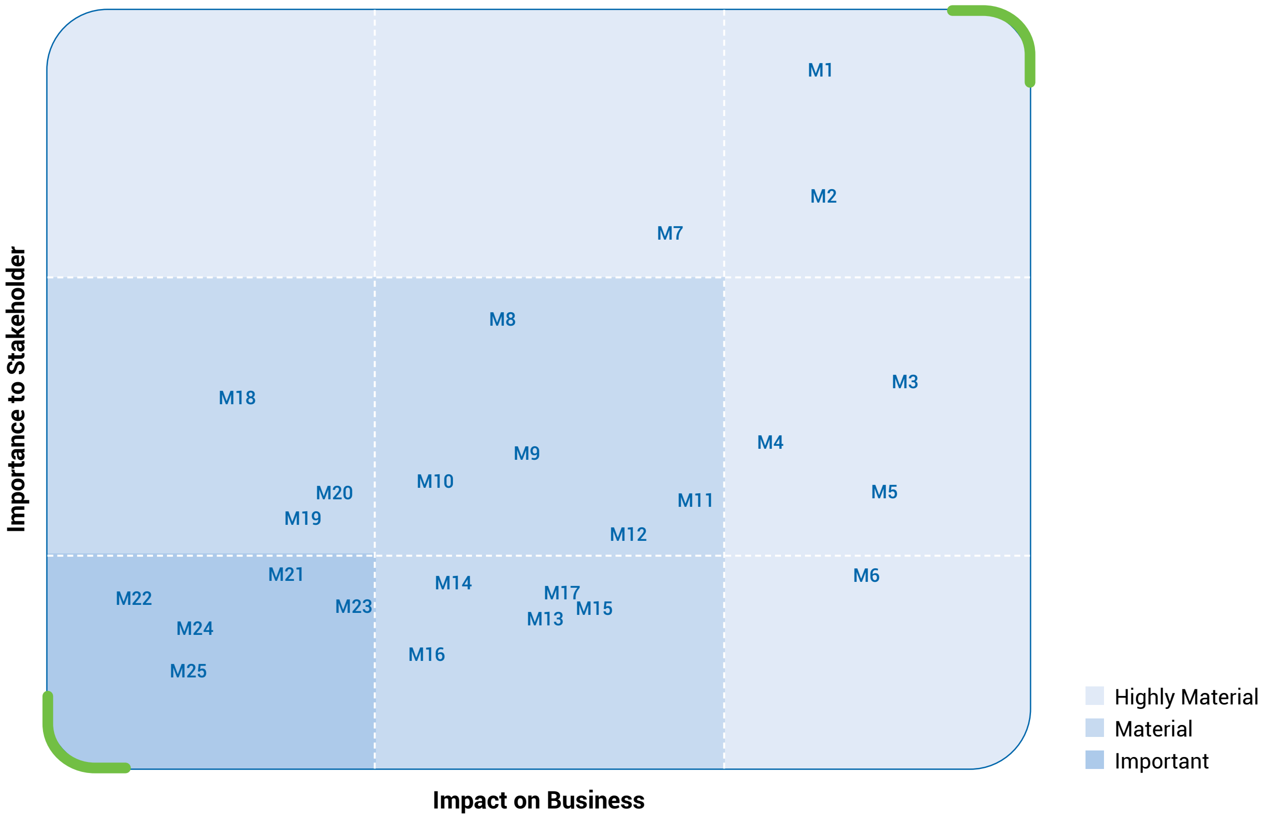
Stakeholder	Key Expectations	How We Engage	Initiatives in FY 2023	Value Created
Shareholders, Investors, & Lenders	• Consistent disclosure of economic, social, and environmental performance	The Group has an active investor relations team that consistently provides disclosures on economic, social and environmental performance. The team provides regular updates to stakeholders through investor meetings, site visits, conferences and quarterly result calls The Company organises annual general meetings to engage with our key financial audience i.e., shareholders, investors & lenders. For stakeholders to raise their concerns, a dedicated contact channel has been assigned – ir@vedanta.co.in and esg@vedanta.co.in	• Sustainability assurance audits conducted through Vedanta Sustainability Assurance Programme (VSAP) • Bi-weekly investor briefings and proactive engagement with the investor community on ESG topics	
Civil Society	• Expectations of being aligned with the global sustainability agenda • Compliance with Human Rights	The Group has implemented multi-stakeholder initiatives and partnerships with international organisations to align with the expectations of the global sustainability agenda. Any key concerns or trends from engagements with international, national and local NGOs are reported to the relevant community of practice. Conferences and workshops are conducted as needed	• Membership of international organisations including the United Nations Global Compact (UNGC), The Energy and Resources Institute (TERI), Confederation of Indian Industry (CII), The World Business Council for Sustainable Development (WBCSD), and Indian Biodiversity Business Initiative (IBBI) • Alignment with Sustainable Development Goals • Compliance with the Modern Slavery Act	**3,80,320** Total beneficiaries through sports **5,400** No. of people trained through our skill training programmes
Industry (Suppliers, Customers, Peers, Media)	• Consistent implementation of the code of business conduct & ethics • Ensuring contractual integrity, data privacy	The Group ensures consistent implementation of the code of business conduct via in-person visits to customers, suppliers and vendors. To ascertain contractual integrity, a vendor scorecard is maintained. We strive to improve the overall customer experience through continual customer satisfaction surveys and meetings	• Active hotline service and email ID to receive whistle-blower complaints • Vendor meets to understand vendors and supplier's issues	**US$ 4.4 billion** Local Procurement
Governments	• Compliance with laws • Contributing towards the economic development of the nation	Engagement with regulatory bodies includes participation in government consultation programmes. The Group engages with - national, state, and regional - government bodies at the business and operational levels both directly and through industrial associations	• Partnership with UP government to eradicate state's malnutrition by 2024 • Partnership with Rajasthan government to modernise 25,000 anganwadis	**US$ 9.4 billion** paid to the exchequer

MATERIALITY

IDENTIFYING MATTERS MOST RELEVANT

To gain insight into challenges, perceptions, expectations and interests in a dynamic social landscape, Vedanta prioritises conducting materiality exercises through effective stakeholder engagement that ultimately helps to shape our sustainability strategy. For this financial year, we undertook a detailed engagement exercise to identify new material issues that involve various ESG KPIs under Vedanta's three pillars and nine aims.

Materiality matrix



Highly material issues

- **M1** Community Engagement & Development
- **M2** Water Management
- **M3** Health, Safety & Wellbeing
- **M4** Business Ethics & Corporate Governance
- **M5** Climate Change & Decarbonisation
- **M6** Diversity & Inclusion
- **M7** Air Emission & Quality

Material issues

- **M8** Biodiversity & Ecosystems
- **M9** Waste Management
- **M10** Labour Practices
- **M11** Long Term Growth & Profitability
- **M12** Innovation & R&D
- **M13** Tailings Management
- **M14** Responsible Advocacy
- **M15** Talent Attraction & Retention
- **M16** Learning & Development
- **M17** Sustainable and Inclusive Supply Chain
- **M18** Indigenous People & Cultural Heritage
- **M19** Land Acquisition, Rehabilitation & Closure
- **M20** Human Rights

Important issues

- **M21** Data Privacy & Cyber Security
- **M22** Pandemic Response & Preparedness
- **M23** Material Management & Circularity
- **M24** Product Stewardship
- **M25** Macro-economic & Geopolitical Context

Sr. No.	High Priority Issues	Key KPI's	FY 2023 Performance	Targets/Initiatives for FY 2024	SDG Alignment
1	**Community Engagement and Development**	• Total community spend • Total outreach • Nand Ghars in operations	• US$ 56.5 million • Outreach - ~44 million total beneficiaries • Nand Ghars - 4,533	• Outreach to 5.5 million direct beneficiaries • Nand Ghars - >9,000	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
2	**Water Management**	• Recycling % • Freshwater reduction • Water positivity ratio	• Water recycling at 29.4% • 11.7% YoY reduction in fresh water consumption • 4 sites water positive • Water positivity ratio - 0.62	• Water positivity ratio - 0.7	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION
3	**Health, Safety and Well-Being**	• Zero fatalities • TRIFR • LTIFR • CAPA compliance target	• 13 fatalities • TRIFR = 1.20 • LTIFR = 0.52 • CAPA compliance 91%	• Zero fatalities • TRIFR - 0.76	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
4	**Business Ethics and Corporate Governance**	• Zero issues related to corporate governance • Transparent disclosures	• Zero issues related to corporate governance • Transparent disclosures done through Sustainability, TCFD, IR, and BRSR reports	• No major issues in corporate governance • Include TNFD in the disclosures list	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
5	**Climate Change and Decarbonisation**	• GHG emissions • RE power in operations • Biomass usage	• GHG emissions 65.7 million tCO_2e • RE PDAs in place - 788 MW RE RTC • 78,000 tonnes of Biomass	• RE RTC - >1,000 MW RE RTC • Biomass usage - ~1,25,000 tonnes	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
6	**Diversity and Inclusion**	• Women employees in organisation • Women employees in leadership positions	• 14.0% • 9.1%	• 18% • 16%	5 GENDER EQUALITY
7	**Air Emissions and Quality**	• SOx emissions • NOx emissions • SPM	• All operations conforming to statutory limits for SOx & NOx • HZL has introduced Battery Electric Vehicles in underground mining which will help to reduce SPM and other emissions • VAL J is operating the largest fleet of electric forklifts which has helped reduce diesel consumption	• Maintain all operations below statutory limits of air emissions • Increase deployment of EVs at site • FGD installation at VAL-L new power units	3 GOOD HEALTH AND WELL-BEING 13 CLIMATE ACTION

OPERATIONALISING ESG WITHIN VEDANTA

TRANSFORMING FOR GOOD

"Transforming for Good" encapsulates our ambition to embed ESG-thinking into every business decision we make. As our business continues to grow and create impact, we take on the role of global partners and align our vision to the UN's Sustainable Development Goals (UN SDGs) by addressing challenges such as the climate crisis, water stress, biodiversity loss, equity, inclusion, human rights, and social development.

Our three sustainability-focussed pillars are depicted in the diagram below. There are nine goals listed under these three pillars that attest to our dedication to minimising harm. With the help of our ESG approach, the Company is able to meet the demands of its important stakeholders in the areas of climate change, human rights, secure working conditions, environmental stewardship, diversity and inclusion, and sound governance. It builds upon the strong foundation of world-class policies and standards that the Company has built over the last decade.

ESG Governance:

At Vedanta, the ESG Board Committee is the top decision-making body for all ESG matters. Together with our Group Sustainability and ESG function, it is responsible for implementing, promoting, and monitoring initiatives under our 'Transforming for Good' agenda.

To ensure effective oversight and timely implementation of ESG initiatives, we have established dedicated forums at all levels of management and ESG-themed communities at each Business Unit (BU) and Strategic Business Unit (SBU). These communities are responsible for owning specific ESG Key Performance Indicators (KPIs) and driving their successful implementation.

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 the 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

** As per UNFCCC, net-carbon neutrality refers to the idea of achieving net zero greenhouse gas emissions by balancing those emissions, thus, they are equal (or less than) the emissions that get removed through the planet's natural absorption*

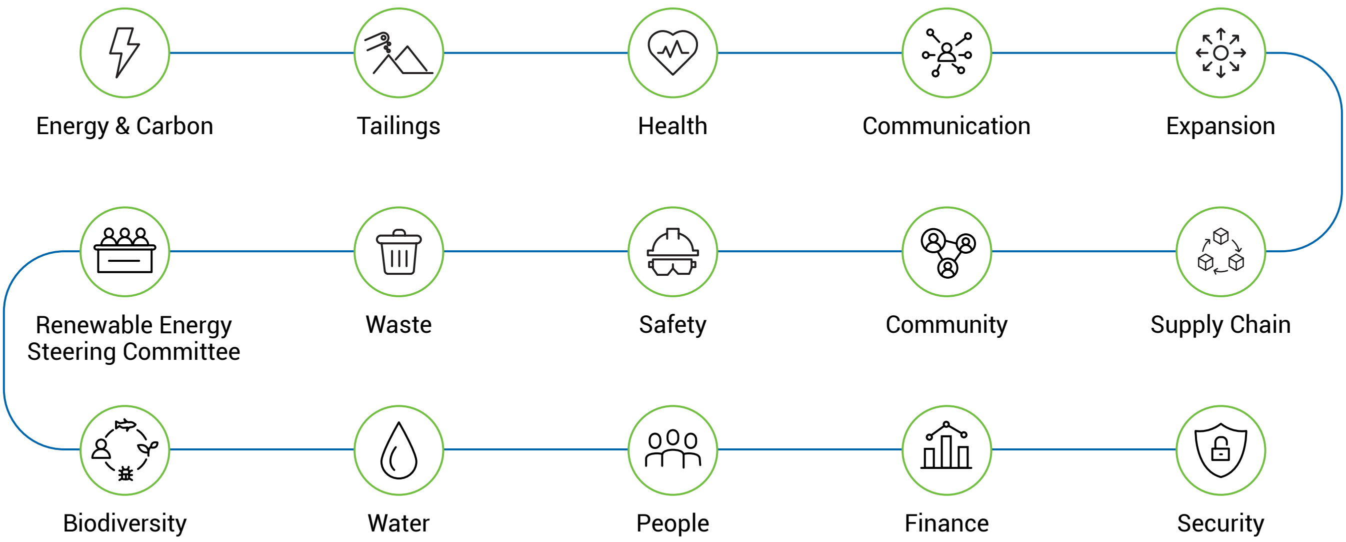
ESG GOVERNANCE AT VEDANTA

Board of Directors
↓
Board ESG Committee
↓
ESG Board Sub-Committee
↓

Group ESG ExCo (Part of Group ExCo)	ESG Management Committee	Corporate Transformation Office (TO)	Transformation Office - BU & Functional	Communities of Practice (CoPs)
Monthly forum with Group ExCo to update on overall ESG progress (overall MIS and updates)	**Fortnightly meeting to oversee** Programme update (9 aims - Corp & BU targets against actual) Key decisions (strategic direction, cross-functional support)	**Weekly TO meeting with GCEO** to drive and accelerate the high impact project implementation	**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	**15 CoPs, overall CoP leaders, 250+ Community members** identified across all BUs/SBUs to drive agenda within communities

We have 15 Communities of Practice, led by senior, experienced professionals within the organisation, to drive specific ESG KPIs. This robust ESG management approach will ensure that our commitment to sustainability is fully integrated into our business practices and that we continue to transform for good.

Communities of Practice at Vedanta



While Communities of Practice, drive implementation of our ESG aims across BUs and functions, their progress is governed by the ESG ManCom and the Board-level ESG sub-committee.

ESG Advisory Committee

The Company benefits from the advice of external ESG advisers, who have been on-boarded to assist decision-making bodies such as the ESG ManCom. These senior advisers have led ESG functions across the world at leading metals and mining operations and have extensive global experience in dealing with ESG issues. These include ESG governance, social stakeholder management and the adaptation of global best practices such as the International Council on Mining and Metals (ICMM) and the Voluntary Principles on Security and Human Rights (VPSHR), among others.

The ESG advisers provide valuable insights and inputs at the highest decision-making level. Their expertise and guidance ensure that our ESG initiatives are aligned with global best practices, enabling meaningful progress towards our sustainability goals.

Capacity Building of Senior Management on ESG

Leadership commitment and people are key enablers of ESG. We have successfully completed a basic ESG training programme, Sustainability 101, for our top 100 senior managers. It has now been extended to the rest of the organisation via the online mode. The programme, designed to provide a better understanding of ESG-related issues, challenges, opportunities, and their relevance to our business, will help increase sensitivity and awareness amongst employees in working towards our ESG goals. The training will help our leaders and employees make more informed decisions and drive our sustainability agenda forward. We remain committed to investing in our employees and building a culture of sustainability within our organisation.

Robust Model to Drive ESG Actions

To ensure standard implementation of sustainability practices across all our businesses, Vedanta introduced the "Vedanta Sustainability Framework" (VSF) in 2011. The VSF is supported by an annual audit program called the "Vedanta Sustainability Assurance Program" (VSAP). Collectively, VSF and VSAP have helped establish the foundation for the implementation of sustainability practices across the Group companies.

Management Team at BALCO

Vedanta Sustainability Framework (VSF)

- Aligned with ICMM, International Finance Corporation (IFC), and UNGC
- Encompasses 9 Vedanta Sustainability Policies, 92 standards (for safety, technical, tailings dams, environmental performance, social performance and management) and guidance notes for various ESG and HSE-related issues

Vedanta Sustainability Assurance Framework (VSAP)

- Annual VSAP audit across all business locations to ensure VSF compliance, making it critical for measuring and improving sustainability performance
- VSAP results reviewed by top management, and relevant actions taken to improve processes
- 15% of executives' total variable pay linked to business' VSAP score (70 or higher), to incentivise compliance and sustainability
- VSAP scores are discussed at Board meetings, with inputs from Board ESG Committee, to ensure that sustainability remains a priority for Board and executive leadership

Reinforcing VSF

In FY 2023, we have initiated updating our standards and rationalising them to better reflect our ESG vision. New standards are being added to address emerging sustainability challenges, for meeting or exceeding global best practices. It will facilitate decision-making and execution, besides ensuring that sustainability remains at the core of our operations.

ESG Scorecard

As part of our ongoing commitment to 'Transforming for Good' by transforming the planet, communities and workplace, we have developed an ESG scorecard to track our progress towards our aims and targets. This helps us monitor our performance and take corrective action where necessary.

Transforming Communities

Aim 1 Responsible business decisions based on community welfare

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Impact Management	Zero social incidents category 4 and above			Community Development	8.3
Transparency & Trust	Signatories and participants in VPSHR		Security CoP was formed and initial work started		
	Set up an external SP advisory body		External ESG advisory body with two global experts		
	Annual human rights assessment across all the businesses				

Aim 2 Empowering over 2.5 million families with enhanced skillsets

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Skilling (Number of families to be impacted through skill development and training)	1.5 million	2.5 million families	0.6 million families skilled	Community Development	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	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Nand Ghar (Number of Nand Ghars to be completed)	29,000	29,000	4,533+ Nand Ghars built till 31 March 2023	Community Development	2.1, 2.2, 4.1, 4.2 2.3, 2.4, 4.4, 8.3
Education, Nutrition, Healthcare and Welfare (No. of women and children to be uplifted by Nand Ghar initiatives)	48 million	-	11.74 million women and children uplifted		

Transforming Planet

Aim 4 Reduction in carbon emission intensity by 25% by 2030, and net-carbon neutrality by 2050 or sooner

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Absolute GHG emissions (% reduction from FY 2021 baseline)	-	25%	9% higher than FY 2021 baseline	Climate change and decarbonisation	7.2, 12.2, 13.2
GHG Emissions Intensity (% reduction from FY 2021 baseline)	20%	-	6.24 tCO_2e/tonne of Metal vs 6.45 tCO_2e for FY 2021 (base year)		
Renewable Energy	500 MW RE RTC or equivalent	2.5 GW of RE RTC or equivalent	230 MW RTC or equivalent		
LMV Decarbonisation (% LMVs)	50%	100%	Biodiesel trials with 30% blend at Balco, VAL- J		
Capital Allocation for transition to net zero	-	US$5 billion			
Hydrogen as fuel	-	Commitment to accelerate the adoption of hydrogen as a fuel and seek to diversify into H2 fuel or related businesses	No work was undertaken in this area in FY 2023		

Aim 5 Achieving net water positivity by 2030

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Net Water Positivity	-	Net water positivity	Water positivity ratio: 0.62	Water management	6.3, 6.4, 6.5, 6.b
Freshwater consumption (% reduction from FY 2021 baseline)	15%	-	12.1% from FY21 baseline		
Water Related Incidents	Zero category 4 and 5 incidents related to water		Zero		
Water Recycling (%)	33%	-	29.4%		

Aim 6 Innovations for greener business model

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Fly ash (utilisation)	Sustain 100% utilisation		204%	Solid Waste Management	12.5
Legacy Fly ash	-	Zero legacy ash	44.42 million tonnes		
Waste Utilisation (High volume, low toxicity)	100%	100%			
Tailings dam audit and findings closure	All tailing facilities were audited, and actions were closed with real-time monitoring	-	Site assessment completed 60% closure of findings of stage 1 study	Tailings Dam Management	
Biodiversity Risk	Review of site biodiversity risk across all our locations	-	Baseline studies to determine biodiversity risk completed	Biodiversity	15.1, 15.2, 15.9
Biodiversity	Determine the feasibility for commitment to No-Net-Loss or Net-Positive-Impact (NNL/NPI) targets	Roadmap to achieve No-Net-Loss or Net-Positive-Impact in place	Target for NNL/NPI to set by 1QFY 2024		

Transforming Workplace

Aim 7 Prioritising the safety and health for all employees

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Fatalities (No.)	Zero		13	Health and Safety	8.8
Lost Time Injury Frequency Rate (LTIFR)	10% reduction (year-on-year)		0.52		
Total Recordable Injury Frequency Rate (TRIFR)	0.98 (30% reduction from FY 2021 baseline)	0.8 TRIFR per million man hours	1.20		
Occupational Health Management Systems	Health performance standards implemented and part of VSAP	-	In progress		
Exposure Monitoring	Employee and community exposure monitoring to be completed	-	To be undertaken		
Exposure Prevention	-	No employee exposure to red zone areas	In progress		
Employee Well-being	Mental health programme in place for all employees	-	100% completed		
	100% of eligible employees to undergo periodic medical examinations				

Aim 8 Promote gender parity, diversity and inclusivity

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Gender diversity (% women in the FTE workforce)	Equal Opportunity for everyone	20%	14.0%	Diversity and Equal Opportunity	5.1, 5.5, 5.c
Gender diversity (% women in leadership roles in FTE workforce)	-	40%	9.1%		
Gender diversity (% women in decision-making bodies in FTE workforce)	-	30%	28.34%		
Gender diversity (% women in technical leader/shop floor roles in FTE workforce)	-	10%	13%		

(FTE denotes full-time employees)

Aim 9 Adhere to global business standards of corporate governance

Key performance indicators	FY 2025 Goals	FY 2030 Goals	FY 2023 performance	Material matters	UN SDGs
Safety Programme for Business Partners	Rubaru is to be introduced at all Business Units across Vedanta	TRIFR - 1.04	Critical risk management programme rolled at all BU sites	Supply Chain Sustainability	8.7
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	Commercial CoP is constituted to address supplier chain-related ESG issues (including GHG emissions)		
Training on Code of Conduct	Continue to cover 100% of employees				
% Independent Directors on Board	50% Independent Directors on Board as per SEBI requirements				
% gender diversity on the Board	25%				

TRANSFORMING COMMUNITIES

Communities give us the licence to operate and therefore are a top priority in our efforts to strengthen our bonds and gain their trust and support. We continually engage with the surrounding communities to respond to their needs, adapt our actions to the evolving landscape and ensure stringent adoption of globally-recognised human rights principles. Our community engagements, which include our CSR programs, are designed to bring positive change into the lives of the local communities, including scalable socio-economic development.

Social Governance at Vedanta

Our social governance structure is founded on a social framework that includes management and technical standards and guidelines that are an integral part of the Vedanta Sustainability Framework (VSF). This social ethos is aligned with the International Finance Corporation (IFC) performance standards and based on industry best practices from organisations such as the International Council on Mining and Metals (ICMM).

To ensure the effective implementation of our CSR initiatives, we have established a CSR Council, consisting of senior business leaders, CSR Heads and CSR Executives from all our business units. The Council meets monthly to discuss and make decisions on important matters related to CSR. The CSR Council is accountable to our Board CSR Committee, which approves the CSR budget, plans and reviews progress

Empowering Communities with Focussed Action

At Vedanta, we have identified focussed community development areas, where we undertake dedicated efforts to drive holistic and scalable development. In FY 2023, we spent US$ 56.6 million on various community programmes benefiting ~44 million people. In the last five years, we have spent more than ₹1,750 crore on community development actions. Further, we participate in initiatives of national importance such as disaster mitigation, rescue, relief and rehabilitation. Since the last three years of the COVID-19-triggered emergency, we have been undertaking efforts to protect our employees and communities under the Vedanta Cares programme.

Vedanta CSR impact in FY 2023

8 focussed-areas one mission – transforming communities

Healthcare
2.70 million people benefited
33 initiatives

Drinking Water & Sanitation
0.62 million people benefited
17 initiatives

Community Infrastructure
0.63 million people benefited
15 initiatives

Sports & Culture
0.36 million sports persons and culture enthusiasts benefited
13 initiatives

Livelihood
0.1 million people benefited
11 initiatives

Women's Empowerment
44,503 women benefited
7 initiatives

Environmental Protection & Restoration
0.42 million people benefited
3 initiatives

Children's Well-Being & Education
38.7 million children benefited
28 initiatives

Making Community Welfare a Priority

Aim 1: Keep community welfare at the core of business decisions	**Governance:** Site-based Social Performance Steering Committees	**Review Frequency:** Determined by site-teams	**SDG impacted:**

Social Performance and Social Licence to Operate:

At Vedanta, we are building systems that will help build trust with local communities and thereby enhance our social licence to operate. Our processes are meant to regularly engage with community members and ensure that they are consulted/made aware of aspects of corporate performance that may impact their lives.

Under the aegis of "Social Performance", we have constituted "Social Performance Steering Committees" (SPSCs) across all our sites. The SPSCs have been created to ensure that site management has comprehensive visibility to all community expectations and concerns and respond in a co-ordinated manner that helps build community trust.

Communities near Lanjigarh Refinery

All sites have grievance mechanism cells and well-laid-down procedures to handle community grievances transparently and in a timely manner.
The SPSCs also help ensure that:

i. All social incidents are investigated and closed in a systematic manner

ii. The site takes mitigative and pre-emptive action on any operational elements that may cause harm to the community

iii. There are strategies in place to ensure local procurement and local employment

iv. There is a coordinated stakeholder engagement strategy that involves the relevant internal teams such as CSR, External Affairs, and Security among others

v. All social incidents are investigated and closed in a systematic manner

To further enhance our performance and governance on security matters, we have established a security Community of Practice (CoP). This CoP has been tasked to implement the recommendations of the Voluntary Principles on Security and Human Rights (VPSHR), which are recognised as global best practices for managing private and public security forces.

Highlights for FY 2023:

- Local procurement[1] improved to 40% from 35% YoY
- Social Performance pilot project completed at VAL-Lanjigarh
- Completion of a human rights self-assessment across all BUs
- Programs being developed to hire women into the workforce from local and neighbouring communities

Note 1: Procurement done within/from the same State of operations

Enabling Brighter Futures and Quality of Life

Aim 2: Empowering over 2.5 million families with enhanced skillsets

Governance: Community of Practice (CoP)

Review Frequency: Monthly

SDG impacted:

We aim to improve the earning potential and quality of life of families within the communities near our plants and areas of operations through various skill-building and social interventions. We are committed to upskilling and empowering youths to obtain jobs through our skill centres. We assist farmers in improving agricultural practices for enhancing crop yield and quality and also to earn a second income through animal husbandry-related interventions. Additionally, we support more than 69,000 youth sports persons across Rajasthan, Goa, Odisha and Jharkhand with our sport-related works. This ensures them a better future while bringing laurels to their community, state and country.

Highlights for FY 2023:

- Micro-Enterprise Development Programme at HZL – (2 brands | 14 production units | 200+ products | 382 women employed | US$ 0.3 million turnover)
- 4,533 Nand Ghars completed
- TSPL: ~2,000 farmer beneficiaries and ~2,000 women beneficiaries under Project Navidisha and Project Tara respectively

Case study

BALCO Creates Pathway to Prosperity

Problem statement –

Limited job opportunities for youth and women around the Balco area.

Solution

Vedanta Skills School has been at the forefront of bringing change by imparting skills-based education to women, youth and dropout students in the Balco vicinity. Vedanta Skill School is a premium institute of BALCO Vocational Skill Centre, which imparts training in six different trades along with residential facilities besides providing placement in a reputed institute. This project is aligned with UN SDG 8.

Impact

765 people skilled and successfully employed in FY 2023.

Ensuring Transformational Change with Holistic Development

Aim 3: Lives of over 100 million women and children uplifted through Education, Nutrition, Healthcare and Welfare

Governance: Community of Practice (CoP)

Review Frequency: Monthly

SDG impacted:

We collaborate with several NGOs to run programmes for enabling healthcare, education, nutrition, economic empowerment and digital governance for the local communities. Our flagship project, Nand Ghar, is an important pillar of this work. Currently, we have established 4,533 Nand Ghars that cater to 3.2 lakh women and children annually. Our target is to continue with these programmes and achieve breadth and depth of reach.

Highlights for FY 2023:

- Launch of Nutribar: A millet-based supplement to eradicate malnourishment in six months
- Sesa Technical School: 67 students in the second year of the vocational training course have completed their final year and passed out with a 100% placement rate

TRANSFORMING THE PLANET

At Vedanta, we recognise our crucial role in addressing climate change and enabling a better and safer tomorrow. We are continually improving our practices to ensure that our operations and supply chain are more sustainable thereby setting benchmarks with pioneering initiatives around decarbonisation, circular economy, water positivity and increasingly efficient processes.

Building a Climate-Resilient Future

Aim 4: Net-carbon neutrality by 2050 or sooner

Governance: Energy & Carbon CoP, Biomass Working Group

Review Frequency: Monthly

SDG impacted:

In FY 2022, Vedanta committed to decarbonise its operations and achieve net-carbon neutrality (net-zero carbon for Scope 1 & Scope 2 GHG emissions) by 2050 or sooner. Our GHG reduction strategy consists of four-levers, (i) Increasing the share of renewable energy, (ii) Switching to low-carbon or zero-carbon fuels, (iii) Improve the energy efficiency of our operations, and (iv) Offsetting residual emissions. In FY 2023, we have made progress in levers (i) – (iii). We only plan to purchase carbon offsets if we are unable to reduce our GHG emissions to target levels in 2030 and subsequently in 2050.

Our GHG reduction roadmap consists of 4 stages:

In stage 1 (FY 2021-FY 2025), we plan to reduce to GHG intensity (tCO_2e/tonne) of our metals businesses by 20% by FY 2025 (from a FY 2021) baseline.

In stage 2 (FY 2021-FY 2030), we will deploy the renewable energy capacity to ensure that we will have 2.5 GW of Round-the-Clock renewable power by 2030.

In stage 3 (FY 2026-FY 2030), we anticipate a reduction in our absolute GHG emissions in line with our target to reduce our absolute GHG emissions by 25% by FY 2030 (from a FY 2021 baseline).

In stage 4 (beyond 2030), we aim to deploy emerging technologies at scale and expand our renewable energy capacities to become a net-zero carbon business by 2050.

Note: Due to significant capacity expansion projects underway, we anticipate that our energy consumption will increase, thus peaking our greenhouse gas (GHG) emissions around FY 2026-27.

In FY 2023, we initiated multiple measures to help achieve our mid-term targets. Over the past two years, our efforts have resulted in avoided emissions of 4.17 million tCO_2e based on the FY 2021 baseline and 14.62 million tCO_2e based on the initial FY 2012 baseline.

Key Highlights, FY 2023

Lever 1: Increasing Renewable energy

By the end of FY 2023, Vedanta has signed 788 MW (RTC) renewable energy (RE) power delivery agreements (PDAs). Implementation of these PDAs will result in RE power consumption in operations increasing to ~ 6,900 million units, thereby avoiding 6.6 million tCO_2e in the atmosphere per year. With this, we shall meet 32% of our RE target of using 2,500 MW of RE RTC (eq.) power by 2030. An RE Steering Committee has been set up to coordinate efforts between different business entities.

Lever 2: Switch to low-carbon/zero-carbon fuels

Transitioning from coal to biomass is the mainstay of our fuel switch strategy. Our goal is to substitute 5% of the coal used in thermal power plants with biomass, a net zero-carbon fuel. In FY 2023, we used ~78,000 tonnes of biomass in our operations, a ~4x increase over FY 2022 levels (18,000 tonnes), resulting in a 0.2% coal switch. The biomass working group is creating a 3-year roadmap to use 5% biomass in operations.

We have also made positive progress on reducing emissions from LMV and mining fleet, through electrification and other measures. HZL and ESL have initiated the use of electric vehicles. HZL has launched the first battery-powered electric underground vehicle and LNG-powered 55-tonne heavy-duty trucks. A large electric forklift fleet of 27 is operating at our Jharsuguda location. Biofuel trials have started at BALCO and VAL-Jharsuguda and planning is underway to start trials at Sterlite Copper and Sesa Value-Added Business (VAB).

Lever 3: Improving the energy and process efficiency of our operations

Our commitment to the plan drives our efforts towards energy efficiency and process improvement, which are areas of keen focus. In the pursuit of these goals, we have undertaken some major projects in the aluminium sector that are expected to boost our efficiency levels. Some of these projects include:

- 100% Graphitisation with copper inserted collected bar (potential 1 million tCO_2e/year)
- Vedanta pot controller implementation (potential 0.2 million tCO_2e)
- Commissioning of TRT and BPRT at ESL (potential 82,000 tCO_2e/year)
- Natural gas usage at Lanjigarh Alumina Refinery (potential 1,20,000 tCO_2e/year)

While these are projects under progress, there are some major energy efficiency projects we have completed at our sites:

- R&M of 1 unit of 600 MW at VAL Jharsuguda (3,70,000 tCO_2e/year)
- VAL Lanjigarh Evaporation - 1 Calendria 1 and 2 tubes replacement (18,000 tCO_2e/year)
- VAL Lanjigarh Boiler 2 junior APH replacement (16,000 tCO_2e/year)
- ESL Fuel crushing index improvement (31,000 tCO_2e/year)
- ESL LD gas recovery project completion (18,000 tCO_2e/year)

Lever 4: Purchasing carbon offsets for residual emissions

We have currently not initiated work on our fourth lever of GHG reduction i.e. carbon offset and will consider purchase or investment options for residual/hard-to-abate GHG emissions at the end of our target period.

FY 2023 Key Achievements

439 MW of New RE RTC PDAs signed in FY 2023 taking the total to 788 MW RE RTC till FY 2023

2 billion units of RE power consumption

Biomass usage ~78,000 tonnes

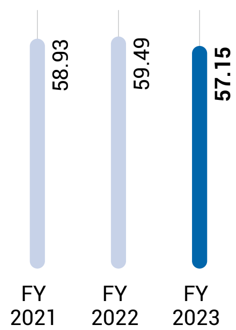
Introduction of battery vehicles in HZL, biodiesel trials at BALCO/VAL Jharsuguda

Introduction of an Internal carbon pricing (ICP) across all businesses

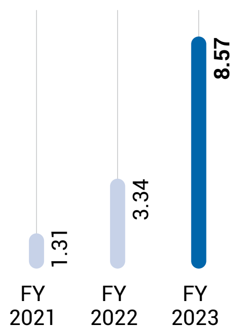
Introduction of EV policy for our employees

FY 2023: Emission Performance

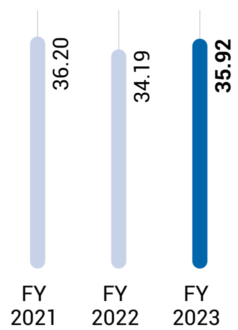
Scope 1 Emissions



Scope 2 Emissions



Scope 3 Emissions



Absolute GHG Emissions: Our Scope 1 & Scope 2 GHG emissions have increased marginally by 4.6% increase from last year, however, our combined Scope 1, 2, & 3 emissions have flat-lined compared to FY 2022. As mentioned above, we anticipate a reduction in our Scope 1 & 2 GHG emissions after FY 2026.

GHG Intensity: We are on track to achieve a reduction in the GHG intensity of our metals business by 20%. In FY 2023, we were able to achieve a reduction of 3%.

Scope 3 targets: Currently, we do not have Vedanta-wide reduction targets for our Scope 3 GHG emissions. These will be finalised in FY 2024. However, two of our businesses have taken Scope 3 reduction targets:

1. HZL has the target of reducing scope 3 emissions by 20% by 2027 over the 2017 baseline
2. Aluminium sector has taken the target of a 25% reduction in scope 3 emissions over the 2021 baseline

Internal Carbon Price (ICP): Vedanta has set an Internal Carbon Price of US$15/t$CO_2$e. This is a shadow price that will be deployed for any project that has a budget of ₹50 million or more. We also have BU-specific ICPs.

Financing our Net Zero transition: As part of its net-zero commitments, Vedanta aims to spend US$5 billion over the next decade. While the allocations are still under planning, the goal is to spend more than 60% on increasing the use of renewable energy in our operations. The remaining 40% will be split almost evenly between energy efficiency, fuel switch, fleet decarbonisation, and carbon offset projects.

More details about Vedanta's decarbonisation strategy can be found in our FY 2023 TCFD Climate Change Report.

Striving for a Water-Positive World

Aim 5: Achieving Net Water Positivity by 2030	**Governance:** Water CoP	**Review Frequency:** Monthly	**SDG impacted:** 6 CLEAN WATER AND SANITATION

Vedanta defines net water positive impact as the ratio of Water Credit (water given back to natural water bodies) and Water Debit (water taken from natural water bodies).If the ratio is >1, then the site is said to be water positive. We have undertaken significant initiatives to progress towards becoming water positive, which has resulted in a 2% reduction in our overall water consumption in FY 2023 from FY 2021 baseline. Site-specific roadmaps are being developed, which involve identifying projects both within and outside our premises to improve our water positivity ratio.

To ensure consistency and accuracy in our calculations, we have also developed and approved standard operating procedures (SOP) related to water positivity.

Key Highlights, FY 2023

Freshwater reduction

We are banking on technology deployment across our sites to reduce freshwater usage through process improvement and recycling of wastewater. Out of our total water projects pipeline, 77% are focussed on reducing waste from operations as well as reusing wastewater in operations.

Replacing fresh water with alternate sources

We have resorted to alternative water sources like municipal wastewater and saline water or even harnessed the power of rainwater harvesting for usage in our operations. Nearly 10% of our projects are related to this lever.

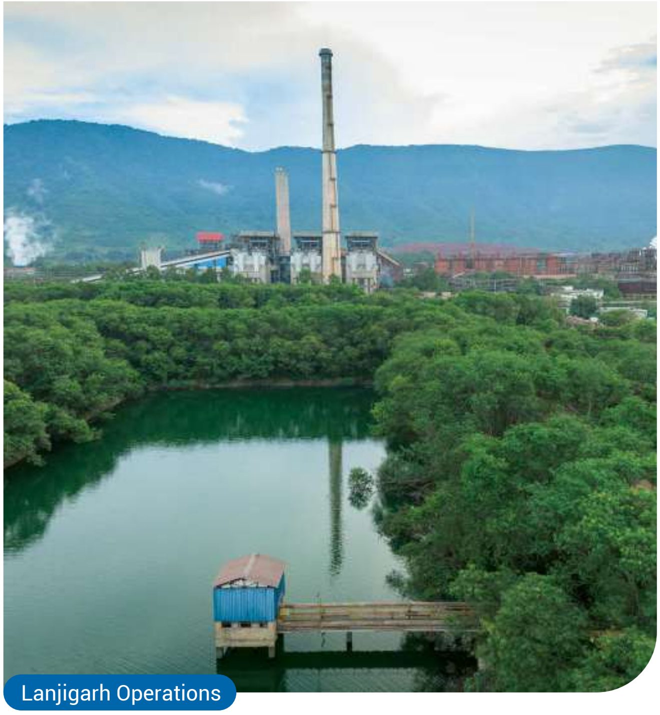
Giving back to the community

We are creating rainwater harvesting and groundwater recharging projects for our communities to improve freshwater availability and retain biodiversity in the area. Almost 13% of our water-related projects are in these areas.

RE-led water consumption reduction

The increased usage of RE power in our operations at major locations like HZL, VAL Jharsuguda and BALCO are helping to improve our water positivity ratio. It has helped reduce coal power generation, which currently requires a large amount of fresh water.

Effluent Treatment Plant at Dariba Smelting Complex



Lanjigarh Operations

FY 2023 Key Achievements

Improvement in water positivity ratio from ~0.51 to ~0.62 YoY

Four sites have attained water-positive status (HZL, IOB, Cairn India and BMM)

Site-wise detailed water study completed for each major site including long-term basin study for water availability (2030 and beyond)

Standard operating procedure prepared to calculate water positivity ratio

40+ water bodies restored by the aluminium sector

Case study

Dariba Smelting Complex Digital mapping of water consumption

Problem statement

DSC was unable to get water consumption information across different plant areas due to design issues and the unavailability of digital flow meters. This led to inefficiency in operations, water usage and planning.

Solution

DSC joined hands with the start-up, Promethean Energy, to improve operational efficiency. The following measures were implemented:

- Centralisation of water flow data acquisition on a common platform
- Use of wireless hardware to acquire data from remote analogue flowmeters and fusing it with available online data, to get a clear picture of water generation and consumption

Impact

- Better understanding of water intake and consumption in different subunits amongst on-ground employees and leadership
- Clarity on focus areas
- Identification of areas and projects for consumption reduction, which will result in a targeted 2-3% water savings

Enabling a Cleaner, Greener and Sustainable Tomorrow

Aim 6: Greener Business Model

Governance: Waste to Wealth CoP

Review Frequency: Monthly

SDG impacted:

A greener business model translates into efficient management of natural resources and improvement in the circularity of our business, reducing the impact of our operations on biodiversity besides evaluating new green business growth opportunities.

Key Highlights, FY 2023

Circular business models

We are improving the circularity of our businesses by maximising utilisation of the high-volume-low-toxic (HVLT) wastes generated in our operations.

In FY 2023, nearly 162% of our HVLT wastes were reutilised. Fly ash, which forms the bulk of these wastes, saw 200% utilisation. Our goal is to ensure that by 2035, we utilise 100% of the generated waste and reduce to zero the legacy waste stored at our sites.

We are working with the cement industry to utilise operational waste as raw material and with the National Highways Authority of India (NHAI) to use the waste as substrate for road construction.

HVLTs such as red mud contain traces of Rare Earth Minerals (REE) and Research and Development projects are underway to enable the economical extraction of these minerals. Trials are also underway to use this waste as an alternative to sand. We are collaborating with CSIR, CRRI, IIT Kharagpur, IMMT, and NITI Aayog on these projects.

Reducing biodiversity impact

During the year, we established the biodiversity baseline for our sites. This will help us to understand the impact of our operations on biodiversity and guide the actions to be initiated to achieve No Net Loss (NNL)/Net Positive Impact (NPI) impact in the long term. We can accordingly update our biodiversity management plan (BMP). In FY 2024, we intend to finalise actions and timelines to reach the No Net Loss state, to kickstart relevant actions on the ground.

FY 2023 Key Achievements

29.8 million tonnes HVLT waste utilisation (162% for FY 2023)

28.1 million tonnes utilisation for Fly Ash (204%)

Legacy waste reduced from 62 million tonnes to 45 million tonnes

Lab scale feasibility study completed with CSIR-Central Road Research Institute (CSIR-CRRI) for utilisation of red mud in highway construction

Biodiversity baseline study was completed for all sites

Bricks developed from Waste

TRANSFORMING THE WORKPLACE

Employees are key to propelling our business growth through their competencies, skills and knowledge. Vedanta thus encourages a work culture that ensures their health, well-being and safety, supports diversity and inclusivity and provides equal opportunity to all its people. These values enable us to attract the best talent and unlock their full potential, thereby making us an employer of choice.

Safety First, Safety Always

Aim 7:
Prioritising safety and health of all employees

Governance:
Safety CoP

Review Frequency:
Monthly

SDG impacted:

We regret to report that 13 tragic fatalities occurred in FY 2023, which is an area of utmost concern for our organisation. With a sincere commitment to improving our safety performance, we have already implemented a focussed approach to reducing fatalities and improving overall workplace safety.

Our analysis of fatal injuries indicates that man-machine interaction, vehicle driving and structural stability were the top three causes of fatalities this year. We recognise the importance of addressing these critical areas to prevent future incidents and have implemented steps to improve safety measures in these areas.

Key Highlights, FY 2023

We have identified three levers to improve our safety performance and prevent fatal injuries in the future:

Implementation of Critical Risk Management (CRM)

We have implemented a scientific approach to analysing the root causes of fatalities, learning from them, and implementing actions on the ground. Currently, we are focussing on three areas of risk at the work site: vehicle-pedestrian segregation, man-machine interaction and work at heights.

Improving safety infrastructure

We recognise the importance of providing a safe work environment to our employees and have therefore prioritised improvements in our safety infrastructure. We are installing walking pathways with guiderails, roads with markers and traffic signals and separate roads for ash dumpers. Our focus is on ensuring that there are no fatal injuries due to the lack of safe infrastructure in place.

Employee and business partner training

We recognise the value of ensuring the safety of all our employees and business partners. We are therefore organising on-site trainings, virtual webinars and group CEO sessions to reinforce the importance of working safely and stopping work in case of any unsafe situation on the ground. Our goal is to foster a culture of safety for our employees and business partners.

Case study

Improving Mines Safety through Slope Stability Radar

Problem Statement

Open cast mining poses a risk of slope failure which can hamper the safety of man and machine in nearby areas. One such slope failure occurred at our FACOR Ostapal Chromite Mines, Southwestern (SW) corner of the pit area, on 15 August 2022.

Solution

Pre-empting the risk of slope failure in advance, our FACOR in-house geotechnical team assessed the complete area and installed Slope Stability Radars (SSR) at strategic mine locations covering the whole pit and dump area. This state-of-the-art technology can measure slope deformation with the highest accuracy. There are only 10 such systems installed in India at present. The technology helps to detect slope anomalies in advance and prevent the possibility of accidents.

Time of events

- July 2022 – Team assessed the hazard in different areas and installed SSR to monitor the particular SW corner location
- 11 August 2022 – Slope deformation was observed in the SW corner area through SSR. Subsequently, the area was checked physically but no significant abnormality was observed. An alert was communicated to the Mines shift in-charge to avoid man-machinery movement in the influence zone
- 12 August 2022 – Some crack on the surface area was observed beyond the mine lease boundary
- 14 August 2022 – Total deformation of 250 mm (average) was observed and a high alert was raised. After observing further spurt of deformation, we completely restricted man-machinery in that area including the influence zone
- 15 August 2022 – At 04:07 PM, slope failure occurred at the Southwestern Corner of the pit area from 144 mRL to 96 mRL (~1.5 lakh m^3 of rock)

Impact

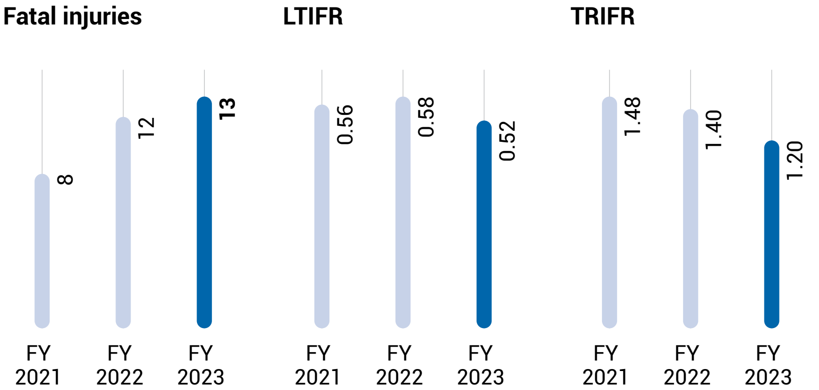
No accident/injury to any personnel or equipment/vehicle occurred in this case of slope failure due to pre-empting of risk. Now, the system is also being deployed by other businesses like Iron Ore Business in Karnataka and Hindustan Zinc Limited in Rampura Agucha Mines.

FY 2023 Key Achievements

CRM implementation started

New standard rolled out for lift maintenance

Overhaul of safety standards under VSF, under progress



Breaking Barriers, Building Multi-Dimensional Workforce

Aim 8: Promote gender parity, diversity and inclusivity

Governance: D&I Council

Review Frequency: Monthly

SDG impacted:

We are committed to improving gender diversity in our workforce and have implemented several initiatives to achieve this goal. Our aim is to ensure gender diversity at all levels of the organisation, including recruitment, decision-making and leadership. Overall, we believe that our initiatives to improve gender diversity in the workforce will result in a more inclusive and diverse workplace. Our commitment to implement additional initiatives ensures that we continue to attract and retain the best talent from diverse backgrounds.

Key Highlights, FY 2023

Enhancing Women Participation

We have set a target of recruiting more than 50% of women employees to improve the gender ratio in the workplace. We are providing opportunities to women employees with relevant experience to become part of decision-making bodies like ManCom and ExCo.

To groom the top 100 high-performing women employees in the organisation for CXO roles, we have introduced the V-Lead programme, which will involve mentoring by senior business leaders.

We are also creating a second line of leaders in the organisation through early identification of talent through structured processes like ACT-UP, V-Reach and other similar programmes.

Encouraging Inclusivity

We have undertaken steps to improve workforce inclusivity performance and in FY 2023, HZL, BALCO and VAL Jharsuguda units have inducted 20 transgender employees. We remain committed to working on this aspect in FY 2024 and beyond.

FY 2023 Key Achievements

14% women in the organisation

28.23% women in decision-making bodies

9% women in leadership position

Case study

HZL's Ambavgarh Dialogue

Problem Statement

Development of women employees was a challenge in HZL due to the lack of dedicated programmes

Solution

HZL started an annual 'Ambavgarh Dialogue' to groom high-performing employees for the next level. The programme involves one-on-one interactions with CEO and CHRO for selected and high-performing women employees along with leadership inputs by key people in the business. The initiative also includes finalising individual career development journeys, cross-function and cross-departmental movements, coaching from leading corporate coaches etc.

Impact

- Creation of SHE Leads Programme for women employees
- 20 high-potential women candidates to be groomed for CXO roles
- Recognition from associations such as Society for Human Resource Management (SHRM) and People First

Enhancing a Responsible and Ethical Work Culture

Aim 9: Adhere to global business standards of corporate governance

Governance: MAS/ Company Secretariat/ Group Sustainability

Review Frequency: Monthly

SDG impacted:

Key Highlights, FY 2023

Revitalising sustainability framework

In FY 2023, we undertook work to refresh our policies and standards that are part of the Vedanta Sustainability Framework (VSF). The refresh will simplify the framework, better align the standards to ICMM requirements and reflect the revised ambition of our ESG programme.

Incentivising ESG performance

We have kick-started discussions to better embed ESG metrics in executive compensation. Currently, HSE/ESG performance constitutes 15% of employees' performance pay. Climate change considerations are now a part of our employees' stock option scheme (ESOS). However, based on benchmarking, it has been decided that this linkage needs further refining and we plan to introduce an updated methodology in FY 2024.

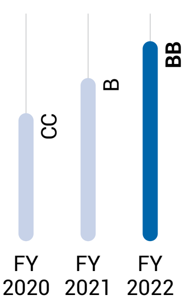
Enhancing transparency

Transparency and disclosures form the foundation of all dialogue. We release several ESG disclosures, which include the Annual Integrated Report, Annual Sustainability Report, Annual TCFD Climate Report, and the newly-constituted Business Responsibility and Sustainability Report. All these reports align with global reporting standards such as GRI, TCFD, and the IR Framework. This year, we will be releasing our 15th Sustainability Report.

The quality of our disclosures and the underlying improvements in our ESG governance and performance are evident in rating upgrades across multiple agencies. This provides our stakeholders an independent assessment, that we are headed in the right direction. We will continue to benchmark against these frameworks, to remain aligned with global expectations around ESG.

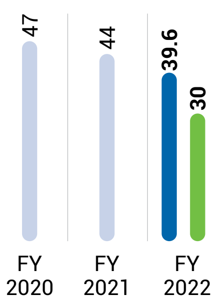
More details can be found in the governance section of the report

MSCI



VEDL

SUSTAINALYTICS

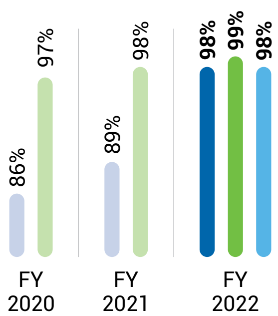


VEDL HZL

VEDL High Risk category
HZL Medium Risk category

Lower the better

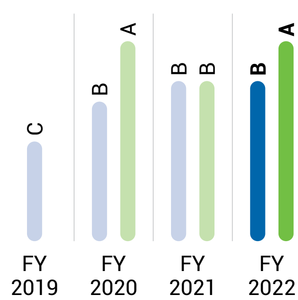
Dow Jones Sustainability Indexes Member 2011/12



VEDL HZL VAL

HZL #3 | M&M Index
VEDL #6 | M&M Index

CDP DISCLOSURE INSIGHT ACTION



VEDL HZL

HZL rated A for CDP climate & CDP water

Key rating highlights

MSCI
- No significant votes against directors
- Incentivisation of sustainability
- Performance in executive pay policies

Sustainalytics
- Improvement from severe to high risk
- Improved management of ESG risks was cited as the reason for better rating

DJSI
- Part of the Sustainability World Index
- Only Indian company to be added in 2022
- Also, part of the 'Emerging Markets Index'

CDP
- B-rating for CDP Climate & CDP Water
- CDP Water disclosures made for the first time

PEOPLE AND CULTURE

TRANSFORMING TO UNLEASH PEOPLE'S POTENTIAL

The Group has been featured in the Top 10 Happiest Workplaces by Business World from over 100 nominations. The Group has also been awarded the Best Employer in India by Kincentric.

At Vedanta, we are empowering people by providing them with a work environment to thrive and grow. We are ensuring this with dedicated efforts around workplace transformation, a key pillar of our ESG purpose and framework. We are implementing pioneering initiatives around health and safety and promoting diversity, equity and inclusion. We are creating an ecosystem of equal opportunities in employment and development, and recognition to keep them motivated and incentivised. Our transformational approach is beginning to unlock the potential of our workforce and is driving long-term benefits for the organisation by enabling a rich mix of skills, experience and diverse perspectives.

Promoting diversity, equity and inclusion

Diversity and inclusion are at the core of our people strategy. It is our constant endeavour to promote gender parity and inclusivity across all levels, from the senior leadership and decision-making bodies to SBUs and enabling functions. This is manifest in our unique talent pool, which includes people from diverse geographies, minorities, ethnicities and cultures. We also strive continuously to reinforce our position as an equal opportunity employer.

We are fostering an LGBTQ+-friendly workplace and ensuring their inclusion by identification of roles, sensitisation, creation of infrastructure and onboarding talent. As of now, there are 25 transgender employees engaged in operations as well as enabling functions.

Adopting a 3-tier approach

We have launched a sensitisation drive targeting gender, sexual orientation, physical ability, region, and other dimensions of overall diversity, equity and inclusion. It is structured around a 3-tier approach, covering CXOs, managers and front-end supervisors. We have tied up with external experts and our target is to cover 2,000+ managers and 300+ CXOs in the first phase of this exercise.

Ensuring regional diversity

Our **V-Engage** initiative is aligned with our efforts of promoting regional diversity within the organisation. It targets onboarding talent from under-represented and underprivileged sections, with a special focus on the Northern and North-Eastern regions of the country.

100

Qualified, high-potential and hard-working women selected through an exclusive women's talent campus hiring drive

Steering gender diversity

We unveiled Phase 3 of **V Lead**, our flagship women's leadership development programme, in December 2022, reflecting our strong and continuous commitment to gender diversity, inclusion and women empowerment. As part of the initiative, 120 promising young women are being groomed for CXO positions, spanning operational and enabling roles across Vedanta's global business units. The exercise is aimed at making them a part of key decision-making bodies at Vedanta.

We have empanelled multiple women's colleges to ensure women's representation at all levels and tap into the right talent pool, specifically in STEM roles. An exclusive two-day campus drive was held at Banasthali Vidyapith Campus, Rajasthan, to hire qualified women candidates in engineering and management disciplines. The senior leadership panel ran a structured process and selected 100 high-potential girls.

Building tomorrow's leader

500+

Talent identified and elevated across functions covered through various talent development programmes

Professional leadership and collective decision-making

As a professionally managed company, Vedanta has a well-structured management framework, with a Management Committee (ManCom) as a collective decision-making body at both Company and business levels. The businesses are further independently led and run in a federated manner by their respective CEOs.

Recognising excellence and rewarding meritocracy

We are fully cognisant of the importance of keeping our people motivated and passionate to drive the organisation's long-term success. We have accordingly adopted a well-defined methodology to reward the efforts of our people and business partners. Our best-in-class and globally benchmarked people practices, as well as reward programmes, keep them inspired and incentivised to deliver their best.

They also receive recognition from our Management and Board for going the extra mile to support the business. These include the Chairman Individual Awards, Chairman Award for Business Partners, Leadership Excellence Award, Sustainability Award, and the Chairman's Discretionary Award.

High-performing employees are rewarded through incentive schemes, development programmes and compensation re-structuring practices. During FY 2023, we introduced stock options for all our young campus hires as well. Our appraisal and remuneration programmes further encompass an ESG component, which correlates employee performance to safety, sustainability and carbon footprint reduction. Our best-in-class and globally-benchmarked people practices, as well as our reward programmes, help keep them inspired and incentivised to deliver their best.

Attracting and retaining best-in-class talent

Our human resource (HR) policies are designed to attract and retain the best global talent and subject matter experts. We take pride in our truly global work culture and our diverse workforce. We currently have some of the finest minds from over 30 nationalities working with us. Our robust global leadership is helping us steer our journey into the next phase of our value-accretive growth. Their track record in leading a set of high-potential growth projects is an asset we value and cherish.

Hiring programmes and processes

As part of our overarching initiative of onboarding talent from esteemed Indian and global institutions, we are in the process of hiring 2,000 bright minds. We have adopted a multi-pronged strategy as part of this process, involving hiring quality talent focussing on diversity (gender, geography and category) and offering competitive compensation at campus along with stock options.

We continue to hire top-notch talent for our flagship programmes: Vedanta Leadership Development Program (VLDP), Rank Holder Chartered Accountants, Cost Accountants, Specialists (Analysts, Data Scientists, Mining and Exploration ESG), Management Trainees (MT), Engineer Trainees (GETs), among others.

Through **ACT-UP** (Accelerated Tracking and Upgradation Process), our flagship in-house talent development programme, we identify and nurture high performers, and develop leaders across all talent segments in the organisation. Building on Management ACT-UP, our focus in FY 2023 was on developing a robust second-in-line leadership.

With our **Emerging Leaders Programme**, we have identified and elevated 130 leaders to deputy CXO roles at the group and SBU levels. Of these, 25% are women – a clear endorsement of our gender diversity focus. The selected leaders have been assigned senior leaders as anchors from across Vedanta. As the next steps, a customised hybrid programme has been designed in association with premier B-Schools like IIM Bangalore and ISB Hyderabad. It is based on various gaps and themes that emerged from the assessments and will help make the young talent future-ready.

During the fiscal under review, we curated ACT-UP for projects, mining and commercial/marketing verticals, leading to the identification of 200+ young leaders. The fresh perspective brought in by talent from line functions was leveraged by providing interested employees with an opportunity to switch functions through unique talent development initiatives, such as non-HR to HR.

Ensuring seamless induction for campus hires

Our campus hiring emphasises excellence, gender diversity, upliftment of minority communities and adequate representation of all regions and demographics in India. We have in place a well-defined and structured system that ensures smooth and seamless induction of talent hired from campuses.

Group Induction Programme - YUVA (Young Upcoming Vedanta Achievers)

Through this programme, we welcomed 200+ campus hires from top B-Schools of the country and across the globe during the year. Through business and functional sessions held as part of the exclusively designed 4-day programme, stalwarts of Vedanta and the industry shared insights, leadership advice, and their experiences with the youths. Further, the new joinees got an opportunity to understand Vedanta's DNA and design principles, key pillars, group overview, growth story and key people practices through the CXO sessions. They were also given a glimpse of our daily operations through visits to our state-of-the-art business units in HZL and flagship CSR facilities, where they got first-hand experience of what we do for the people and planet.

V-Excel (Exemplary Campus Emerging Leaders)

This programme, complementing YUVA, provides each new hire with a single digitally-driven platform that helps steer their performance with the right anchoring, continuous engagement, learning and recognition through measurable KPIs at an early stage in their careers.

Harnessing digital power to enhance people experience

At Vedanta, we are continually working towards scaling the experience of our people by leveraging digitalisation and automation.

- The implementation of **Darwinbox** is bringing all businesses on one common platform, enabling seamless data-analytics at the group level and enhancing decision-making capabilities. In the first phase of implementation, HR workflows have been outlined, and modules of performance management, learning & development and employee helpdesk are in place. We are currently focussed on making these systems more robust while propelling change management to boost the adoption of the platform.
- To further strengthen our learning & development practices, we leveraged **Gurukul** effectively during the year. It is a digitally-driven knowledge-sharing initiative that gives all Vedanta employees a platform to share their expertise and innovative ideas to motivate others to learn, explore and experiment. Gurukul has grown as a platform, promoting the free flow of new ideas and discussions.
- Vedanta has partnered with **Knolskape** for the first-ever, simulation-based experiential learning programme for top emerging leaders to equip them with the right skills and competencies to develop them into future CXOs. These include critical thinking, business acumen, influencing stakeholders, leading teams, future of work, digital leadership, agile working and design thinking. The participants have been identified through internal talent development initiatives, such as Management ACT-UP, Enabling ACT-UP, Emerging Leaders Programme, V-Aspire etc. The participants undergo a mix of role-play, gamified business simulation, quizzes and assessments, experience sharing, etc.

Employees Receiving award

AWARDS

RECOGNISED FOR EXCELLENCE

Golden Peacock Global Award

Confederation of Indian Industry

The Institute of Chartered Accountants of India

Kincentric Best Employer Award

Operational and Business Excellence

Sr. No	Recipient BU/ Location	Name of the Award	Category/Recognition
1	Vedanta Limited	Golden Peacock Global Award	Excellence in Corporate Governance
2	Vedanta Limited	Institute of Chartered Accountants India	Silver Awards in Excellence in Financial Reporting
3	Vedanta Limited	TIOL National Taxation Awards 2022	Silver Award for Best Tax Practices among large corporates
4	HZL	S&P Global Platts Global Metal 'Industry Leadership Award'	Base, Precious and Specialty Metals
5	HZL	League of American Communications Professionals	Integrated Annual Report FY 2022 ranked #40 Worldwide and Gold Award
6	HZL	CII-EXIM Bank Awards for Business Excellence 2022	Platinum Award
7	HZL	NCQC - National Convention on Quality Concepts	Won 39 Awards
8	VAL-J	IMC Rama Krishna Bajaj Excellence Award	Excellence in Manufacturing and Quality
9	VAL	The Economic Times Energy Leadership Awards 2022	Outstanding Contribution in Energy Sector
10	VAL-L	Golden Peacock Award	Innovation Management
11	VAL-J	CII 23rd National Award for Energy Excellence	Excellent Energy Efficient Unit Smelters
12	VAL-J	SEEM National Energy Management Awards	Platinum Award - Smelter 1 and CPP; Gold Award - Smelter 2; Silver Award - IPP
13	VAL-J	International Convention on Quality Control Circle Awards	Won 3 Gold Awards for Excellence in Business and Quality
14	Cairn - RJ Oil	Golden Peacock National Quality Award	Excellence in Quality Management
15	Sterlite Copper	CII - Star Champions Awards 2022	Star Champion - Innovative Kaizen Category
16	HZL - Chanderiya CPP	Mission Energy Foundation Award	Efficient Fly Ash Management in Northern Region
17	VAL-J	Quality Circle Forum of India Awards	25 Awards at 36th National Conventional Quality Concepts

People

Sr. No	Recipient BU/ Location	Name of the Award	Category/Recognition
1	Vedanta Limited	Kincentric Best Employer Award – India 2022	Workplace Excellence
2	Vedanta Limited	Great Place to Work Award	India's Best Employer among Nation Builders
3	HZL	People First HR Excellence Award 2022	Leading Practices in Diversity & Inclusion Initiatives and Leading Practices in Talent Management
4	BALCO	Golden Peacock Award	HR Excellence
5	VAL-J	Happiest Workplace Award	Excellence in Workplace Responsibility
6	BALCO	Happiest Workplaces Award 2022	Highly compassionate, positive and happy work culture
7	BALCO	W.E. Global Employees Choice Award 2022	Large Size Category and Millennial Category
8	BALCO	Titan Award	Platinum Award in Human Resource Manufacturing
9	Cairn	People First HR Excellence Awards 2022	Leading Practices in Technology Deployment in HR
10	ESL	ASSOCHAM Work Vision - Annual HR Excellence Award 2022	Managing Organisational Change & Excellence through Innovative HR Practices; Effective Drivers of Recruitment, Engagement & Retention
11	Cairn	The Economic Times Human Capital Awards	Excellence in Change Management

Environment and Social

Sr. No	Recipient BU/ Location	Name of the Award	Category/Recognition
1	HZL-Kayad Mines	6th National Conclave on Mines and Minerals Awards	5-star rating for Exemplary performance in the implementation of a sustainable development framework
2	HZL - Dariba Smelter	GreenCo Gold Certified	Environmental Stewardship
3	HZL	S&P Global Platts Global Metal 'Industry Leadership Award	'Corporate Social Responsibility'
4	HZL	S&P Global Corporate Sustainability Assessment 2022	Among the Top 3 Companies
5	HZL	Indian Companies Climate Leadership Rankings	4th by ET Edge and Futurescape
6	VAL-J	'Excellence in Fly-ash Utilization' awards	Efficient management of fly-ash by both the Thermal Power Plant and Captive Power Plant
7	VAL	Kalinga Environment Excellence Award	Environmental Sustainability
8	BALCO	CEE Environment Excellence Award	Excellence in Environmental Sustainability - Fly Ash Utilisation
9	VAL-L	India CSR Award - 2022	Leading healthcare and education initiatives
10	VAL-J	Performance Awards at CII Energy Conclave	Environment & Sustainability/Energy Management
11	Cairn	Golden Peacock Occupational Health & Safety Award for Occupational Health	Occupational Health and Safety
12	Cairn	Frost & Sullivan, Teri - Sustainable Corporate of The Year Award	1st runner up
13	ESL	Annual Greentech CSR India Awards, 2022	Excellent initiatives on ensuring better healthcare for the community
14	VAB	India CSR Leadership Award 2022	First Place for Integrated Village Development
15	HZL	CDP (Carbon Disclosure Projects)	'A' rating for Transparency on Climate Change
16	HZL	CDP (Carbon Disclosure Projects)	Supplier Engagement Leader
17	VAL-J	Fame India Awards	Platinum Award for Fire and Security Excellence
18	VAL-L	Golden Peacock Award 2022	Excellence in CSR

Health and Safety

Sr. No	Recipient BU/ Location	Name of the Award	Category/Recognition
1	BALCO	CII National Safety Practices	Platinum Award
2	VAL-J	Apex India Occupational Health and Safety Award	Platinum Award in Occupational Health and Safety; Gold Award in Best Fire Safety
3	VAL-J	Grow Care India Awards	Platinum Award in Occupational Health and Safety; Gold Award in Fire Safety
4	VAL-L	Fame National Award 2022	Excellence in Occupational Health and Safety in Mining Industry
5	Cairn	FICCI Road Safety Awards	Special Jury Award for Journey towards Excellence in Road Safety
6	VAB	IFSEC INDIA EXPO 2022 - CSR Security Initiative Excellence Award	Excellence in CSR
7	VAL-J	Fame India Awards	Gold Award for Road Safety
8	BALCO	Global Road Safety Award 2023	Excellence in Safety Culture

Digitalisation

Sr. No	Recipient BU/ Location	Name of the Award	Category/Recognition
1	HZL	Data World Summit and Awards 2022	Best Data Solution of the Year - Manufacturing
2	HZL	Automated Data Management Award	Economic Times Data Conclave
3	VAL-L	CIO Excellence Award	Leading Practices in Emerging Technology
4	VAL	Manufacturing Today India Conference and Awards	Leading Technology and People Initiatives
5	VAL-J	Frost & Sullivan's Awards	Certificate of Merit - Artificial Intelligence in the Manufacturing Sector

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Global Economy:

The global economy faced several challenges in CY 2022, starting from the initiation of the Russia-Ukraine war, supply chain disruption, high inflation, and high key policy rates by the central banks. Global inflation remained a matter of concern in most of the economy, which reached a multi-year high of 8.7% in CY 2022. Monetary tightening by the central banks across the world helped bring the trajectory downwards. The unwinding economic events weighed down global economic growth prospects. World economic growth in CY 2022 is estimated to have declined from 6% in CY 2021 to 3.4%, as per IMF.

Commodity prices eased the early gains of CY 2022 amidst supply chain issues and China's Zero Covid policy due to the demand slowdown. Metal prices, however, stabilised following China's reopening and measures to revive its economy and retracing inflation in advanced economy like USA and EU.

The Indian economy performed exceptionally well compared with the rest of the world. India is set to remain the bright spot in CY 2023 with a potential to contribute 15% to the global GDP growth, according to IMF. Indian economy is projected to grow at 5.9% in FY 2024[1] after having grown at an estimated 6.8% in FY 2023, to be among the fastest growing major economies

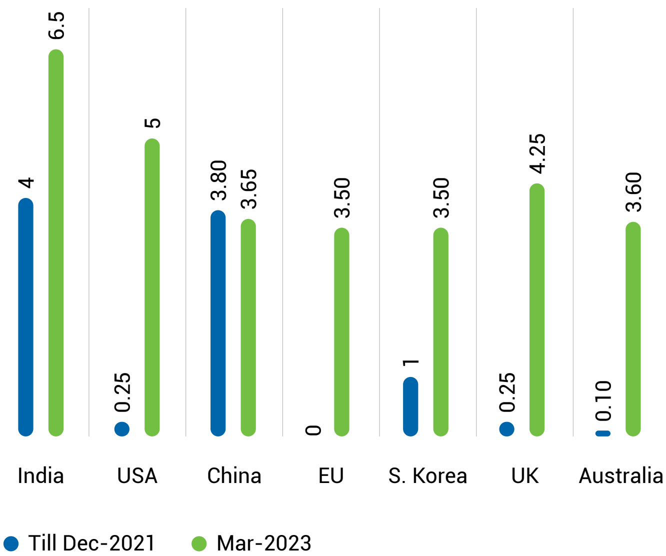
Europe fight against the repercussions of war

Europe was significantly impacted by the war, which led to high energy and food prices created by the supply-chain disruption. This stretched the purchasing power of the consumers while also impacting the manufacturing sector, that led to production cuts. In Q4 CY 2022, the energy crisis improved, supported by high gas inventory levels, favourable weather conditions, and the central bank's monetary policy tightening, which eased inflation. IMF estimates the Euro area to have grown by 3.5% in CY 2022 [1]. The monetary tightening is expected to limit the GDP growth in CY 2023 to 0.8% before increasing to 1.4% in CY 2024.

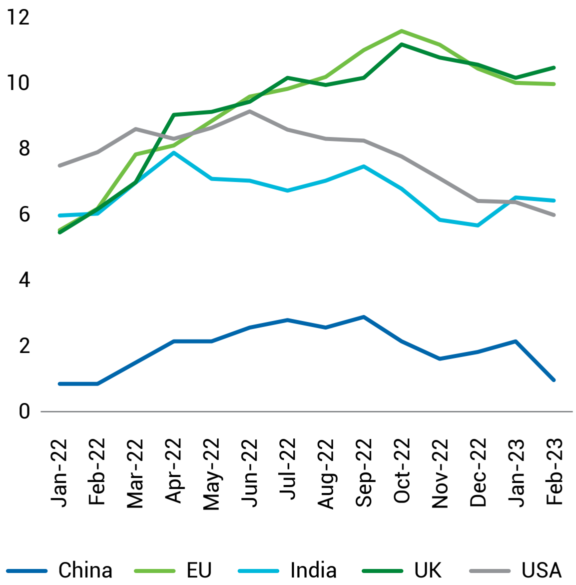
US Economy strong against recession fear

Inflation in the world's largest economy soared to a 40-year high, mainly driven by low labour participation and supply-chain crisis influenced by the external environment. The subsequent monetary tightening by the Federal Reserve Bank impacted the country's economic growth. Rising fed rates led to a further strengthening of the US dollar, thus stretching the current account deficit of import-dependent countries. Despite the negative outlook, the US economy has performed better than expected. The inflation level which reached 9.06% in June 2022 declined to 6.04% in February 2023[2]. The US economy grew by 2.1% in CY 2022 but is expected to decelerate to 1.6% in CY 2023 and 1.1% in CY 2024 [1].

Central Banks' Interest Rates (%)

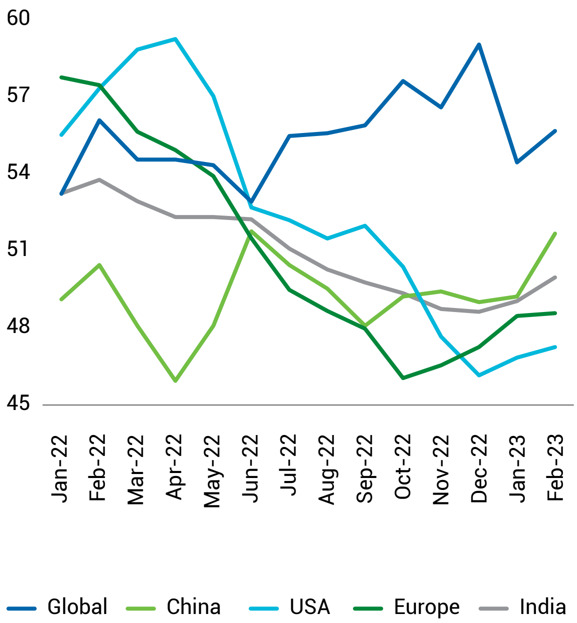


World's Retail Inflation in 2022 (%YoY)

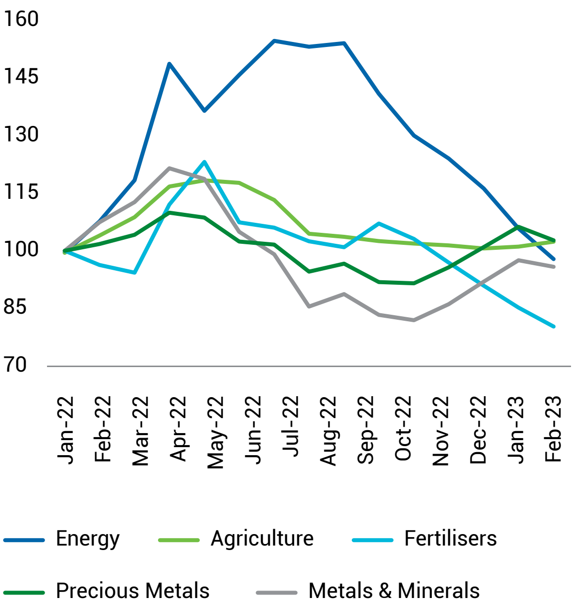


Source: CEIC, S&P Global, World Bank

S&P Global Manufacturing PMI (%)



World Bank Commodity Index (Base: Dec-2021) (%)



China's reopening to drive global economy

The Chinese economy dealt with multiple challenges in CY 2022, including the real estate sector slowdown, severe COVID-19 infection, and its mitigation with Zero-COVID Policy. Unlike other countries, its central bank loosened the monetary policy to encourage domestic growth, in addition to the stimulus package to boost consumption. China's manufacturing activity after facing a slowdown in CY 2022 with a growth of 3% is coming out strong and is projected to grow by 5.2% in CY 2023 and 4.5% in CY 2024 [1].

Global Economy Outlook:

Performance of the global economy was better than earlier projections, given the lower-than-expected severity of the Russia-Ukraine war and high energy prices. Manufacturing PMI, which fell below the 50-level mark is moving up in most economies. China's re-opening has further improved the expectation of increased economic activities, generating positivity for the global economy. **Inflation levels in most of economies has peaked. Global inflation is expected to fall to 7.0% in CY 2023, improving global financial conditions and business sentiment.**

IMF projects the global economy to grow by 2.8% in CY 2023 before rebounding to 3% in CY 2024, though the worries of war and high inflation still persist [1].

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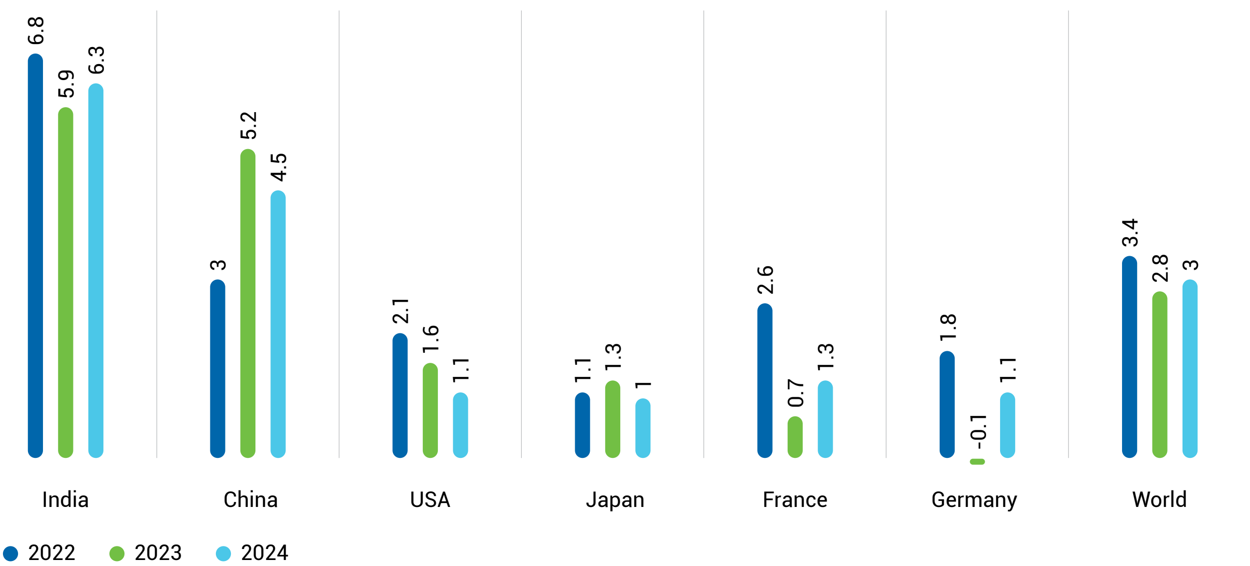
Global GDP Growth (%YoY)



Source: IMF

Indian Economy:

The Indian economy performed exceptionally well compared with the rest of the world. India is set to remain the bright spot in CY 2023 with a potential to contribute 15% to the global GDP growth, according to IMF. In December 2022, India also assumed G20 presidency with an ambition to unite the world under the theme 'Vasudhaiva Kutumbakam" or "One Earth · One Family· One Future'. This is an opportunity to showcase the nation's global leadership amidst growing uncertainty and economic crisis.

India's manufacturing sector also outperformed the rest of the world, projecting the country as a potential manufacturing hub. Stable political conditions, supportive policy schemes, strong domestic consumption and growing presence of skilled professionals support this ambition. India's manufacturing PMI remained above the 50-level mark through the year, indicating positive performance.

India's export, including services and merchandise touched US$750 billion in FY 2023 supported by robust policy implementation by the Indian government. GST collection also reached ₹18.1 trillion, a year-on-year growth of 21.4% in FY 2022-23 [6]. Other economic indicators like non-food credit, automobile sales and electricity consumption have also registered robust growth. These indicators are well-supported by consumer sentiment indices, which witnessed consistent monthly year-on-year double digit growth [6].

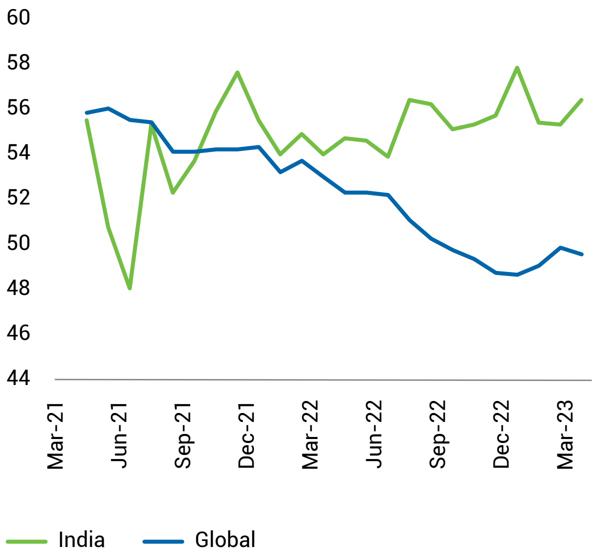
India's rising retail inflation was of concern. Fiscal stimulus support and additional monetary support resulted in the CPI level crossing RBI's upper tolerance levels. Sustained vigilance and multiple rate hikes by the RBI, resulted in repo rate increasing from 4% in April 2022 to 6.5% in February 2023. This significantly controlled the CPI level; from a peak of 7.8% in April 2022 [7], it reached below the upper tolerance limit in November and December of 2022, before reaching 6.4% in February 2023 [8].

Policy initiatives by the Government of India (GoI)

The GoI's focus to make the country an attractive destination for business has been a key enabler of robust economic performance. The capital expenditure allocation of ₹10 Lakh Cr for FY 2023-24, an increase of 37.4%, YoY, has been an exceptional step. The approach towards infrastructure development and inclusive growth of the country is setting the foundation for multiple years of strong growth.

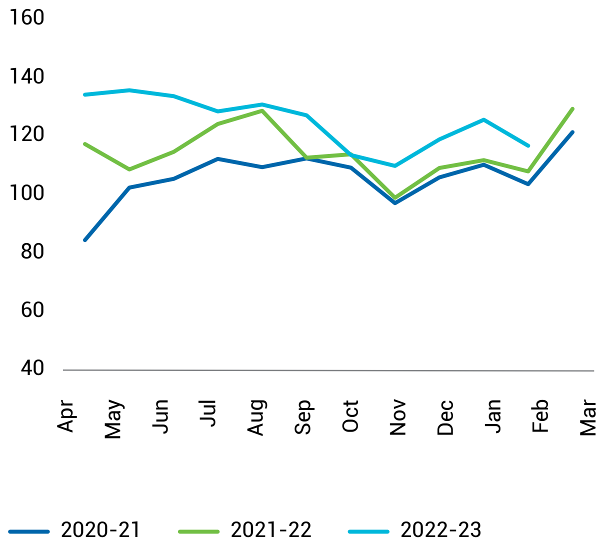
The World Bank has emphasised the collaboration between nations to boost global GDP growth in the current decade. GoI has taken steps in this direction, establishing bilateral trade relations though Free Trade Agreements with Australia and UAE, vastly expanding the market for domestic manufacturers. The upcoming negotiation with the UK, EU, and GCC nations are expected to further expand the horizon. As India aspires to be the global manufacturing hub, these trade

Manufacturing PMI: India vs. Global

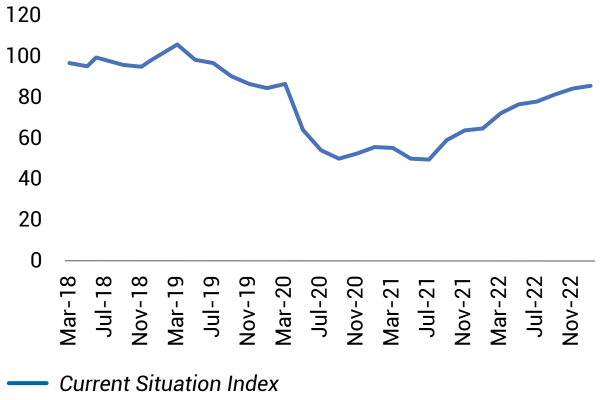


Source: RBI, CMIE

Energy Requirement (billion kWh)

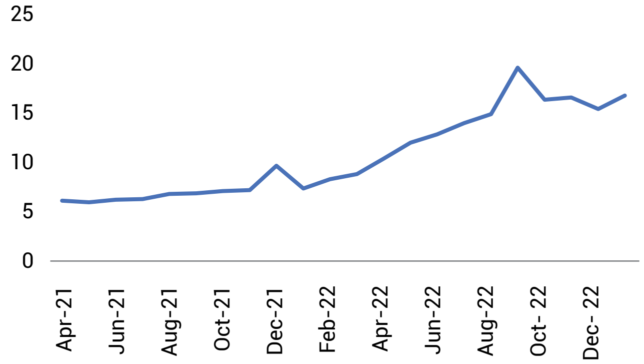


Consumer Confidence Survey of RBI



Source: RBI, CMIE

Non-food Credit Growth (%, YoY)



deals will ensure a smoother transformation of the global supply chain. The removal of export duty on iron ore above 58% Fe grade and steel has encouraged the sector to have global competency amid commodity volatility.

The National Logistic Policy, another ground-breaking policy initiative by the GoI targeting the complex logistic system, is likely to make India more efficient in project implementation. The plan to reduce logistics cost from 14% to less than 10% is expected to expand the scope of government spending and streamline government operations.

Indian Economy Outlook

Although global projections of economic growth for CY 2023 loom on uncertainties, India on the other hand is expected to outperform. **As per IMF, Indian economy is projected to grow at 5.9% in FY 2024 [1] after having grown at an estimated 6.8% in FY 2023**, to be among the fastest growing major economies, It further projects India and China to contribute to half the global growth in CY2023. India's economic growth will be driven by robust domestic demand supported by the government's continued thrust on infrastructure spending. However, external challenges of global economic slowdown, geo-political scenario and energy price uncertainties may keep the Indian economy vigilant.

India's growth outlook by domestic and global agencies

Agency/Institution	Month of Release	FY 2023	FY 2024
Economic Survey (GoI)	January 2023	7.0%	6.5%
RBI	February 2023	6.8%	6.5%
IMF	January 2023	6.8%	5.9%
World Bank	January 2023	6.9%	6.3%
Asia Development Bank (ADB)	December 2022	7.0%	7.2%
OECD	November 2022	6.6%	5.7%
S&P Global Ratings	January 2023	7.0%	6.0%
Fitch Ratings	December 2022	7.0%	6.2%
Nomura	March 2023	6.6%	5.3%

Source: CMIE

References:

1. IMF, WEO, January 2023
2. U.S. Bureau of Labor Statistics
3. CEIC
4. S&P Global
5. World Bank, The Pink Sheet
6. CMIE
7. RBI, Monetary Policy Committee
8. MOSPI

FINANCE REVIEW

Executive summary:

We had a strong operational and financial performance in FY2023 amidst the challenges faced due to macroeconomic uncertainty. 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.

In FY2023, we recorded an EBITDA of US$4.6 billion, 26% lower YoY with strong double digit adjusted EBITDA margin1 of 29%. (FY2022: US$6.3 billion, margin 40%).

Higher sales volumes resulted in increase in EBITDA by US$86 million , driven by higher volumes at zinc, aluminium and copper partially offset by reduced sales volume at Oil & Gas and Iron & Steel.

Market factors resulted in decrease in EBITDA by US$1,621 million. This was primarily driven by input commodity inflation, decrease in the commodity prices.

Gross debt as on 31 March 2023 was US$15.4 billion, decrease of US$0.7 billion since 31 March 2022. This was mainly due to deleveraging of US$1.8 billion at Vedanta Resources Standalone partly offset by temporary debt of US$1.1 billion at HZL

Net debt as on 31 March 2023 was US$12.7 billion, increased by US$1 billion since 31 March 2022 (FY2022: US$11.7), mainly due to dividend and capex outflow partially offset by cash flow from operations.

The balance sheet of Vedanta Resources Limited continues to remain strong with cash & cash equivalents, of US$2.6 billion and Net Debt to EBITDA ratio at 2.8x well within the approved capital allocation framework (FY2022: 1.9x)

Note 1: Excludes custom smelting at copper business.

Consolidated operating profit before special items

Operating profit before special items decreased by 36% in FY 2023 to US$3.2 billion. This was mainly due to slip in commodity prices at Aluminium, Lead and Silver and headwind in input commodity prices, partially offset by improved sales volume at zinc, aluminium, and copper coupled with strategic hedging gains.

(US$ million, unless stated)

Consolidated operating profit before special items	FY 2023	FY 2022	% change
Zinc	1,968	1,930	2%
- India	1,788	1,793	0%
- International	180	137	31%
Oil & Gas	500	502	-
Aluminium	426	2,058	(79%)
Power	34	68	(50%)
Iron Ore	91	272	(67%)
Steel	(9)	56	-
Copper India	(25)	(35)	-
Others	211	176	-
Total EBITDA	**3,196**	**5,027**	**(36%)**

Consolidated operating profit bridge before special items:

(US$ million unless stated)

Operating profit before special items for FY2022	% change
EBITDA for FY 2022	**5,027**
Market and regulatory: US$ (1,621) million	
a) Prices, premium/discount	(614)
b) Direct raw material inflation	(1,341)
c) Foreign exchange movement	368
d) Regulatory changes	(34)
Operational: US$ (266) million	
e) Volume	86
f) Cost and marketing	(352)
Others	**210**
Depreciation and amortization	(154)
Operating profit before special items for FY2023	**3,196**

a) Prices, premium/discount

Commodity price fluctuations have a significant impact on the Group's business. During FY2023, we saw a net negative impact of US$614 million on EBITDA due to slip in commodity prices.

Zinc, lead and silver: Average zinc LME prices during FY2023 increased to US$3,319 per tonne, up 2% YoY; lead LME prices decreased to US$2,101 per tonne, down 8% YoY; and silver prices decreased to US$21.4 per ounce, down 13% YoY. The cumulative impact of these price fluctuations decreased EBITDA by US$48 million.

TC/RC on Zinc during FY23 increased to US$245/Dmt up 148% YoY, decreased EBITDA by US$81 million.

Aluminium: Average aluminium LME prices decreased to US$2,481 per tonne in FY2023, down 11% YoY, this had a negative impact of US$770 million on EBITDA.

Oil & Gas: The average Brent price for the year was US$96.0 per barrel, up 19% YoY. This had positive impact on EBITDA by US$159 million.

Iron & Steel: Higher realisations positively impacted EBITDA by US$109 million.

b) Direct raw material inflation

Prices of key raw materials such as imported alumina, thermal coal, carbon and coking coal have increased in FY2023, negatively impacting EBITDA by US$1,341 million, primarily at Aluminium, Zinc India and Iron & Steel business.

(c) Foreign exchange movement

Key exchange rates against the US dollar:

	Average year ended 31 March 2023	Average year ended 31 March 2022	% change	As at 31 March 2023	As at 31 March 2022
Indian rupee	80.27	74.46	7.8%	82.16	75.59

d) Volumes

Higher volume led to increase in EBITDA by US$86 million by following businesses:

HZL (positive US$155 million): In FY23, HZL achieved metal sales of 1032 kt, up 7% YoY and silver sales of 714 tonnes up 10% YoY

ZI (positive US$52 million): In FY23, ZI achieved MIC sales of 274kt, up 23% YoY

Aluminium (positive US$19 million)

Partly offset by:

Cairn (negative US$102 million) and Iron Ore (negative US$45 million)

e) Cost and marketing

Higher costs resulted in decrease in EBITDA by US$425 million over FY2023, primarily due to increased cost, partially offset by higher premia realizations at Aluminium business.

f) Others

This primarily includes the impact of strategic hedging gains, partially offset by inventory adjustments during the year.

Income statement

(US$ million, unless stated)

Particulars	FY 2023	FY 2022	% Change
Revenue	18,141	17,619	3%
EBITDA	4,608	6,255	(26%)
EBITDA margin (%)	25%	36%	
EBITDA margin without custom smelting (%)	29%	40%	
Special items	(178)	408	-
Exploration costs written off	(30)	-	-
Depreciation and amortisation	(1,382)	(1,228)	13%
Operating profit	**3,018**	**5,435**	**(44%)**
Operating profit without special items	3,196	5,027	(36%)
Net interest expense	(1,307)	(1,249)	5%
Interest cost-related special items	-	-	-
Other gains /(losses)	(79)	(38)	-
Profit before taxation	**1,632**	**4,148**	**(61%)**
Profit before taxation without special items	1,810	3,740	(52%)
Income tax expense	(894)	(1,400)	(36%)
Income tax (expense)/ credit (special items)	100	(170)	-
Profit for the year from continuing operations	**838**	**2,578**	**(67%)**
Profit for the period/ year from continuing operations before special items	916	2,340	(61%)
Profit for the year from discontinuing operations (special items)	-	-	-
Profit for the period /year	**838**	**2,578**	**(67%)**
Profit for the period /year without special items	916	2,340	(61%)
Non-controlling interest	843	1,576	(47%)
Non-controlling interest without special items	867	1,515	(43%)
Attributable profit	(5)	1,002	-
Attributable profit without special items	49	825	(94%)
Underlying attributable profit	87	844	(90%)

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

Revenue

Reported record revenue (before special items) for the year was US$18,141 million , higher 3% YoY. This was primarily driven by higher volumes at copper, zinc and aluminium, strategic hedging gains, partially offset by slip in commodity prices majorly of aluminium, copper, lead, and silver.

Consolidated EBITDA

The consolidated EBITDA by segment is set out below:

(US$ million, unless stated)

Consolidated operating profit before special items	FY 2023	FY 2022	% change	Key drivers	EBITDA margin % FY2023	EBITDA margin % FY2022
Zinc	2,418	2,376	2%		51%	53%
-India	2,177	2,170	0%	Higher volume	53%	56%
-International	241	206	17%		37%	34%
Oil & Gas	972	809	20%	Higher brent	52%	48%
Aluminium	707	2,328	(70%)	Lower LMEs and input commodity inflation	11%	34%
Power	106	145	(27%)		12%	19%
Iron Ore	124	304	(59%)	Increased COS	15%	36%
Steel	39	94	(58%)	Increased COS offset by higher price realisation	4%	11%
Copper India/Australia	(7)	(15)	-		0%	(1)%
Others 2	249	214	16%		-	-
Total	4,608	6,255	(26%)	EBITDA margin	25%	36%
				Adjusted EBITDA margin[1]	**29%**	**40%**

1. Excludes customs smelting at Copper business.
2. Includes FACOR, port business and eliminations of inter-segment sales.

EBITDA and EBITDA Margin

EBITDA for the year was US$4,608 million, 26% lower y-o-y. This was mainly due to slip in commodity prices at Aluminium, Lead and Silver and headwind in input commodity prices, partially offset by improved sales volume at zinc, aluminium, and copper coupled with strategic hedging gains.

We maintained a strong double digit adjusted EBITDA margin1 of 29% for the year (FY2022: 40%)

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

In FY2023 special items stood at (US$178) million. For more information, refer note [6] on special items is set out in financial statement.

Net Interest

The blended cost of borrowings was 8.66% for FY2023 compared to with 8.08% in FY2022.

Finance cost for FY2023 was US$1,558 million, 11% higher compared to US$1,402 million in FY2022 mainly on account of increase in average rate of borrowings and other one-time itmes, partly offset by decline in average borrowings and Forex gain.

Investment income for FY2023 stood at US$251 million, 64% higher compared to US$153 million in FY 2022. This was mainly due to interest received on income tax refund, Mark to Market movement, change in investment mix.

Other gains/(losses) excluding special items

Other gains/(losses) excluding special items for FY2023 amounted to US$ (79) million, compared to US$ (38) million in FY2022.

Taxation

The normalized ETR for FY23 is 41% (excluding tax credit on special items of US$100 million, tax on dividend income from subsidiaries US$149 million) compared to 35% in FY22 (excluding tax on special items of US$170 million, tax on dividend income from subsidiaries US$63 million and DTA reversal on ESL losses US$16 million) which is primarily on account of profit mix at VRL level.

Attributable profit after tax (before exceptional items)

Attributable PAT before exceptional items was US$49 million in FY2023 compared to US$825 million in FY2022.

Fund flow post-capex

The Group generated free cash flow (FCF) post-capex of US$1,610 million (FY2022: US$2,083 million), mainly due to increased capex outflow partially offset by release of working capital.

Fund flow movement in net debt[1]

Fund flow and movement in net debt[1] in FY2023 are set out below.

(US$ million, unless stated)

Particulars	FY 2023	FY 2022
EBITDA	4,608	6,255
Working capital movements	941	(633)
Changes in non-cash items	(15)	(11)
Sustaining capital expenditure	(725)	(697)
Movements in capital creditors	28	(32)
Sale of property, plant and equipment	16	44
Net interest (including interest cost-related special items)	(1,315)	(1,307)
Tax paid	(689)	(829)
Expansion capital expenditure	(1,239)	(706)
Free cash flow (FCF) post capex[1]	1,610	2,083
Dividend paid to equity shareholders	(16)	(131)
Dividend paid to non-controlling interests	(2,523)	(1,075)
Dividend Received	2	-
Payment for acquiring non-controlling interest	(2)	(1,971)
Others	(115)	138
Movement in net debt	(1,044)	(955)

1. Includes foreign exchange movements

Debt, maturity profile and refinancing

Gross debt at US$15.4 billion (FY2022: US$16.1 billion), This was mainly due to deleveraging of US$1.8 billion at Vedanta Resources Standalone partly offset by temporary debt of US$1.1 billion at HZL.

During FY2023, Net Debt increased from US$11.7 billion to US$12.7 billion, primarily due to dividend and capex outflow, partially offset by strong cash flow from operations and working capital release.

Our total gross debt of US$15.4 billion comprises:

- US$13.8 billion as term debt (March 2022: US$15.2 billion);
- US$1.0 billion of short-term borrowings (March 2022: US$0.7 billion); and
- US$0.5 billion of working capital loans (March 2022: US$0.2 billion)

Cash and liquid investments stood at US$2.6 billion at 31 March 2023 (31 March 2022: US$4.4 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 2022 was approved by the Board of Directors in December 2022. The Directors were confident that the Group will be able to operate within the levels of its current facilities for the foreseeable future, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

Since then, while the other mitigating actions as highlighted in the period ended 30 September 2022 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(c) of the Consolidated Financial Statements]

Notwithstanding the uncertainties, 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.

The maturity profile of term debt of the Group (totalling US$13.8 billion) is summarised below:

Particulars	As at 31 March 2023	As at 31 March 2022	FY2024	FY2025	FY2026	FY2027 & beyond
Debt at Vedanta Resources	7.2	9.1	3.0	2.9	0.5	0.8
Debt at subsidiaries	6.6	6.1	1.3	1.2	1.0	3.1
Total term debt[1]	13.8	15.2	4.3	4.1	1.5	3.9

1.Term debt excluding preference shares.

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 2023.

The Directors of the Group are confident that the Group will be able to comply requisite covenants for the going concern period and will be able to execute mitigating actions [as per note 1(c) of the Consolidated Financial Statements] 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.

Credit rating

"S&P Global ratings was maintained at "B- "with stable outlook during FY2023. On 31 October 2022, Moody's downgraded the CFR to 'B3' from 'B2' and bond ratings to 'Caa1' from 'B3' with negative outlook as the Company had to obtain funding for its bonds maturing in April/ May 23 by October 2022 as expected by Moody's and their concerns over Vedanta Resources Ltd (VRL) refinancing needs over next 15-18 months period. On 3 November 2022, VRL gave notice to Moody's for discontinuation of all its outstanding rating and subsequently there has not been any interaction or information sharing with them. Meanwhile, VRL continues to be in a comfortable position to address all its debt maturities with a strong balance sheet, robust liquidity at its operating subsidiaries and strong track record of raising funds through relationship banks."

Balance Sheet

(US$ million, unless stated)

Particulars	FY 2023	FY 2022
Goodwill	12	12
Intangible assets	64	90
Property, plant and equipment	12,786	13,484
Exploration and Evaluation Assets	284	220
Other non-current assets	3,339	2,963
Cash, liquid investments	2,765	4,445
Other current assets	4,180	4,411
Total assets	**23,430**	**25,625**
Gross debt	(15,358)	(16,082)
Other current and non-current liabilities	(8,944)	(8,008)
Net assets	**(872)**	**1,535**
Shareholders' equity	(3,348)	(3,113)
Non-controlling interests	2,476	4,648
Total equity	**(872)**	**1,535**

Shareholders' (deficit)/equity was US$ (3,348) million at 31 March 2023 compared with US$ (3,113) million at 31 March 2022. Non-controlling interests decreased to US$2,476 million at 31 March 2023 (from US$4,648 million at 31 March 2022).

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

As on 31 March, 2023, PPE was at US$13,070 million (FY2022: US$13,704 million). The decrease of US$634 million was mainly due to FCTR~US$1,039 million, depreciation charge US$1,382 million, net disposals of US$243 million, impairment of US$61 million partly offset by additions of US$2,121 million (Aluminium division US$708 million, Zinc India US$475 million, Oil & Gas US$433 million, Zinc International US$158 million, Iron ore US$70 million & Power US$74 million)

Contribution to the exchequer

The Group contributed US$9.4 billion to the exchequer in FY2023 compared to US $7.4 billion in FY2022 through direct and indirect taxes, levies, royalties, and dividend, which was made by Vedanta Resources Limited.

Project capex

(US$ million)

Capex in Progress (In $ million)	Status	Approved Capex[2]	Spent up to FY 2023[3]	Spent in FY 2023	Unspent[4] as on 31st Mar 2023
Cairn India[1] – Mangala, Bhagyam & Aishwariya infill, OALP, ABH infill, RDG infill, Shale, Offshore infill etc		1,069	188	392	489
Aluminium Sector					
Jharsuguda VAP capacity expansion and others	In progress	418	116	79	223
Coal Mines (Jamkhani, Radhikapur, Kurloi, Ghoghrapalli)	In Progress	920	44	43	833
Lanjigarh Refinery: 2 to 5 MTPA	In Progress	641	89	188	364
Balco smelter and VAP capacity expansion	In Progress	1,146	15	91	1040
Zinc India					
Mine expansion		2,077	1,809	41	227
Roaster (Debari)	In Progress	101	-	1	100
Others		483	156	21	306
Zinc International					
Gamsberg Phase II Project	In Progress	466	-	53	413
Iron Ore Project	In Progress	37	9	11	17
ESL					
1.5 to 3 MTPA hot metal		349	10	78	261
Avanstrate					
Furnace Expansion and Cold Line Repair		203	80	41	82
Capex Flexibility					
Metals and Mining					
Tuticorin Smelter 400ktpa	Project is under Force Majeure	717	198	1	518
Skorpion Refinery Conversion	Currently deferred till Pit 112 extension	156	17	-	139

1. Capex approved for Cairn represents Net capex, however Gross capex is US$1.4 bn.
2. Is based on exchange rate at the time of approval.
3. Is based on exchange rate at the time of incurrence
4. Unspent capex represents the difference between total capex approved and cumulative spend as on 31st Mar 2023.

Financial Highlights

Revenue	EBITDA	EBITDA Margin[1]
US$ 18,141 million All time high	US$ 4,608 million 2nd highest	29 %

ROCE	FCF (pre capex)	C&CE
~20%	US$ 2,813 million All time high	US$ 2,628 million

Note 1: Excludes copper smelting at Copper Business

OPERATIONAL REVIEW

ZINC INDIA

The year in brief

Mine production progressively improved during the year with ore production for the full-year up 2% YoY to deliver a record 16.74 million tonnes, supported by strong production growth at Rajpura Dariba Mine, SK Mines and Rampura Agucha mine, which were up 11%, 7% and 6% respectively. Mined metal production was up 4% YoY to 1,062 kt primarily on account of higher ore production improved mined metal grades and operational efficiencies.

16.74 million tonnes
Record ore production

1,032 kt
Highest ever refined Zinc-Lead production

714 tonnes
Ever-highest silver production
10% YoY ↑

Occupational health & safety

In line with our commitment to ensure zero harm to employees, the leadership has undertaken the prime responsibility of providing a safe workplace for all employees entering our premises. While committed to operate a business with 'Zero Harm', it is with deep sadness that we report the loss of six business partners colleagues and one HZL employees in work-related incidents at our managed operations. These incidents happened despite our constant efforts to eliminate fatalities and attain a Zero Harm work environment. A thorough investigation was conducted to identify the causes of these incidents and to share the lessons learned across Hindustan Zinc, to prevent similar incidents in the future.

LTIFR for the year was 0.70 as compared to 0.81 in FY2022.

During the year, to avoid fatalities and catastrophic incidents in HZL, Vihan: A Critical Risk Management (CRM) initiative was launched to improve managerial control over rare but potentially catastrophic events by focusing on the critical controls. We have launched four critical risks i.e., Fall of Ground (FOG), Fall of person/object from height (WAH), Vehicle Pedestrian Interaction (VPI) and Entanglement. Through this initiative, we want to ensure that all identified critical controls are being monitored and systems are in place.

Safety Pause was also conducted across all our operational units under the theme 'Stop Work if it's not Safe'. During this connect all recent safety incidents happened across group companies were discussed and key learnings were shared.

Community of Practice - Structure Stability established during the year to establish a review mechanism of all prevailing civil and mechanical structures; further a specific categorization was founded to mark the structures based on which their repair/ replacement is planned.

Second half of the year has been an era of innovation for mining operations to avoid manual intervention and related risk with inclusion of: Single point remote blasting over wi-fi at pilot level, digitalized drilling of production stopes during blasting operations in which no manpower is present and machine drills in auto mode with interlock features of approaching man, Digital RFID based cap lamps along with proximity sensors to ensure real time tracking and monitoring of personnel working in underground and Digital interlockings have been developed to stop over winding operation during excess of mud/ water at shaft bottom.

Training and capability building was also core theme during the year, few key programmes are first underground practical cum digitized training gallery developed at RAM to provide all facility of surface training to underground operations team, Wi-Fi Network available at training place so that underground manpower can connect from underground to any kind of seminars/ trainings, safety leadership development program initiated for mines frontline supervisor through ex-DGMS officials and Dupont, RAM has also launched a unique virtual reality-based simulator training for jumbo operator.

Response during any emergency is a paramount parameter to ensure safety of the people. As a proactive measure, we have conducted ERCP (Emergency Response and Crisis plan) Gap Assessment study across all the sites. 51st All India Mines Rescue Competition was hosted under the aegis of DGMS at Rajpura Dariba Complex, 10 days Capacity

Building Training Programme on Disaster Management was conducted at ZM, the training included medical first responder, collapsed structure search & rescue, fire management, chemical emergencies, etc. RAM has reaffirmed safety & rescue by establishing Underground Fire Tender with remote operated foam unit and thermal imaging camera for blind zones.

Demonstrating the highest standards of health and safety management during the year, Dariba Smelting Complex received the prestigious 'Sword of Honour' from British Safety Council for showing excellence in the management of health and safety risks at work. Kayad Mines received 5 Star Rating Award in Safety and Welfare by Rajasthan Govt and Jaswant Singh Gill Memorial industrial safety excellence award 2022 in underground Metal mine in India.

Environment

Hindustan Zinc commits to 'Long-term target to reach net-zero emissions by 2050' in line with Science Based Targets initiative (SBTi) aiming to have a clear and 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.

We have entered into a power delivery agreement for supplying 450 megawatts of renewable power by 2025 which will not only strengthen our commitment towards a clean future but also help reduce emissions to the tune of 2.7 million TCO2e. Also, Pantnagar metal plant is sourcing 100% green power for its operations thus making it one-of-a-kind initiative, leading towards reducing emissions by 30,000 TCO2e.

Technology and digitalisation are key to strengthening our ESG footprint and creating a net-zero future. It is our ambition to convert all our mining equipment to battery-operated Electric Vehicles (EVs). To make our mining operations environment-friendly, we plan to invest US$1 billion over the next five years towards combatting climate change impacts.

Electric Vehicles (EVs) are a globally recognised means to alleviate dependence on petroleum products and reduce CO_2 emissions. Therefore, Hindustan Zinc signed a Memorandum of Understanding (MoU) with Epiroc Rock Drills AB, Normet Group Oy and Sandvik AB to introduce battery electric vehicles (BEV) in its underground mining operations making Hindustan Zinc the first company in India to introduce battery-operated vehicles in underground mines.

HZL has led by example by inducting LNG powered truck for transportation which shall contribute 30% lesser towards GHG emission. We are also using 5% biomass for power generation and reducing carbon footprint through our captive thermal power plants.

In-line with HZL's policy of a green value chain, our business partners have also started operating Electric vehicles, several electric forklifts have been introduced in our multiple business units.

At HZL, we recognize 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 second 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.

Endeavoring towards sustainable organization we have relooked our materiality matrix and established the ESG governance at tier 3 level as well as at SBU level to implement ESG projects on ground.

Hindustan Zinc joins the Taskforce on Nature-Related Financial Disclosures (TNFD) piloting with ICMM to access the challenges in implementing LEAP process of TNFD.

Miyawaki afforestation was completed at DSC and CLZS. 12,000 Indigenous Plants and 6,500 native seeds planted in the area of 1 hectare at each of the location to create a self-sustaining forest in the span of 3 years. 3 years Engagement with IUCN has initiated, under this Prepared IBAT (Integrated Biodiversity Assessment Tool) Report for all Rajasthan based locations identifying species present in the core area, Reframed Biodiversity Policy of HZL, Ecosystem Service review conducted across the Rajasthan based locations and Biodiversity risk assessment and site visit by IUCN team members for one season completed. These studies will help HZL to prepare a strategy to achieve 'No Net loss' towards biodiversity. Green cover study done by SRSAC (State Remote Sensing Application Centre, Jodhpur) for all Rajasthan Based locations of HZL.

One of the most notable achievements has been the successful commissioning of a 3,200 KLD Zero Liquid discharge (RO-ZLD) plant at the Dariba Smelter. Apart from that, Zawar (ZM) and Rampura Agucha Mine ZLD projects of 4,000 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.

Site Inspection and updated GISTM (Global Industry Standard on Tailing Management) Conformance Assessment completed by ATC Williams for all TSF (Tailing Storage Facility). Environment Product Declaration (a Type 3 Ecolabel) for zinc product published.

Public hearing was conducted successfully at CLZS for proposed enhancement of zinc production capacity from 504 to 630 kt and installation of Induction Furnace, Slab Casting Line, RZO Unit, change in product mix in Pyro unit on total metal basis & Installation of lead refinery & minor metal complex etc.

Production performance

Production (kt)	FY 2023	FY 2022	% Change
Total mined metal	1,062	1,017	4%
Refinery metal production	1,032	967	7%
Refined zinc – integrated	821	776	6%
Refined lead – integrated[1]	211	191	10%
Production – silver (in tonnes)[2]	714	647	10%

1. *Excluding captive consumption of 7,912 tonnes in FY2023 vs. 6,951 tonnes in FY2022.*
2. *Excluding captive consumption of 41.4 tonnes in FY2023 vs. 37.4 tonnes in FY2022.*

Operations

For the full-year, ore production was up 2% YoY to 16.74 million tonnes on account of strong production growth at Rajpura Dariba Mine, SK Mines and Rampura Agucha mine, which were up 11%, 7% and 6% respectively . FY2023 saw the best-ever Mined metal production of 1,062,089 tonnes compared to 1,017,058 tonnes in the prior year in line with higher ore production across Mines supported by better metal grades and operational efficiencies.

For the full year, we saw our ever-highest metal production, up 7% to 1,032 kt in line with better plant and MIC availability, while silver production was 10% higher at 714 tonnes in line with higher lead metal production.

Particulars	FY 2023	FY 2022	% Change
Average zinc LME cash settlement prices US$ per tonne	3,319	3,257	2%
Average lead LME cash settlement prices US$ per tonne	2,101	2,285	(8%)
Average silver prices US$/ ounce	21.37	24.58	(13%)

FY 2023 started well with the prices around ~US$4,000/t. With the impact of the Russia Ukraine War, lockdown announced in China and US GDP contraction, zinc prices hovered around US$4,400/t for most of Apr'22 and ended at US$4,100/t. In the month of May, prices went down to US$3,499/t over concerns on economic slowdown in the US and China. Prices again rebounded above US$4,000/t driven by increased expectation of a stimulus from the Chinese government to support growth in order to offset the impact of the coronavirus. However, in Q3 FY 2023, negative sentiment of the market pushed down the LME prices in Oct'22 and reached to US$2,682/t on 3rd Nov'22, lowest since Feb'21. With the sudden end to China's zero-Covid policy at the end of CY 2022 and the prospect of Chinese demand rebound, the faith in base metals has been restored in investors. This gave the much-needed boost and prices rose above US$3,400/t in January 2023, with monthly average of US$3289/t. However, the trend has not lasted for long and prices have corrected to US$2956/t in March 2023.

In long term, the prices will be pressured by growing surpluses. The higher zinc prices in recent years have encouraged the development of a significant amount of new mine projects. However, the smelter capacity suggests not all of this new mined output will be processed, leading to concentrate surpluses. At the same time, smelter output

growth is forecast to outpace demand growth. This, in turn, will lead to a significant refined stock build. As the cumulative surplus becomes unsustainably large, prices will fall lower to rebalance the market.

Zinc Demand-Supply

Zinc Global Balance In KT	CY 2021	CY 2022	CY 2023 E
Mine Production	13,094	12,862	13,080
Smelter Production	13,867	13,489	13,855
Consumption	14,147	13,587	13,794

Source: Wood Mackenzie, March STO

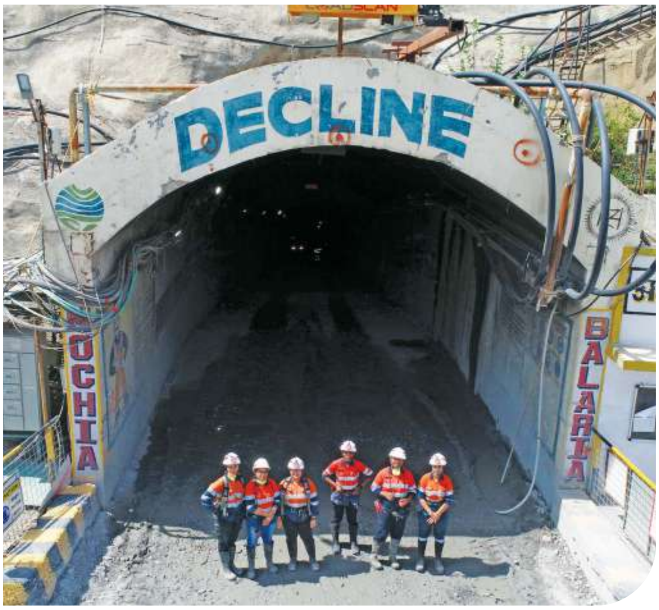
Global demand witnessed contraction in CY 2022, decreasing by 3.0% to 13.6 million tonnes, largely due to the fall in Chinese demand. At supply level, the refined zinc metal production fell by 2.6%, as several smelters closed for care and maintenance across the world owning to the increase in energy prices. The global mined zinc production is expected to grow stronger during 2023 to 2026 period as there will be new mine projects ramping-up. And it is expected that the production will grow by 1.8% to 13.8 million tonnes in 2023,.

The global zinc warehouse stocks also fell during this period due to supply constraints. The total tonnage of zinc in the Shanghai Futures Exchange (SHFE) warehouses fell to 20 kt at the end of December'22 and settled at 97kt at the end of March'23, from 176 kt in April'22. And the London Metal Exchange (LME) stocks stood at 45 kt at the end of the March'23, down from 140 kt in April'22.

The Indian economic environment has remained optimistic. The same was reflected by the S&P Global Manufacturing PMI which stood at 56.4 in March'23 as compared to 54.7 in April'22 and 55.3 in February'23, reflecting expansion in manufacturing sector. The Indian automobile industry is on a growth trajectory, with 13.5% increase in production to reach 227 lakh units till February 2023 from April 2022, compared to the same period in the previous fiscal. The passenger vehicle sales stood at 29 lakh units, marking a growth of 30% over the same period in the previous year. (Source: SIAM & SP Global Index)

The finished steel domestic production was at 110.44 million tonnes during April 2022 to February 2023, up by 7.2% over the same period in the previous year. Consumption in domestic market during the same period stood at 108.15 million tonnes, up by 12.6%. The total net finished steel exports till February 2023 stood at 5.90 million tonnes, down by 52% over same period in the previous financial year on account of export duty levy. (Source: MIS Report on Iron & Steel by JPC)

The overall domestic demand for primary zinc in this financial year has seen growth rate of 3.8% compared to last year, reaching pre COVID levels, and it is expected to grow further by 4% in FY 2024.



Unit costs

Particulars	FY 2023	FY 2022	% Change
Unit costs (US$ per tonne)			
Zinc (including royalty)	1,707	1,567	9%
Zinc (excluding royalty)	1,257	1,122	12%

For the full year, zinc COP excluding royalty was US$1,257/t, higher by 12% YoY (21% 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

(US$ billion, unless stated)

Particulars	FY 2023	FY 2022	% Change
Revenue	4,126	3,844	7%
EBITDA	2,177	2,170	0%
EBITDA margin (%)	53%	56%	-
Depreciation and amortisation	389	377	3%
Operating Profit before special items	1,788	1,793	(0%)
Share in Group EBITDA (%)	47%	35%	-
Capital Expenditure	466	378	23%
Sustaining	402	339	19%
Growth	64	39	65%

Revenue from operations for the year was US$4,126 million, up 7% YoY, primarily on account higher metal & silver production, higher Zinc LME prices, gains from strategic hedging, partially offset by lower lead and silver prices.

EBITDA in FY2023 increased to US$2,177 million. The increase was primarily driven by improved metal and silver volumes, higher Zinc LME prices, gains from strategic hedging, partly offset by higher costs and lower lead & silver prices.

Projects

In HZL journey of 1.25 MTPA MIC expansion, only left-out project of RD Beneficiation plant revamping is under execution at RD Mines which is scheduled to be commissioned in Q1 FY24. Fumer plant final commissioning delayed due to VISA issues of OEM from China. The plan is to complete commissioning of plant through OEM support in Q1 FY24. For further phase of expansion of Mines and Smelters, studies are under progress and results are expected in FY24.

The capacity of smelters is being enhanced by putting up a new Roaster in Debari with latest technologies. The order placement is targeted by Q1 FY24.

A new project of Hindustan Zinc Alloys ordered in Q1 FY23 is under execution and scheduled for completion in Q1 FY24. HZL is also setting up new Fertiliser Plant in Chanderiya for which partner has been locked in. Formal order placement is scheduled to be completed in Q1 FY24. Project is scheduled for completion in 24 months.

Exploration

Zinc India's exploration objective is to upgrade the resources to reserves and replenish every ton of mined metal to sustain more than 25 years of metal production by fostering innovation and using new technologies. The Company has an aggressive exploration program 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 FY 2023 totalled 173.49 million tonnes and exclusive mineral resources totalled 286.56 million tonnes. Total contained metal in Ore Reserves is 9.64 million tonnes of zinc, 2.7 million tonnes of lead and 310.2 million ounces of silver and the Mineral Resource contains 12.8 million tonnes of zinc, 5.66 million tonnes of lead and 545.7 million ounces of silver. At current mining rates, the R&R underpins metal production for more than 25 years.

Strategic Priorities & Outlook

Our primary focus remains on enhancing overall output, cost efficiency of our operations, disciplined capital expenditure and sustainable operations. 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.
- Sustain cost of production to be in the range of US$1,125- US$1,175 per tonnes through efficient ore hauling, higher volume & grades and higher productivity through ongoing efforts in automation and digitization.
- 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.
- Progressing towards sustainable future with continued efforts towards reduction in GHG emissions, water stewardship, circular economy, biodiversity conservation and waste management.

ZINC INTERNATIONAL

The year in brief

During FY2023, Zinc International continued to ramp up production at Gamsberg mine and achieved record production of 208kt. This was mainly due to increase in tonnes treated and plant recoveries compared to previous financial year.

Black Mountain continued to have a stable production of 65kt, which is significantly higher than FY22 due to higher lead head grades and recoveries.

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 still in progress.

208 kt

Record mined metal production at Gamsberg

Occupational health & safety

At VZI, 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.

Airborne particulate management remains a key focus in reducing lead and silica dust exposures of employees (Exposure Reduction to Carcinogenic). VZI had 17 blood lead withdrawals for FY23, 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.

VZI is embarking on a real time monitoring strategy and additional controls at source to reduce and eliminate exposures to both silica and lead.

The VZI LTIFR Improved from 1.41 in FY2022 to 0.75 in FY2023. The TRIFR Improved from 5.6 in FY2022 to 3.1 in FY2023, both improving by 46 and 44% respectively. VZI remained fatal free during FY2023, and Black Mountain Mine achieved LTI free year. These remarkable achievements were necessitated by VZI's strong commitment to Zero harm principle and a belief that everybody coming to VZI must return home safe and healthy every day.

Leading Indicators reporting, Leadership Engagements and Critical Risk Management were the strategic initiatives central to these record setting achievements. VZI shall, in collaboration with the Mineral Council and Vedanta Group continue to seek for leading practices to continually improve our HSE performance.

Environment

VZI has secured Portion 1 of the farm Wortel 42 as the fifth Biodiversity Offset Property and has presented the property to the Department of Agriculture, Environmental Affairs, Rural Development and Land Reform (DAERDLR). Once the property is transferred to BMM's name, there will be declaration of this property as a Protected Area, as an inclusion to the Gamsberg Nature Reserve Protected Area under the National Environmental Management Protected Areas Act, 2003 (Act No.57 of 2003). This is a requirement of Clause of the Biodiversity Offset Agreement (BOA). BMM is in negotiations with landowners to secure the remaining two farms by 1 April 2024 to ensure compliance to Clause 6 of the BOA.

The Second Independent Audit on the Implementation of the BOA between BMM and DAERDLR commenced October 2022 and the draft reports have been submitted to the implementation parties (BMM and DAERDLR) for comments and review. The final report will be available by end of March 2023 with a large improvement since the previous audit. The final report will be published in VZI Annual Report and on the VZI webpage as required by the BOA.

The implementation of the nine Biodiversity Monitoring Protocols has been completed for a test year and will be revised and updated in April 2023 for long-term implementation. BMM are awaiting verification of the status of No Net Loss that was monitored and measured as part of the implementation of the Biodiversity Monitoring Protocols and a statement regarding the findings and verification will be shared.

The installation of a dedicated anti-poaching surveillance camera network, covering a circular route of more than 400km show good results and according to statistics received from South Africa Police Services (SAPS) and the Agri Namakwaland the surveillance camera network has resulted in a large decrease in petty crime in the area. However, incidents of poaching outside the surveillance cameras are still reported on an ad hoc basis as poachers adjust their modus operandi. An Antipoaching workshop between IUCN, BMM, DAERDLR, South Africa Biodiversity Institute (SANBI), SAPS and key role players in the area are planned for April 2023.

Production performance

Production (kt)	FY 2023	FY 2022	% Change
Total production (kt)	273	223	22%
Production – mined metal (kt)			
BMM	65	52	25%
Gamsberg	208	170	22%

Operations

During FY2023, total production stood at 272,713 tonnes, 22% higher YoY. This was primarily due to tonnes treated and higher recoveries.

At BMM, production was 65,112 tonnes, 25% higher YoY. This was mainly due to 8.9% higher throughput at 1.7 million tonnes, higher lead grades (3.0% vs 2.1%) and recoveries (82.8% vs 81.6%) offset by lower grades of zinc (1.8% vs 2.1%) and recoveries (71.9% vs 75.2%).

Gamsberg's production was at 207,601 tonnes as the operation continues to ramp up with improved performance during current financial year. Higher production at Gamsberg y-o-y is attributable to 7.8% increase in throughput to 4.2 million tonnes, higher zinc grades (6.5% vs 6.2%) and recoveries (75.7% vs 69.9%).

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

Unit costs

Particulars (US$ per tonne)	FY 2023	FY 2022	% Change
Overall zinc CoP including TcRc	1,577	1,442	9%
Gamsberg Zinc COP excluding TcRc (US$/t)	1,033	1,138	(12%)

Gamsberg COP excluding TcRc decreased by 12% to US$1,033 per tonne. This reflects the strength and efficiency of our operations at Zinc International. The decrease in the cost of production was driven by higher production supported by local currency depreciation against the USD despite high input commodity inflation.

Overall Zinc COP including TcRc increased by 9% to US$1,577 per tonne, from US$1,442 per tonne in the previous year. This was mainly driven by commodity price inflation and higher treatment and refining charges, offset by higher production and local currency depreciation against the USD.

Financial performance

(US$ million, unless stated)

Particulars	FY 2023	FY 2022	% change
Revenue	649	602	8%
EBITDA	241	206	17%
EBITDA margin (%)	37%	34%	-
Depreciation and amortisation	61	69	(12%)
Operating Profit before special items	180	137	31%
Share in Group EBITDA (%)	5%	3%	-
Capital Expenditure	144	133	8%
Sustaining	68	133	(49%)
Growth	76	-	-

During the year, revenue increased by 8% to US$649 million, driven by higher sales volumes compared to FY2022 due to 22% higher production at BMM Gamsberg, higher zinc LME prices partially offset by lower lead and silver prices.

EBITDA increased by 17% to US$241 million, mainly on account of improved operational performance, higher zinc LME price, favourable exchange rates movement partially offset by lower lead & silver prices and increase in TC/RC.

Refinery Conversion – The Skorpion Refinery Conversion project has reached Ready-to-order phase, post completion of FEED, feasibility study, tendering activities & techno-commercial adjudication and contract finalization. All regulatory approval is in place to start project execution.

With power tariffs being very critical for the viability of the project, discussions / negotiations are in progress 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 FY24.

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 and was approved by the Vedanta Board in Q4 of FY22. The EPC partner, Onshore, has been appointed in Q1 FY23, site mobilization completed, detailed engineering is under progress and the project is in execution phase. All Major Long lead FIMs {Ball & Sag Mill (CITIC), Crusher, Floatation, Filter Presses and Thickeners Package (MO)} Orders placed.

Cumulative progress – Engineering – 61.79%; Procurement – 35.17%; Construction - 1.57%; Overall project – 16.26%

Transformer and 11 KV Switchgear partner are locked in

Crusher House & LV Substation Foundation Works-in-Progress

Wet TSF Design under progress – Geo Chemical investigation completed. Geotech investigation in progress

External Power & Water package –Site established, and work started

Workmen Camp & Site Office Establishment – In progress

Gamsberg Smelter – The Gamsberg Smelter Project is re-defined with phased approach wherein 210 KTPA capacity phase 1 will be executed by repeating the available HZL smelter design incorporating necessary modifications required to treat Gamsberg Concentrate. The partner selection is in progress for various EPC / EP + C packages. We have appointed ThyssenKrupp (TKIS-India) as Owner's engineer. The techno-commercial proposals with Shapoorji & L&T as the prospective EP Partners. Construction Tender released on 23rd Nov'22.

RFQs for all FIMs released

Construction Tender released on 23rd Nov'22. Offers are received and are under Commercial negotiations.

The techno-commercial proposal for EPC 1 (on EP basis) is received from Shapoorji and it is under commercial adjudication. L&T 's offer is awaited.

Pre bid meeting conducted with all prospective partners for Renewable Power. Proposals received from 4 vendors.

We have received the environmental approval for the Smelter & Bulk water pipeline construction. The Smelter EC is currently under appeal phase. We are also engaging with Gov. of South Africa on the other critical success factors like SEZ, power price, sulphuric acid offtake, logistics infrastructure and balance regulatory approvals which are vital for economic feasibility of the project.

Black Mountain Iron Ore project – This is a project to recover iron ore (magnetite) from the BMM fresh tailings. EPC's detailed engineering, procurement, earthworks, and major fabrication are completed. Construction is currently at 76.4% completion. Project being relooked for repurposing under guidance of CEO, Zinc Business.

Exploration

0.3% increase in resources from 27.20 million tonnes to 27.29 million tonnes metal and 4.4% reduction in reserve metal tons from 7.9 million tonnes to 7.6 million tonnes.

Total R&R for VZI decreased from 671 million tonnes to 659 million tonnes of ore, while metal decreased from 35.1 million tonnes to 34.87 million tonnes (0.7% decrease in total metal)

Reduction in reserves largely attributable mining depletions and the slight increase in resources due to addition of metal tons at Kloof which was offset by an increase in transport/ operating costs and increased dilution which impacted the cut-offs used.

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 complete Gamsberg Phase 2 project to add another 190kt to the total production of VZI. Likewise, BMM continues to deliver stable production performance and focus is to debottleneck its ore volumes from 1.8 million tonnes to 2.0 million tonnes. Skorpion is expected to remain in Care and Maintenance 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.

Core Growth strategic priorities include the following:

- Completion 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.

OIL AND GAS

The year in brief

During FY2023, Oil & Gas business delivered gross operated production of 143 kboepd, down by 11% y-o-y, primarily driven by natural reservoir decline at the MBA fields. The decline was partially offset by addition of volumes through new infill wells brought online in Mangala, Bhagyam and Raageshwari Deep Gas fields. Offshore assets were supported by gains from the infill drilling campaign across both assets Ravva and Cambay.

In OALP blocks, we have secured 8 blocks in DSF-III round and one Coal Bed Methane (CBM) Block in special CBM round 2021.

143 kboepd

Average gross operated production

11% YoY ↓

Occupational Health & Safety

There was one lost time injuries (LTIs) in FY2023. Frequency rate stood at 0.03 per million-man hours (FY2022: 0.20 per million-man hours).

Our focus remains on strengthening our safety philosophy and management systems.

Cairn Oil & Gas has taken various initiatives:

- "5S" certification for Mangala, Raageshwari and Aishwarya Mines.
- Established Mines Vocational Training Center at RJ Oil, Barmer.
- Project CSUSP (Cairn Sustainability & Safety Performance Program), a journey to improved sustainable and increased safety performance initiated.
- Digital initiatives: NLP (Natural Language Processing) based Safety Observation Reader, Training through Virtual Reality Headsets, QR code based tracking system for fire cylinders.
- Artificial intelligence-based safety surveillance system installed across locations.
- COVID-19 mass booster dose vaccination drive for employees, their family members and business partners.

Environment

Our Oil & Gas business is committed to protect the environment, minimize resource consumption and drive towards our goal of 'zero harm, zero waste, zero discharge'. Highlights for FY2023 are as:

- Cairn Oil & Gas declared as Water Positive Company with NPWI (Net water positive impact) index of 1.12. Four of our sites RJ Oil, RJ Gas, Midstream and Ravva) are also individually declared as water positive assets.

Biodiversity/wildlife conservation initiatives

- MoU signed with District Forest Office, Rajasthan and Gujrat for plantation of 0.35 million tree over 700 hectares in Barmer district and development of 60-hectare mangroves forest in Sural Coastal area respectively.
- Biodiversity assessment completed with objective to draw No Net Loss or Net Positive Impact
- Drinking water facility developed for wild animals at Dhorimanna Hilly Forest Area, Barmer
- Revival of Khejari in Thar Ecosystem through Agro forestry and distributed 300 saplings to community farmers
- Published book "Know Your Flora – A Glimpse of Thar Ecosystem" and video on "Ravva Biodiversity -Photo Journey of a Nurtured Ecosystem".

Reduction in GHG emission:

Cairn signed Power Purchase Agreement (PPA) for 25 MW renewable energy with Serentica Renewable 3 India Pvt Ltd.

Installation of 150+ Solar lights at Mangala Processing Terminal & well pads for renewable power generation ~32,000 units/annum.

Reduction in RDG flare by tuning the control valve of condensate flash drum (CFD) & Stabilizer column & recycle gas compressor optimization with annual GHG Reduction potential of 17,300 tonnes of CO2e/annum

Solar rooftop installed on 10 AGIs (above ground installations) for pipeline operations (Annual GHG reduction potential of 208 tons of CO2e/annum).

Installation of 220 KWP of Solar Rooftop at RJ Gas and 130 KWP at Radhanpur Terminal (Annual GHG reduction potential of ~440 tons of CO2e/annum).

Commissioned 10 KWP Solar Plant at Cambay aseet.

Introduced 5 new Electric Golf carts at RJ Gas for internal commuting.

All Operating assets of Cairn (RJ Oil, RJ Gas, Midstream operations, Ravva, and Suvali) have been certified as "Single Use Plastic free" premises.

Production performance

	Unit	FY 2023	FY 2022	% change
Gross operated production	Boepd	142,615	160,851	(11%)
Rajasthan	Boepd	119,888	137,723	(13%)
Ravva	Boepd	11,802	14,166	(17%)
Cambay	Boepd	10,777	8,923	21%
OALP	Boepd	147	39	-
Oil	Bopd	118,634	135,662	(13%)
Gas	Mmscfd	144	151	(5%)
Net production – working interest	Boepd	91,485	103,737	(12%)
Oil*	Bopd	76,149	87,567	(13%)
Gas	Mmscfd	92	97	(5%)
Gross operated production	Mmboe	52.1	58.7	(11%)
Net production – working interest	Mmboe	33.4	37.9	(12%)

* *Includes net production of 450 boepd in FY2023 and 535 boepd in FY2022 from KG-ONN block, which is operated by ONGC. Cairn holds a 49% stake.*

Operations

Average gross operated production across our assets was 11% lower y-o-y at 142,615 boepd. The company's production from the Rajasthan block was 119,888 boepd, 13% lower y-o-y and from the offshore assets, was at 22,579 boepd, 2% lower y-o-y, owing to natural field decline. The decline has been partially offset by infill wells brough online across all assets.

Production details by block are summarized below.

Rajasthan block

Gross production from the Rajasthan block averaged 119,888 boepd, 13% lower y-o-y. The natural decline in the MBA fields has been partially offset by infill wells brought online in Mangala, Bhagyam, ABH and RDG fields.

Gas production from Raageshwari Deep Gas (RDG) averaged 142 million standard cubic feet per day (mmscfd) in FY2023, with gas sales, post captive consumption, at 118 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 served notice of Arbitration on the GoI in respect of the audit demand raised by DGH based on PSC provisions. The final hearing and arguments were concluded in September 2022. Post hearing briefs have been filed by the parties on 11th November 2022. 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.

Pursuant to GOI's approval for extension vide letter dated 26th October 2018, the parties have now executed the addendum for PSC extension for 10 years from 15 May 2020 to 14 May 2030 on 27th October 2022.

Ravva block

The Ravva block produced at an average rate of 11,802 boepd, lower by 17% y-o-y, owing to natural field decline.

Cambay block

The Cambay block produced at an average rate of 10,777 boepd, higher by 21% y-o-y, supported by gains from the infill well drilling campaign.

Prices

Particulars	FY 2023	FY 2022	% change
Average Brent prices – US$/barrel	96.2	81.2	18%

Crude oil price averaged US$96.2 per barrel in FY2023, compared to US$81.2 per barrel in FY2022. The continuous upward movement is mostly driven by supply constraints following Russia's invasion of Ukraine.

Early in the year, prices rose amid tight supply after a build in U.S. crude and gasoline stocks, limited spare capacity of OPEC and downfall in supply from Caspian Pipeline Consortium. Demand outlook remains clouded by increasing worries about an economic slump in the United States and Europe, debt distress in emerging market economies.

Further, faltering economic backdrop and weakening outlook for consumption caused a volatility in the oil prices. Interest rate hike by central banks around the world weighted on demand outlook and series of rate hikes by US Fed caused dollar to spiral to two decades high to make oil more expensive to the buyers holding currency other than dollar. COVID-19 restrictions in China and US administration releasing oil inventories from strategic reserve further eased the prices.

However, in March financial markets witnessed uncertainty, triggered by the turmoil in the US and European banking sector. Concerns about potential financial contagion effects and the risk that banking sector turmoil will extend to the economy pushed crude oil prices sharply down to 15-month lows at US$75/bbl.

In April, decision by OPEC and allies to slash May production by 500,000 bopd in a bid to arrest the slump in prices provided floor to the prices.

Financial performance

(US$ million, unless stated)

Particulars	FY 2023	FY 2022	% change
Revenue	1,873	1,669	12%
EBITDA	972	809	20%
EBITDA margin (%)	52%	48%	-
Depreciation and amortisation	442	307	44%
Operating Profit before special items	500	502	(0%)
Share in Group EBITDA (%)	21%	13%	-
Capital Expenditure	474	233	-
Sustaining	14	9	63%
Growth	460	225	-

Revenue for FY2023 was 12% higher y-o-y at ₹1,873 million (after profit petroleum and royalty sharing with the Government of India), as a result of the increase in oil prices, partially offset by lower sales volume.

EBITDA for FY2023 was at US$972 million, higher by 20% y-o-y as a result of higher brent prices, , increase in capex recovery partially offset by lower volumes and increased cost.

The Rajasthan operating cost was US$14.2 per barrel in FY2023 compared to US$10.1 per barrel in the FY2022, primarily driven by increase in polymer commodity index, owing to oil price rally and increased well interventions to manage natural field decline.

A. 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:

Infill Projects

Bhagyam

To accelerate production and augment reserves from Bhagyam field, infill drilling opportunities in FB1 and FB3 layers were identified. The project entails drilling of 11 infill producers and injector wells in FB3 layers and three horizontal wells in the bio-degraded zone.

As of March 31, 2023, 12 wells have been drilled, of which 7 wells are online.

Aishwarya

Based on the success of the polymer injection in Lower Fatehgarh (LF) sands of Aishwariya field, additional production opportunities were identified in Upper Fatehgarh (UF) sands. The project entails drilling of 25 infill wells in Upper Fatehgarh (UF) sands and conversion of 7 existing wells to UF polymer injectors.

As of March 31, 2023, 18 wells have been drilled, of which 8 wells are online.

Tight Oil (ABH)

Aishwariya Barmer hill infill drilling program established confidence in reservoir understanding of ABH.
Based on its success, drilling of 14 additional wells were conceptualized.

Early acceleration of three wells has been completed during the fiscal year 2023. Drilling is to re-commence from first quarter of fiscal year 2024.

Tight Gas (RDG)

In order to realize the full potential of the gas reservoir, an infill drilling campaign of 27 wells has commenced during fiscal year 2022. As of March 31, 2023, 24 wells have been drilled of which 17 wells are online.

Satellite Fields

In order to monetise the satellite fields, 14 wells development campaign for 3 satellite fields (GSV, Tukaram, Raag Oil) was conceptualized. Drilling has been completed during fiscal year 2023 and they are being progressively hooked up to ramp up volumes.

Cambay (Offshore)

Infill program in Cambay over the last few years has resulted in incremental recovery. New opportunities had been identified basis integration of advanced seismic characterization, well and production data. Project has been completed during the second quarter of fiscal year 2023 and two wells are online.

Ravva (Offshore)

To augment reserve base and manage natural decline, infill opportunities were identified in Ravva asset. The project entails drilling of four exploration wells and 1 development well.

Project has been completed during the fourth quarter of fiscal year 2023 and success has been notified in two exploration wells and 1 development well which are online and producing. No hydrocarbons were observed in two wells and have been declared dry.

Discovered Small Field (DSF)

Hazarigaon: Well intervention and testing activities was carried out in Hazarigaon-1 well and monetisation is underway. Production commenced from third quarter of fiscal year 2023.

B. Exploration and Appraisal

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

Rajasthan Exploration

The Rajasthan portfolio provide access to multiple play types with oil in high permeability reservoirs, tight oil and tight gas. We have completed drilling of 2 exploration wells and to unlock the potential of unconventional resources, we completed drilling of the first shale exploration well in Rajasthan during the fiscal year 2023. 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, of which 5 onshore blocks in the KG region have been relinquished.

Production commenced from Jaya discovery in Cambay region in third quarter of fiscal year 2023. This is first of its kind production facility where in sales through CNG cascade system are being done by an E&P operator from an exploration well site.

Drilling preparations are ongoing in the Offshore West-Coast to drill a moderate risk-high reward prospect (risked resource potential of 42 mmboe) within the Kutch-Saurashtra basin during the first quarter of fiscal year 2024. We intend to continue the exploration across Rajasthan, Cambay, and North-east in FY24 to unlock the full potential of the OALP blocks.

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
- Define up to 20 potential new development projects to bring these Resources into production
- Unlock the potential of the exploration portfolio comprising of OALP and PSC blocks
- Continue to operate at a low cost-base and generate free cash flow post-capex

ALUMINIUM

The year in brief

In FY2023, the aluminium smelters achieved India's highest production of 2.29 million tonnes. It has been a remarkable year as we inched towards our vision of 3 MTPA Aluminium. Though this year we saw headwinds in cost due to rising commodity prices and the coal crisis but 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 FY2023 stood at US$2,324 per tonne. We have produced 1.79 million tonnes of calcined alumina at the Lanjigarh refinery.

2,291 kt

Highest ever aluminium production

Occupational health & safety

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

This year, we experienced total 33 Lost Time Injuries (LTIs) resulting in LTIFR of 0.41 at our operations. Further, we have developed the V-SAFE portal for timely identification and reporting of safety hazard and rectification of the same.

Towards the goal of Zero Harm in Safety, the Lanjigarh Unit undertook numerous safety measures to improve workplace condition in terms of site infrastructure, safety system & safety culture. Noteworthy infrastructural improvements include safer access pathways for pedestrians and heavy vehicles across the site. Safety systems incorporated to improve safety are introduction of Driver Management Centre, monitoring of vehicles & safe driving parameters through smart cameras, speed detectors and Vehicle Tracking System. BALCO has onboarded the journey of "Vihan" - Critical Risk Management (CRM) and launched with five critical risks control this year.

The site has also implemented digitization project v-Unified (ENABLON) to manage safety through technological tools.

The Site is committed to 'Refuse Work if it is Unsafe to Execute' and empowered all site personnel to reject any activity that posed a possible safety concern..

Environment

During the year, Jharsuguda has recycled 13.09% % of the water used, while BALCO has recycled 10.76%. Our specific water consumption at VLJ metal was 0.20 m^3/t, BALCO metal was 0.61m^3/t and alumina refinery was 2.04 m^3/t.

At Lanjigarh, biomass was co-fired in the boiler for the first time, with all defined safety measures to reduce GHG emissions (by 388 TCo_2e) of the power plant. At BALCO, biomass was co-fired in the boiler for the first time(Qty: 5KT), with all defined safety measures to reduce GHG emissions (by 6900 TCo_2e) of the power plant. Also started using biodiesel for the first time in technological vehicles and Ladle cleaning shop. This is in line with the Vedanta de-carbonization and carbon neutrality plan.

EV vehicles will be used in operations as part of the green drive. Under this initiative, the Jharsuguda unit has deployed Electric 27 forklifts in place of diesel propelled forklifts. 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. BALCO has planned to shift 2 EV LMVs in current year for the reduction of scope-3 emission at BALCO business.

This year we produced 58 KT of Green Aluminium (YTD) under the brand name (Restora) with a potential to produce 100 KTPA. This is a strong step towards our commitment to achieve GHG emission intensity reduction of 30% 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 8.3% compared to the FY 21 baseline. We have purchased 1323 MU of Green Power Mar'23 YTD and co-fired 5141 million tonnes of Biomass. Further, the Floating Solar Project is expected to be completed by Q3FY24 thus strengthening our green power commitment.

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 utilized 106.74% of Ash and 99.34% Dross.

Vedanta Aluminium has entered into a long-term partnership with Dalmia Cements for gainful utilization of industrial by-products such as fly-ash and Spent Pot Lining (SPL) waste to manufacture 'green' cement. The partnership will enable Vedanta Aluminium's plant at Jharsuguda to transport around 20 rakes of fly ash per month for 5 years to Dalmia Cement plants at Odisha, Chhattisgarh, Meghalaya, and Assam, and transport Spent Pot Lining (SPL) waste for 3 years to Dalmia Cement at Rajgangpur, Odisha. Jharsuguda operations has implemented Integrated Waste Management System by NEPRA for sustainable management of non-hazardous waste like plastic, paper, food, horticulture waste and others. This will enable us to move towards 'Zero Waste to Landfill' and will help us generate wealth out of waste. Till date total 121 rakes had been dispatched which is the highest ever ash dispatch for Jharsuguda unit.

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 utilization 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 utilize 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.

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

Production performance

Production (kt)	FY 2023	FY 2022	% Change
Cast Metal Production (kt)			
Alumina – Lanjigarh	1,793	1,968	(9%)
Total aluminium production	**2,291**	**2,268**	**1%**
Jharsuguda I	541	550	(2%)
Jharsuguda II[1]	1,180	1,137	4%
BALCO I	258	226	14%
BALCO II	312	355	(12%)

Alumina refinery: Lanjigarh

At Lanjigarh, calcined alumina production stands at 1.80 million tonnes, primarily due to the calciners shutdown for overhauling.

Aluminium smelters

We ended the year with record production of 2.29 million tonnes.

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), Kuraloi (A) North (8 MTPA), Barra coal blocks and have been declared Successful Bidder for Ghogharpalli Coal Block through competitive bidding process by GOI. We have operationalized Jamkhani Coal block in FY 23 & intend to operationalize Kurloi (A) North 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	FY 2023	FY 2022	% Change
Average LME cash settlement prices (US$ per tonne)	2,481	2,774	(11%)

Average LME prices for aluminium in FY2023 stood at US$2,481 per tonne, 11% lower y-o-y. Aluminium LME has been steadily declining this year, owing to a recessionary market outlook coupled with the zero covid policy of China. However, with the opening of the Chinese economy coupled with the decrease in the inflationary pressure, the LME prices is expected to rebound. Further, the aluminium market is in a growth phase now with demand expected to be driven by sunrise sectors such as Electric Vehicle, Renewable Energy, Défense and Aerospace.

Unit costs

(US$ per tonne)

Particulars	FY 2023	FY 2022	% change
Alumina cost -Lanjigarh	364	291	25%
Aluminium CoP	2,324	1,858	25%
Jharsuguda CoP	2,291	1,839	25%
BALCO CoP	2,424	1,913	27%

During FY2023, the cost of production (CoP) of alumina increased to US$364 per tonne due to lower production and headwinds in the input commodity prices.

In FY2023, the total bauxite requirement of about 5.5 million tonnes were met through domestic as well as import sources.

In FY2023, the CoP of cast metal at Jharsuguda was US$2291 per tonne, an increase by 25% from US$1,839 in FY2022. The cast metal CoP at BALCO stood at US$2,424 per tonne, increased by 27% from US$1,913 per tonne in FY2022. This was primarily driven by the headwinds in input commodity prices.

Financial performance

(US$ million, unless stated)

Particulars	FY 2023	FY 2022	% Change
Revenue	6,556	6,833	(4%)
EBITDA	707	2,328	(70%)
EBITDA margin (%)	11%	34%	-
Depreciation and amortisation	281	270	4%
Operating Profit before special items	426	2,058	(79%)
Share in Group EBITDA (%)	15%	37%	-
Capital Expenditure	648	460	41%
Sustaining	192	166	16%
Growth	456	293	55%

During the year, revenue decreased by 4% to US$6,556 million, driven by improved operational performance, strategic hedging gains, partially offset by reduced LME. EBITDA was down at US$707million (FY2022: US$2,328 million), mainly due to fall in LME, and input commodity inflation

Strategic priorities & outlook

Our focus remains on capitalization of market opportunities through execution of right levers. Foremost priority remains delinking production cost from external volatility. Lanjigarh expansion activities is underway with full force and an upside in volume is expected in the upcoming year. Vedanta Resources was also declared the preferred bidder for Sijimali at the recently concluded Bauxite mine auction. The same would be instrumental in meeting requirement for 5 MTPA refinery operations. Full capacity production run rate at recently started Jamkhani mine should ease our dependence on spot market coal. This would be further augmented by operationalization of other mines in the short to medium term. Effort would also be continued towards achieving better than best achieved operational performance along with increased volume delivery through debottlenecking and growth projects.

Our core business priorities include:

ESG: Safety & Well being of all stakeholders, Low Carbon Green Aluminium Production (Restora, Restora Ultra), Diversity in Workforce, Circular Economy

Asset Optimisation: >100% capacity utilization of assets through implementation of structured asset reliability program

Raw Material Security: Operationalize Sijimali bauxite mine, Lanjigarh expansion to 5 MTPA

Coal Security: Operationalize coal mines and improve linkage materialization

Quality: Zero customer complaints

Operational Excellence: Continual improvement in operational parameters

Growth: 1 MTPA BALCO smelter expansion, >100% Value Added Capacity

Product Portfolio: Improve value added product portfolio with focus on low carbon aluminium for better realization.

POWER

The year in brief

In FY2023, TSPL's (Talwandi Sabo Power Limited) plant availability was 82% and Plant Load Factor (PLF) was 67%.

14,835 million units

Record overall power sales

Occupational health & safety

In FY2023 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 GISTM Conformance Assessment 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 FY23, TSPL achieved 83% 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 has recycled 12.62% of the water used & Reduce the Fresh water consumption by various operation controls. TSPL continue its focus on energy saving projects such as High Energy Efficient Booster Pump at Unit#02, 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 FY2022-23, 45 new projects were identified, 38 initiatives completed and 62 improvement initiatives are in progress.

The 600MW Jharsuguda power plant operated at a lower plant load factor (PLF) of 63% in FY2023.

The 300 MW BALCO IPP operated at a PLF of 66% in FY2023.

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	FY 2023	FY 2022	% Change
Sales realisation (₹/kWh)[1]	3.04	3.10	(2%)
Cost of production (₹/kWh)[1]	2.38	2.42	(2%)
TSPL sales realisation (₹/kWh)[2]	4.50	3.62	24%
TSPL cost of production (₹/kWh)[2]	3.65	2.76	32%

(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, lower by 2% and the average generation cost was lower at ₹2.38 per kWh (FY2022: ₹2.42 per kWh).

In FY2023, TSPL's average sales price was higher at ₹4.50 per kWh (FY2022: ₹3.62 per kWh), and power generation cost was higher at ₹3.65 per kWh (FY2022: ₹2.76 per kWh).

Production performance

Particulars	FY 2023	FY 2022	% Change
Total power sales (MU)	14,835	11,872	25%
Jharsuguda 600 MW	3,048	2,060	48%
BALCO 300 MW*	648	1,139	(43%)
MALCO#		-	
HZL wind power	395	414	(5%)
TSPL	10,744	8,259	30%
TSPL – availability	82%	76%	

#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 FY2023, power sales were 14,835 million units, 25% higher y-o-y. Power sales at TSPL were 10,744 million units with 82% availability in FY2023. At TSPL, the Power Purchase Agreement with the Punjab State Electricity Board compensates us based on the availability of the plant.

Financial performance

(US$ million, unless stated)

Particulars	FY 2023	FY 2022	% Change
Revenue	897	783	15%
EBITDA	106	145	(27%)
EBITDA margin (%)	12%	19%	-
Depreciation and amortisation	72	77	(7%)
Operating Profit before special items	34	68	(50%)
Share in Group EBITDA (%)	2%	2%	-
Capital Expenditure	2	6	(58%)
Sustaining	2	6	(58%)
Growth	-	-	-

**Excluding one-offs*

EBITDA for the year was 27% lower y-o-y at US$106 million from US$145million.

Strategic priorities & outlook

During FY2023, we will remain focused on maintaining the plant availability of TSPL and achieving higher plant 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

IRON ORE

The year in brief

- Removal of trade barriers from Karnataka resulted in Quick restart of export and enabled us to capture ~99% Export share from Karnataka.
- Restart of WCL Operations and successfully exported 0.2 million tonnes in this financial year.
- Acquisition of Bicholim mines at lowest bid premium among all iron ore mines auctioned in FY23

5.3 million tonnes
Production of saleable ore at Karnataka

696 kt
Pig Iron production

0.7 million tonne
Iron ore sales at Goa

Occupational health & safety

With our vision towards the aim of Zero Harm we are committed to achieve zero fatal accident at Iron ore Business. Our Lost Time Injury Frequency Rate (LTIFR) is 0.79 (FY'23) compared to 0.83(FY22). 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 usage of non-contact type voltage detectors, underground cable detectors. We have also implemented AI cameras (T-Pulse system) for reporting of unsafe acts/conditions automatically in areas where Camera infrastructure is available with central dashboard with all details, analysis, trends and risk category, which ensures effective and immediate closure of violations at site. At VAB we have done Geo fencing to ensure unauthorised entries in most critical operational areas.

Vedanta has launched a HSE based portal by name V-Unifined(Enablon) for reporting, collating and analysing the HSE related data across the Business which has become a way of life since its inception during the Financial Year.

At VAB and IOK we have launched 4 Critical Risk Management(CRM) verification by Line Managers and the observations are being tracked, analysed and rectification plan is in place. We have achieved target of 75% Vs planned.

In Health function we have also launched SEVAMOB digital platform for digitisation of Employee Medical Records which help us in tracking and giving health related trend analysis of employees.

In order to achieve highest levels of safety at site we have identified key personnel from operation and maintenance to serve as Grid Owners in addition to their current roles and responsibilities. We have also conducted defensive driving trainings to further enhance driving skills thereby reducing the vehicle related incidents. At VAB we have conducted a training on crane and lifting safety for approving critical lift plan and better focus on safety in areas of lifting and critical lifts. We have also conducted rescue training for Confined space and Work at Height through a third party so as to authorize a shortlisted group of competent personnel as trained rescuers. To improve upon confined space safety we have conducted "Authorised Gas Testers" training programme to strengthen our Confined space activities.

At IOK we have conducted rescue trainings through a third-party for Confined Space and Work at Height. Traffic Management & Road Safety Training was conducted by Rashtriya Raksha University involving selected employees and Business Partners. 4 modules of AR-VR have been launched at IOK which includes LMV operation, wheel loader operation, fire extinguisher operation and engine maintenance.


Caption to Come

In FY 2024 we will be further launching remaining Safety Standard through CRM for strengthening our Fatality Prevention Programme.

Environment

At our Value-Added Business we recycle and reuse all the process water. 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.

1560 numbers of native species were planted in the year 2022-23 in green belt area of VAB along with 1850 no of native species plantation was done in surrounding villages of VAB

Also, Value Added Business received Consent to establishment 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. Additionally, company has de-silted 2 nearby village ponds increasing their rainwater harvesting potential by 20000 m3/annum.

In FY2023, around 6 Ha of mining dump slope was covered with biodegradable geotextiles to prevent soil erosion & 55,000 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.

Production performance

Particulars	FY 2023	FY 2022	% Change
Production (dmt)			
Saleable ore	5.3	5.4	(2%)
Goa	-	-	-
Karnataka	5.3	5.4	(2%)
Pig iron (kt)	696	790	(12%)
Sales (dmt)			
Iron ore	5.7	6.8	(17%)
Goa	0.7	1.1	(33%)
Karnataka	5.0	5.7	(13%)
Pig iron (kt)	682	790	(14%)

Operations

At Karnataka, production was 5.3 million tonnes. Sales of Iron ore in FY2023 were 5.7 million tonnes, 17% lower y-o-y. Production of pig iron was 696,559 tonnes in FY2023, lower by 12% y-o-y due to shut down in blast furnaces in FY23.

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 bought low grade iron ore in auctions held by Goa Government in Auction No -26 & 27 in FY 22. This opening stock of ore purchased in the auction and fresh royalty paid ore moved out of mines post the supreme court order, was then beneficiated and around 0.7 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	FY 2023	FY 2022	% Change
Revenue	809	852	(5%)
EBITDA	124	304	(59%)
EBITDA margin (%)	15%	36%	-
Depreciation and amortisation	33	32	4%
Operating Profit before special items	91	272	(67%)
Share in Group EBITDA (%)	3%	5%	-
Capital Expenditure	64	22	-
Sustaining	7	9	(27%)
Growth	57	12	-

In FY2023, revenue decreased by 5% to US$809 million. EBITDA decreased to US$124 million compared with US$304 million in FY2022 was mainly due to decrease in sales at Karnataka and VAB and input commodity inflation.

Strategic priorities & outlook

Our near-term priorities comprise:

Restart mining operations at Goa.

Ramp up our operations in Liberia and setting up magnetite concentrator plant

Green Mining leveraging, digitalisation, and Renewable energy

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.

In FY2023, ESL Steel Limited (ESL) has achieved highest ever hot metal production of 1.37 million tonnes, up 1% y-o-y and highest ever saleable production of 1.29 million tonnes up 2% y-o-y since acquisition.

196 kt
Highest ever DIP production
20% YoY ↑

1.29 million tonnes
Saleable Production

ESL HSE/ESG Performance

Occupational Health & Safety

We at ESL believes that all accidents are preventable and to realise our vision of Zero Harm, we have carried out the following key initiatives for nurturing ZERO HARM culture across organisation.

- Launched Project VIHAAN – Critical Risk Management to verify critical risks Go and NoGo implementation periodically for various critical controls viz.,
- Digital Initiatives – Launched Cardinal Safety Rule Portal, Kiosk Based safety induction for drivers and QR based fire equipment maintenance and tracking
- Capability Building – Engaged DuPont to train and develop trainers for implementing various safety standards (160+ developed through TTT)
- Occupational Health- Engaged M/s Apollo for manging OHC & Air Ambulance services, initiated medical consultation facility for employees and their families at Bokaro City and developed 500+ trained first aiders
- Infrastructure – Conveyor Guarding, Drain Covering, Fire hydrant line revamping, settling pits, tarpaulin covering/uncovering platforms and man machine segregation across the plant roads

Environment

Waste and Circular Economy

We have achieved 100% utilization of BF granulated slag and fly ash by re-using in cement plants & local brick manufacturers. Other types of waste viz., bottom ash, LD Slag & Core mould sand, we have achieved 98% of its utilization by internal road making & mines back filling. Hazardous wastes are being sent to PCB authorized recyclers/re-processors.

Climate Change

- Reduction in False Air/Air leakages in Sinter Plant, Sinter Plant bed depth control, Fuel crushing index improvement has resulted in estimated decrease of Tonnes of CO_2e by 35,000 ton of CO_2e.
- LD gas recovery project has been undertaken by repairing and revamping the Gas Holder facility, which has led to an estimated decrease of 18480 Tonnes of CO_2e.

Biodiversity/Plantation

- ESL has achieved 34.54% green belt development.
- Around 25000 saplings have been planted inside KML to drive greenbelt development project
- 10000 fruit bearing saplings have been distributed among 9 panchayats to drive greenbelt development in surrounding areas of ESL
- Miyawaki afforestation of 2.5 acre has been commenced in Q4 with the target of about 55,000 saplings

Water Management

- 2 No.s of rain-water settling pits along with pumps have been installed to contain the flow from the stormwater drains across the plant. This has resulted in increase in ETP water intake and optimized the usage of stormwater by 350-400 KLD.
- 250 KLD sewage treatement plant has been commissioned during Q4 ahich would reduce fresh water off take by 250 KL/day. This would ensure saving of fresh water 90,000 KL/annum
- Green Belt Development – Planted more than 35000 samplings including 10000 fruit bearing saplings, achieved 33% greenbelt requirement this year
- ESG – 60 projects have been identified out of which 10 have been completed and 34 have achieved IL 4 stage.
- Sp. Water –

  We have reduced our fresh water off take from the reservoir by 1.7 Million M^3 throuh the following water stewardship programme. This has resulted in achieving specific water consumption of 2.88 M^3/tcs form 3.00 M^3/tcs.

- Arresting water leakages and replacing firefighting pipelines
- Increasing recycle percentage through installation of ZLD pump from 12% to 24%
- Increasing cooling tower COC from 6 to 7.
- Cleaning of backwash pipeline

• Sp. Energy & GHG Emissions -

Against the target of 7.97Gcal/tcs, we have achieved 7.72 Gcal/tcs (YTD) several initiatives were taken such as:

- Optimization of compressor, blower speed, CT fans, AC & Light operation, power consumption of other circuit hot water circulating pumps by installing VFD with feedback system
- ID Fan VFD Installation in Sinter Plant, SMS, Lime secondary fan
- Reduction in False Air/Air leakages in Sinter Plant, Sinter Plant bed depth control, Fuel crushing index improvement has resulted in estimated decrease of Tonnes of CO_2e by 35,000 ton of CO_2e.
- Blast furnace dedusting damper auto control
- Improving fuel rate by 20 Kg/tcs for BF3 and 7 Kg/tcs for BF2 resulting in reduction of 64,846.6 ton of CO_2e.

Production performance

Particulars	FY 2023	FY 2022	% Change
Production (kt)	1,285	1,260	2%
Pig iron	192	186	3%
Billet	26	91	(71%)
TMT bar	463	399	16%
Wire rod	407	421	(3%)
Ductile iron pipes	196	164	20%

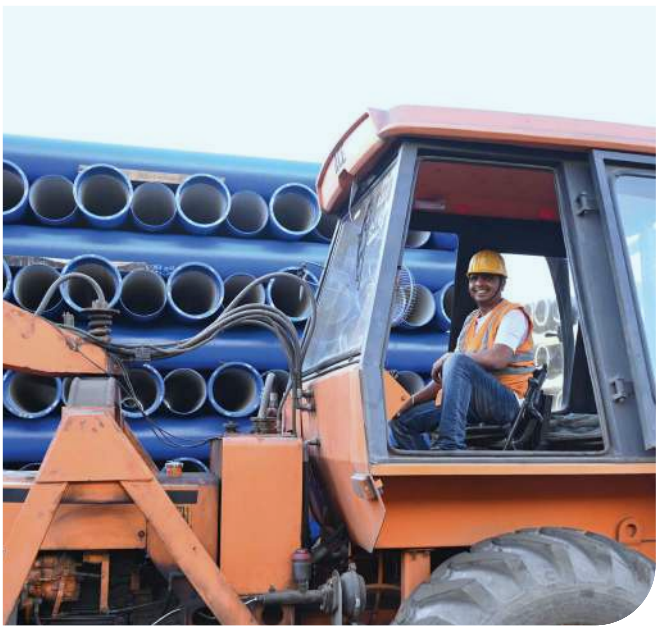
Operations

During FY2023, we have achieved highest ever hot metal production of 1.37 million tonnes, up 1% y-o-y and highest ever saleable production of 1.29 million tonnes, up 2% y-o-y on account of increased availability of hot metal due to debottlenecking of blast furnace and operational efficiencies.

The priority remains to enhance production of value-added products (VAPs), i.e., TMT Bar, Wire Rod and DI Pipe. ESL achieved 83% VAP sales, 5% improvement in FY23, in line with priority.

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.

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. The grant of FC was kept at abeyance for the want of Forest Clearance. FC stage I is granted to ESL, while the FC compliance are under process.



Prices

(US$ per tonne)

Particulars	FY 2023	FY 2022	% Change
Pig iron	551	545	1%
Billet	620	612	1%
TMT	700	687	2%
Wire rod	707	706	0%
DI pipe	769	628	22%
Average steel price (US$ per tonne)	**689**	**659**	**4%**

Average sales realization increased 4% y-o-y from US$659 per tonne in FY2022 to US$689 per tonne in FY2023. Prices of iron and steel are influenced by several macro-economic factors. These include global economic slowdown, US-China trade war, Russia-Ukraine war, duties on iron and steel products, 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$29 per tonne, we were unable to increase our EBITDA margin & landed to US$32 per tonne for the year (against US$74 per tonne in FY2022) due to increased raw material prices of coking coal, which continued to remain high in in Q2 and Q3, when the market prices for steel products declined sharply.

Unit costs

Particulars	FY 2023	FY 2022	% Change
Steel (US$ per tonne)	656	585	12%

Cost has increased by 12 % y-o-y from US$585 per tonne to US$656 per tonne in FY2023, primarily on account of increase in coking coal prices during the year, uncontrollable factors and operational inefficiencies.

Financial performance

Particulars	FY 2023	FY 2022	% Change
Revenue	978	869	13%
EBITDA	39	94	(58%)
EBITDA margin (%)	4%	11%	
Depreciation and amortisation	48	38	28%
Operating Profit before special items	(9)	56	-
Share in Group EBITDA (%)	1%	2%	-
Capital Expenditure	85	118	(28%)
Sustaining	12	15	(23%)
Growth	73	102	(29%)

Revenue increased by 13% to US$978 million (FY2022: $869 million), primarily due to higher volume and NSR. EBITDA decreased by 58% to US$39 million mainly due to increased cost partially offset by increased sales realization.

Strategic priorities and outlook

Steel demand is expected to surge owing to the gradual recovery in economic activities across the world, robust demand from key sectors and the emphasis of governments to ramp up infrastructure spend in India. With the growing demand for steel in India, ESL has prioritised to increase its production capacity from 1.5 MTPA to 3 MTPA by FY'25 and 5 MTPA by FY'27 with a vision to become high-grade, low-cost steel producer with lowest carbon footprint. 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
- Innovation in Technology for sustainable operations/production
- Development of low-cost CapEx products (Alloy Steel Segments and Flat Products) to capture market share
- Optimise and significantly reduce logistics cost over time
- 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 record ferro chrome ore production of 290kt, since acquisition through operationalisation of two ore mines. Also achieved high ferro chrome production of 67kt and sales of 67kt.

60 KTPA
Commissioned new furnace

140 KTPA
Total ferro-chrome capacity reached

290 kt
Record chrome ore production

Occupational Health Safety

It is with deep sadness that we report the loss of two of our colleagues (Business partners) in work-related incidents at our managed operations in FY23, one each at Mining site and at Plant site. These incidents happened despite continuous efforts to eliminate fatalities and attain a Zero Harm work environment. A thorough investigation was conducted to identify the causes of these incidents and to share lessons learned across our sites, with the aim of preventing repeat or similar incidents.

LTIFR for the year was 0.13 as compared to 0.25 in FY2022. The reduction was driven by several safety awareness, investigation, and prevention initiatives. As compared to a year ago, number of LTIs decreased from 2 to 1 in this FY 23. There has been greater management focus to bring a cultural change via felt leadership programs, town halls & recognition for near-miss reporting. 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.

In FY23, FACOR complied with all its statutory requirements related to its Health Safety and Environment. In terms of Safety, we continued creating awareness on various Safety topics through Monthly Safety Themes and Awareness programs. We successfully eliminated a few critical jobs from line of fire with “Installation Wagon Pusher Device at our Wagon Tripler area” and “Shifting of Ladle Cleaning area out of the hot metal handling zone”. We also completed our major Furnace relining job safely. AI based Safety System “T-Pulse” was installed in CCTV Cameras of Charge Chrome Plant (CCP) Hot Metal Area to auto detect Unsafe observations. For Risk Management, EOT Cranes were provided with Anti-Collison device and Audio-Visual Alarm, Silpaulin were installed on weak benches of the Mines dump, Proximity sensors and Semi Fire Suppression System (SFSS) were installed at all Mines Dumpers and Inhouse Machine Guarding work was done throughout all the Conveyors across all the units.

Environment

For environment, on statutory front Environment Clearance and Consent to Establish (CTE) was obtained for 33 MVA Furnace and Consent to Operate (CTO) was extended for Kalarangiatta Mines. We started utilizing Spent resin which is a hazardous waste in our Powerplant (FPL) boiler after due approvals. For the first time, we started disposing our Plastic waste from both Plant and Mines to authorized vendors. Plantation of more than 12000 saplings were conducted across all units of FACOR.

Our business is committed to protect the environment, minimise resource consumption and drive towards our goal of Net Water Positivity and 100% Waste utilization. A few more highlights for FY2023 are:

- Installation of a new Sewage Treatment Plant
- Installation of Weather Monitoring Station
- Installation of Ambient Air Quality Monitoring System (AAQMS)
- Conducted CGWA Water Audit and Ground Water Impact Assessment
- Velocity of flue gas – Installation of Stack & integrated with CEMS data at FPL
- Installation of CEMS analysers at Gas Cleaning Plant

Production performance

Particulars	FY 2023	FY 2022	% Change
Ore Production (kt)	290	250	16%
Ferrochrome Production (kt)	67	75	(11%)
Ferrochrome Sales (kt)	67	77	(12%)
Power Generation (MU)	112	294	(6%)

At Mining division, we recorded ever highest Chrome Ore production of 290 kt in FY23 since acquisition. Through disrupt ideas and out of the box thinking we also achieved ever highest monthly and quarterly Ore Production of 49 kt in April'22 and 140 kt in Q1 FY23 since acquisition. Ensuring our commitment towards zero harm, we have installed fatigue monitoring systems, AFDSS and proximity sensors in all tippers. The mining division has achieved a milestone in observational reporting since FY 22, through state-of-the-art in house developed 'FACOR – SO' mobile application along with geo-tagging.

At Charge Chrome Plant (CCP), At Charge Chrome Plant (CCP), We recorded Ferrochrome metal volume of 67 kt in FY2023. We started blending Met Coke with Anthracite coal and Coke Fines Briquettes and were able to achieve average blending of 20% (15% Anthracite Coal and 5% Coke Fine Briquettes) in FY23 from 14% of FY22. We also reduced our specific Power consumption up to levels of 3316 Kwh/T against 3,345 Kwh /T. In the month of January 2023, we have made second highest ferro chrome production of 6840.

At Power Plant, we recorded annual Power Generation of 112 MU in FY23.

Financial performance

(US$ million, unless stated)

Particulars	FY 2023	FY 2022	% Change
Revenue	96	111	(14%)
EBITDA	19	44	(57%)
EBITDA margin (%)	19%	39%	-
Depreciation and amortisation	12	6	-
Operating Profit before special items	7	38	(82%)
Share in Group EBITDA (%)	0%	1%	-
Capital Expenditure	24	15	60%
Sustaining	12	15	(17%)
Growth	12	-	-

Strategic priorities & outlook

Expansion of Growth Capex project of 300KTPA.

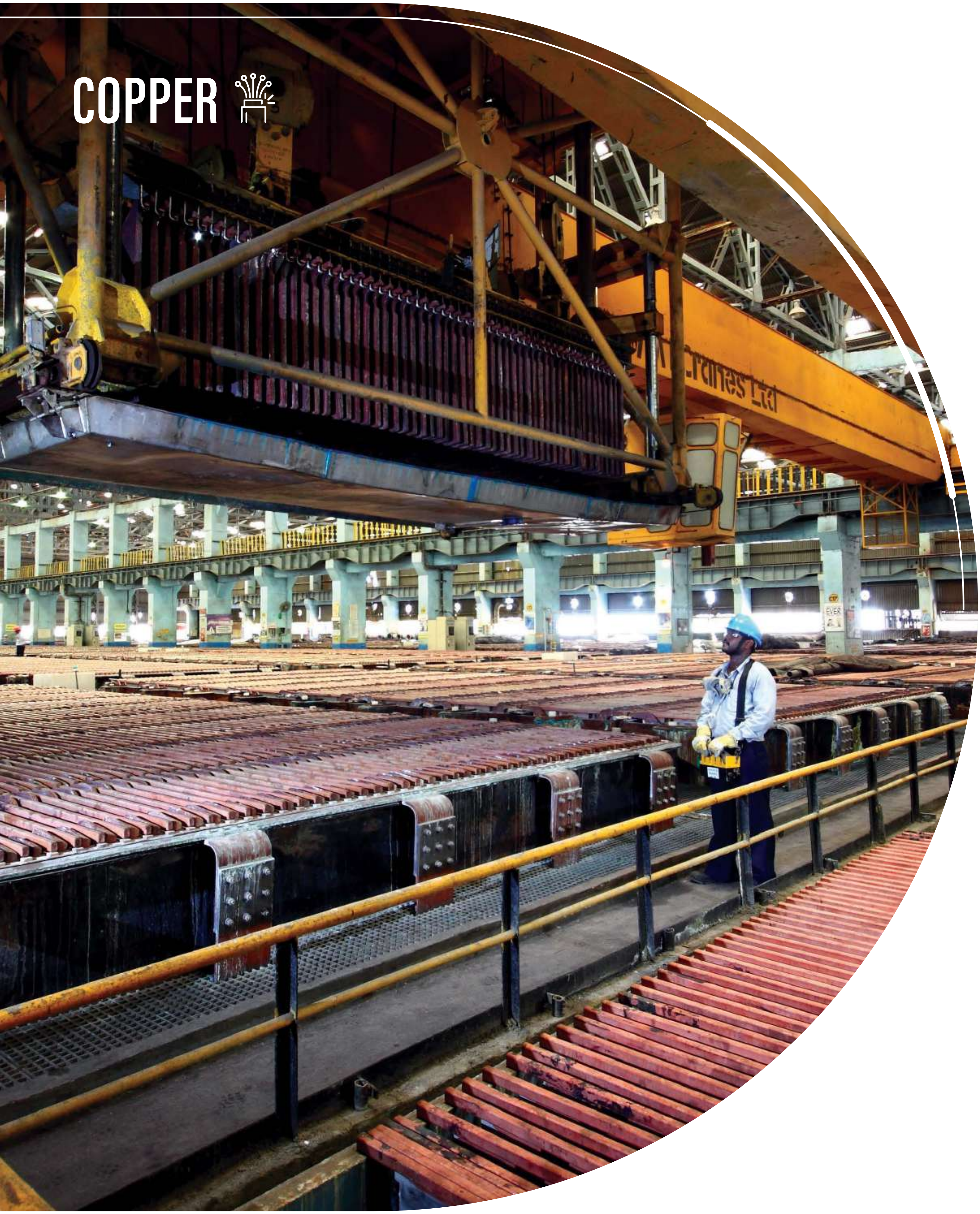
Expansion of Mines from current capacity of 290 kt to 390 kt.

Metal capacity addition of 76 KTPA through new 33MVA Furnace.

100 MW Power Generation & sale of additional power.

New COB plant commissioning of enhanced capacity of 50 TPH

COPPER



The year in brief

Silvassa operations continued to deliver 20% growth in sales volume on YoY basis and largely catering to India domestic copper requirement.

148 kt

Cathode production from Silvassa

18% YoY ↑

Occupational Health & Safety

The lost time injury frequency rate (LTIFR) was 2.77 in FY 2023 (FY 2022: 0). Dupont Process Safety Management (PSM) Tool was launched for addressing the core elements of safety driven by sub committees under each PSM element. Received 4 Star Safety Rating from British Safety Council.

We conducted safety stand-downs to communicate the learnings from safety incidents and prevent 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.

Environment

Aligned with the Vedanta's vision to reach net zero emissions by 2050, Sterlite Copper has entered into a renewable energy sourcing agreement to produce Green Copper using 100% renewable energy & implemented AI & ML based Smart fuel optimisation for combined targeted GHG Emission reduction by 68000 tCO_2.

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	FY 2023	FY 2022	% Change
Production (kt)			
India – cathode	148	125	18%

Operations

Copper production in Silvassa increased by 18% to 148kt and have also seen growth of 20% in terms of sales volume and realised highest sales after closure of the Tuticorin unit and improved operational efficiencies, debottlenecking & capability building initiatives carried across the plant, the year also marked remarkable growth in free cash flow.

The Tamil Nadu Pollution Control Board (TNPCB) vide order, dated April 9, 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 April 12, 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 May 28, 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 the Hon'ble Supreme Court.

The Company had filed a Writ Petition before the 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 as well as trial operation of the plant. The matter was then listed on December 02, 2020, before the Supreme Court. The Bench after having heard both the sides on the interim relief of trial operation of the Plant, concluded

that at this stage the interim relief could not be allowed. Further, The matter was listed as item no. 22 on April 10, 2023 and was taken up and heard by the Supreme Court. The Bench allowed the activities as permitted in the letter of the Additional Chief Secretary to the district collector, namely:

I. Gypsum evacuation

II. Operation of Secured Landfill (SLF) leachate sump pump

III. Bund rectification of SLF - 4

IV. Green-belt maintenance

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	FY 2023	FY 2022	% Change
Average LME cash settlement prices (US$ per tonne)	8,530	9,689	(12%)

Average LME copper prices reduced by 12% compared with FY2022 predominantly due to low demand in China owing to COVID restrictions.

Financial performance

(US$ million, unless stated)

Particulars	FY 2023	FY 2022	% Change
Revenue	2,179	2,035	7%
EBITDA	(7)	(15)	(50%)
EBITDA margin (%)	(0%)	(1)%	-
Depreciation and amortisation	18	20	(15%)
Operating Profit before special items	(25)	(35)	(24%)
Share in Group EBITDA (%)	0%	0%	
Capital Expenditure	14	21	(32%)
Sustaining	12	0	-
Growth	2	21	-

During the year, revenue was US$2179 million, an increase of 7% on the previous year's revenue of US$2,035. The increase in revenue was mainly due to higher volume partially offset by lower Copper LME prices. EBITDA decreased to US$ (7) million.

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, increasing Sales Margin, reducing our cost profile;

Upgrade technology & digitalisation 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.

Port Business

Vizag General Cargo Berth (VGCB)

The volumes handled increased slightly by 1% Y-o-Y and the dispatch volume increased by 4% Y-o-Y. 3% of the total volumes handled represents Multi-cargo (i.e., other than coal) under supplementary agreement signed with Visakhapatnam Port Authority (VPA).

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 its 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 on page 145.

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 on 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 60-89.

Training

The relevance of stakeholder considerations in the context of the Board's decision-making has long been a part of the 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 60-89 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 1.

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 FY2023 to foster these interests can be found in the sustainability section on page 60-89.

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 principal subsidiary, Vedanta Limited approved the below mentioned strategic transactions to promote the long term success of the company for the benefit of its shareholders while taking into account the needs of all its stakeholders.

1. Vedanta Limited approved a proposal to enter into certain long term power security agreements to source Renewable Energy (RE) for its operations across India, through the creation of dedicated Special Purpose Vehicle (SPV) for each entity.

   The Power Delivery Agreements were executed with SPVs, which are affiliates of Serentica Renewables India Private Limited ("SRIPL"), to supply 1626 Megawatts (MW) of renewable power by 2025. This will reduce emissions of ~6.6 million TCO2e. The project is to be built under Group Captive model, wherein Vedanta Limited will own 26% of the equity in the SPV.

   SRIPL shall help in setting-up RE Developer (the "Project"/SPV) on a Build Own Operate ("BOO") basis for supply of the contracted capacity of renewable power to captive users/consumers, under the Group's captive arrangements on a long-term basis as per the terms of the transaction document.

Aligned with Vedanta's ESG vision of "Transforming for Good", the move marks the beginning in the series of actions by the Group to deliver on its goal of becoming "Net Zero Carbon by 2050 or sooner" and "using 2.5GW of Round the Clock (RTC) Renewable Energy for its operations by 2030".

2. Following Vedanta Limited being declared as the successful bidder on 18 January 2023, its Board of Directors approved the acquisition of Meenakshi Energy Limited ("MEL") through the Corporate Insolvency Resolution Process ("CIRP") under IBC. MEL is a 1000 MW coal-based power plant located at Nellore, Andhra Pradesh. It is envisaged that the plant will function as an Independent Power Producer.

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.

The Board's responsibilities

- 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.
- 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.

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

Operational and financial performance

- Approval of the settlement of the KCM Class Action with Hausfeld LLP;
- Approval of the partial buyback of the Company's outstanding USD1bn 6.125% bonds due August 2024;
- 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 parent company guarantees in respect of each of the six oil & gas blocks granted to Vedanta Limited
- Approval of the Group's Business Plan FY2022-2023;
- 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.
- 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 interim dividends payable to the Company's shareholders.

Governance and Risk

- 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 two executive directors and one 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 page 50-59 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 2023 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 2023 external audit of the financial statements and key risk areas for the 2023 audit.

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 160-168 on these significant issues were considered by the Board.

External auditor

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 36 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 the Group's strategic and business objectives. The key focus area is alignment of the interests of the 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 ESOP. 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 contact 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 2023 and the prior year for comparison.

		Base compensation including salary or fees (£000)	Taxable Benefits (£000)	Pension (£000)[5]	Annual bonus (£000)[6,7]	Long-term incentives (£000)	Total (£000)[8]
Executive Directors							
Anil Agarwal [1]	2022/23	1,739	7		1,155	1,578	4,479
	2021/22	1,739	7		1,385	336	3,467
Navin Agarwal [2,3]	2022/23	1,256	153	67	885	1,091	3,452
	2021/22	1,105	183	62	734	244	2,328
Non-Executive Directors[4]							
Allampllam Narayanaswamy[9]	2022/23	25					25
	2021/22	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 2023, Mr Navin Agarwal received a Vedanta Limited salary of ₹ 21,36,98,080. Vedanta Resources Limited fees of £85,000 and Employee Share Option Plan (ESOP) related payment of £ 10,91,432, Hindustan Zinc Limited fees of ₹ 4,25,000 & commission of ₹ 28,88,000.
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 in FY 2021-22 and 2020-21 respectively.
7. NIC Contribution as per the statutory requirement is made for all Executive and Non-Executive Directors
8. The exchange rate applicable as at 31 March 2023 was ₹ 96.7289 to £1 & US$ 1.2050 to £1 and at 31 March 2022 was ₹ 96.8653 to £1 & US$ 1.3071 to £1
9. Mr Narayanaswamy received an additional remuneration of US$ 34,047 in aggregate from other entities within the Vedanta Group. The applicable exchange rate used was ₹ 80.27 to $1.

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 2023.

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 1-142
Employment policies and employee involvement	Strategic Report on page 69, 80-89

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 1-142 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 1-142.

Directors' Declaration

The Directors' declaration on page 159 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 2023. Aggregate interim dividends of US cents 6.53 per ordinary share were paid during the year. (2022: An interim dividend of US cents 46 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

Directors' Remuneration

Details of the remuneration of the Directors of the Company is provided in the Directors' Remuneration Report on pages 150-151

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 2023 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 30 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 30 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 69, 80-89. 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 2023 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 committed to improving diversity across the Group. At Vedanta, we strive to achieve gender parity in our workforce. By driving diversity equity & inclusion for the organization, we also include the communities surrounding our operations as we take bolder steps to include representation from all sections of the society. Our workforce comprises of 18% gender diversity in executive workforce.

We are proud of our diverse workforce which is a mix of regional, gender, sexual orientation, physical abilities, ethnicity and other forms of diversity. In last financial year, we launched 'Samanvay' – a gender sensitization & awareness workshop for leaders who are managing these diverse teams. The major focus was gender equality, our country's positioning in terms of the Gender Index, unconscious biases which may hamper the nurturing of diverse workgroups and how managers can foster openness, creative thinking and inclusion within diverse work groups.

As Vedanta considers graduate hiring to be an important source of talent induction, the Company places a lot of emphasis on hiring women leaders from top universities across the globe and in India. In FY23, 38% of candidates hired via campus drives were women, and we aim to reach 50% within 2-3 years. A dedicated all-women recruitment drive at Bansathali Vidyapith, Rajasthan was instrumental in achieving these numbers. We have various unique programs in talent acquisition to ensure the right mix of talent such as hiring of former defense personnel and family business hiring amongst others.

With our Equal Opportunity Employer Policy, we have successfully onboarded 25 transgender employees working in various roles on the shopfloor across the aluminium and zinc sectors and we aim to have more transgender and people with disabilities onboarded in various roles in the coming years. To ensure that we have safe and inclusive workplaces for these groups we have strengthened our trainings on PoSH, sensitization and awareness. Grievance Redressal Committees have also been institutionalized across locations.

We 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

	FY2022-23	FY2021-22
WOMEN IN SENIOR MANAGEMENT	9.06%	9%
WOMEN RECRUITED DURING THE YEAR	34.62%	37.6%
TOTAL FULL TIME FEMALE EMPLOYEES ACROSS THE GROUP	13.97%	11.54%

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 USD19.3 million worth of electoral bonds during the financial year ended 31 March 2023. It did not make any contributions through an electoral trust during the year. (2022: Vedanta Limited purchased USD16.52 million worth of electoral bonds).

Going Concern

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

2. 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.

3. Prior to the current period, the last going concern assessment carried out for the period ended 30 September 2022 was approved by the Board of Directors in December 2022. The Directors were confident that the Group will be able to operate within the levels of its current facilities for the foreseeable future, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

4. While the mitigating actions as highlighted in the period ended 30 September 2022 financial statements remain available to the Group, the following recent significant developments have had a positive bearing on the liquidity and Company's ability to continue as a going concern;

   - Vedanta has raised new term loans for refinancing of US$ 950 million and short-term loans of US$ 350 million for a period ranging from 6 months to 1 year.

5. 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.

6. The Directors have considered the Group's ability to continue as a going concern in the period to 30 September 2024 ("the going concern period") under both a base case and a downside case.

7. 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.

8. **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.

9. **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 2023.

Post balance sheet events

Details of significant events since the balance sheet date are disclosed in Note 35 to the financial statements. There are no material adjusting or non-adjusting subsequent events, except already disclosed.

Research and development

The Group's business units carry out research and development activities as outlined below:

Research and Development ("R&D") is a critical component of Vedanta's growth strategy. It enables us to stay competitive by developing innovative products and services that meet the changing needs of customers. Vedanta invests a significant amount of resources into R&D to improve the quality of its products and services, reduce costs, and increase efficiency. R&D helps the company to differentiate itself from competitors and maintain its market position.

- In the **Aluminium business**, the R&D vertical has been working diligently to deliver innovative solutions in several key areas, including new product development, waste to wealth, beneficiation of Bauxite and process intensification.

o In the waste to wealth segment, FY 2023 was a year of successful transformation of collaborative projects from laboratory developed processes to the stage of setting up a pilot plant.

o Notable among these were recovery of high purity graphite >99% and cryolite from the wastes like Spent Pot Liner and Shot Blast Dust. With high purity graphite, Applications Development programme has been initiated for development of Anode of Lithium Battery, Electrostatic Dissipative coating and Conductive ink. Pilot Plants from these innovative processes will not only help to reduce environmental impact but also create new revenue streams for our business.

o **Synthesis of high purity AlF_3** along with crystals of pure silica gel from dross slag waste is another significant achievement done in the lab scale and is now planned for a Pilot Plant and subsequent commercialization. Such projects of extracting the valuables from waste will set perfect examples of Circular Economy.

o Aligning with the **net zero carbon goal**, innovative research initiatives are being taken to reduce net carbon consumption. Specialized coating on Carbon Anodes will have a potential to reduce Net Carbon Consumption by 10 kg per million tonnes of Aluminium. This will translate to reduction in 0.06 million tonnes of carbon dioxide. It is worth mentioning that we are carrying out a high-end Modelling and Simulation exercise of Carbon anode to reduce the voltage drop to the extent of 2 mV in Pot Line by an improved green manufacturing process.

o In the category of **New Product**, two new alloys have been developed and prototypes have been demonstrated. High strength 6XXX series alloy with 20% higher strength has been developed by new alloy design including homogenization cycle, extrusion process and heat treatment cycle optimization. This will lead to increase in the wind load bearing capacity of doors and windows assembly. Lead and Tin free highly machinable 6XXX series alloy has been developed for automotive segments by new alloy designing and process optimization. Machining properties like higher cutting speed, depth of cut and feed rate can be achieved with lower cutting force and superior surface finish for this alloy.

o In the **beneficiation of Bauxite**, we have developed a process to improve the Alumina to iron oxide ratio which will result into reduced generation of Red Mud by at least 20%. Beneficiation of Bauxite to reduce reactive Silica by almost 1% has shown promising results for plant level commercialization. Utilization of Red Mud has been a major focus area where we have already initiated and entered into a big collaboration with other industrial players and Council of Scientific and Industrial Research (**"CSIR"**) laboratories and JNARDDC, Nagpur for a technology development for holistic utilization of red mud for extraction of metallic values and residue utilisation. We have also developed recipe to utilize Red Mud for partial substitution of sand, Road Sub Layer and Red Mud based Geo Polymer Concrete.

- **Hindustan Zinc Limited** has stayed focused on business outcomes, and research activities have been initiated in multiple areas of interest, including additional process monitoring, digital data analysis, and process simulation. We remain focused on aspects related to the changing characteristics of the ore, while looking into improving our mineral processing and smelting processes for increased recovery and efficiency. Collaboration with world class universities and institutes, technology providers, and start-ups is an essential part of our innovation process. Significant commercial implementations of this year include process for increasing Ag metal recovery during production of lead concentrates. Successful plant implementation has been achieved for enhanced minor metal recovery from smelter residues. In the coming year, we are aiming to develop process control strategies based on the new process parameter measurements and data analysis.

- **Specific R&D focused projects include:**
  o Implemented the process to improve silver recovery at Zawar by utilizing silver promoter reagent.

  o Deployed non-hazardous flotation/depression reagent for graphite across sites.

  o Alternative low-capex process for jarosite preparation for its use in cement industry, customer test ongoing.

  o Sodium based salt production from Effluent stream and its use in hydro process.

  o Increase the current efficiency of Zinc electrowinning process and improve quality of HG grade Zinc in the manually operated zinc cell house.

- Geo-metallurgical studies have provided advance insight of ore performance to guide flotation recipe for plant problem solving and to support mines expansion plans.
- Optimize the use of strontium-based reagent and explore the alternate reagent to suppress Lead impurities in zinc cell house.

• **At the Copper business,** the unit is engaged into innovative collaborative research programme of CSIR, Government of India, as Industrial Beneficiary wherein CO2 can be preferentially adsorbed and converted into Carbon nanostructures or even high vale methanol or Formic Acid.

- R&D activities at the Copper business involve debottlenecking, backward integration and process improvements for Quality, cost optimization and recycling.
- In the journey towards 'Green Copper' we are executing a renewable energy supply contract for the entire Silvassa unit's electricity requirement, with an estimated reduction of the carbon footprint by approximately 58%.
- Artificial Intelligence and Machine Learning based smart fuel optimization project under the digitalization initiative in our furnaces has been implemented and is estimated to reduce 3554 TCO eq./year.
- Under the sustainable packaging initiative, a 100% recyclable packaging solution has been introduced for the copper rod. This packaging provides protection even under adverse climate conditions and has led to customer delight.
- With the view to recover minor metals and ensure additional revenue, some crucial in-house R&D has been performed and a new process to recover Precious Metals from anode Slime has been successfully developed. In addition to this, tellurium has also been recovered.

• **In the Iron and Steel business**, our focus is to produce green steel, green pig iron and green iron ore production.

- Currently R&D study is ongoing with the Indian Institute of Technology, Bombay (**"IITB"**) to develop technology for green hydrogen production. IITB has done studies on industrial iron ore samples and witnessed positive outcomes. Further, development is in progress and we have extended our engagement by another six months.
- At our Met coke division (VAB), with in-house design modifications, we have reduced the coking cycle by 4 hours and gained 4% productivity by modifying refractory design (introducing tongue and groove floor refractory brick) and MOC.
- Further under digitalization, we are using AI-ML based coal blend optimizer model in our coke oven (VAB) which has resulted in cost saving and quality benefit of coke and similar model is being applied in our blast furnace for burden Optimization.

• **In Cairn**, the focus is to enhance production, improve operational efficiencies and reduce exposure to risk through R&D vertical.

- For enhancing production, an extensive **hydraulic fracturing campaign** (>40 wells) in Mangala field was carried out to improve productivity in wells which had seen significant drop due to polymer deposition related near well damage. This is the largest such campaign carried out in multi-Darcy reservoir (4-5 Darcy), perhaps for the first time anywhere in the world.
- We are also exploring the feasibility of taping the potential of Geothermal energy in our Rajasthan gas fields in collaboration with the Indian Institute of Technology (IIT).
- We have also collaborated with TERI research institute for examining the feasibility of microbial injection in Bhagyam field, which can reduce the oil viscosity and lead to incremental recoveries.
- As part of our digitalization journey, we have implemented the **Smart Oilfield** technology as a part of our digitalization efforts to transform our ways of working.
- For improving operational efficiencies, we have undertaken end-to-end digitalization from supply to consumption of polymer to enhance tracking, improve quality, optimise usage, and reduce the overall cost.
- We are also utilising **machine learning based reservoir-stimulation models** to automate routine surveillance tasks and build analytical models to make data-driven decisions for production enhancement.
- Cairn has also rolled out the **Metaverse platform** for improved employee engagement while ramping up AR/VR-based HSE training for plant employees.

The Group's expenditure on Research and Development is disclosed in Note 10(a) of the financial statements on page 216.

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$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.

2. 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)	FY2023	FY2022	FY2021
Scope 1	57.11	60.69	58.93
Scope 2	8.51	3.52	1.31
Total	**65.62**	**64.21**	**60.02**

GHG Emissions (Tonnes of CO2)

Business	FY2023		FY2022	
	Scope 1	Scope 2	Scope 1	Scope 2
Zinc India	3,447,215	1,135,622	4,333,075	554,472
Zinc International	114,489	249,700	128,152	232,340
Oil & Gas	1,776,645	343,711	2,068,657	254,270
Iron Ore	1,830,147	3,473	1,922,461	593
Ports	1,964	15,107	1,595	10,625
Copper India & Australia	34,690	87,021	28,684	73,079
Aluminium	3,19,90,453	63,15,520	35,444,133	2,116,336
Power	1,47,62,401	-	13,381,022	114,907
Others* (Steel +Ferrochrome business)	31,55,306	3,59,817	3,379,736	171,060
Total	**5,71,13,310**	**85,09,971**	**60,687,516**	**3,527,683**

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/million US$)

Business	FY2023	FY2022
Zinc India	1.110.72	1280.62
Zinc International	561.15	602.96
Oil & Gas	1,132.06	1,401.61
Iron Ore	2,266.53	2188.10
Ports*	-	-
Copper India & Australia	55.86	50.37
Aluminium	5,842.89	5,536.52
Power	16,457.53	17,373.75
Others including Steel	3,051.32	3,696.45
Consolidated Group	**3,597.57**	**3,671.06**

*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 AUDITOR'S REPORT TO THE MEMBERS OF VEDANTA RESOURCES LIMITED

For the purpose of this report, the terms "we" and "our" denote MHA 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. The Group financial statements, as defined below, consolidate the accounts of Vedanta Resources Limited and its subsidiaries (the "Group"). The "Parent Company" is defined as Vedanta Resources Limited, as an individual entity. The relevant legislation governing the 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 2023.

The financial statements that we have audited comprise:

- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated Statement of Financial Position
- the Consolidated Cash Flow Statement
- the Consolidated Statement of Changes in Equity
- Notes 1 to 39 to the consolidated financial statements, including significant accounting policies
- the Company Balance Sheet
- the Company Statement of Changes in Equity and
- Notes 1 to 12 to the company financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group's and parent company's financial statements is applicable law and International Financial Reporting Standards and International Accounting Standards as adopted in the United Kingdom (UK adopted IFRS). The financial reporting framework that has been applied in preparation of the Parent Company financial statements is United Kingdom Accounting Standards, including Financial Reporting Standard 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 of the Parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted IFRS;
- the parent company financial statements have been properly prepared in accordance with United Kingdom 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 Board of 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 listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. 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 Group's and the Parent Company'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.

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 Group's and Parent 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

Scope

Our audit was scoped by obtaining an understanding of the Group, including the Parent Company, 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, and our component auditors acting on specific group instructions, undertook full scope audits on the complete financial information of 21 components, specified audit procedures on particular aspects and balances on another 5 components and analytical procedures were undertaken on the remaining components.

Overall materiality	2023	2022	Benchmark used
Group	US$114m	US$145m	2.5% (2022: 2.5%) of EBITDA
Parent Company	US$17.8m	US$18.2m	0.25% (2022: 0.25%) of gross assets

Key audit matters

Recurring group

- Valuation of Konkola Copper Mines plc (KCM) receivables and equity investment
- 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 2022 except for:

- The removal of the key audit matter in relation to the Rajasthan block Profit Sharing Contract (PSC) extension, as a result of extension agreement execution during the year.

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

Valuation of Konkola Copper Mines plc (KCM) receivables and equity investment

Key audit matter description	As at 31 March 2023, KCM related receivables with a carrying value of US$682 million (2022: US$682 million) were recognised in the financial statements of Vedanta Resources Limited, whilst the value of the equity investment in KCM was US$Nil (2022 $Nil). We draw attention to note 3a of the accompanying consolidated financial statements which describes the uncertainty arising in respect of the valuation of KCM related receivables and equity interests under IFRS 9, 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 communicated to the Group's Board of Directors	We concluded that the value determined is reasonable and in line with the requirements of IFRS 9, 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.

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. 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. 2. 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 communicated to the Group's Board of Directors	We concluded that management's assessment is appropriate and as detailed in notes 11 and 32d.

Deferred tax 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 (US$1,148m asset), Unabsorbed Depreciation and Business Losses (US$597m asset) and Property, Plant and Equipment, Exploration and Evaluation and other intangible assets (US$1,317m liability). During the year there has been additional US$332m MAT credit recognised.
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). 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 communicated to the Group's Board of Directors	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 communicated to the Group's Board of Directors	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 2023 was US$18,283 million (2022: US$17,619 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 to 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. 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. Reviewed recognition criteria under IFRS 15 and concluded on the appropriateness of revenue recognised.
Key observations communicated to the Group's Board of Directors	We concluded that revenue had been recorded appropriately in line with the requirements of IFRS 15.

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 and the level of misstatements arising in previous audits.

	Group financial statements	Parent Company financial statements
Overall materiality	US$ 114 million (2022: US$ 145 million)	US$ 17.8 million (2022: US$ 18.2 million)
How we determined it	2.5% of EBITDA (2022: 2.5% of EBITDA)	0.25% of Parent Company's gross assets (2022: 0.25% of Parent Company's gross assets)
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 Parent Company financial statements.

	Group financial statements	Parent Company financial statements
Performance materiality	We set our 2023 performance materiality at 60% of overall materiality, amounting to US$68.7m (2022: 60%, US$87.1m) 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 2023 performance materiality at 60% of overall materiality, amounting to US$10.7m (2022: 60%, US$10.9m) 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.
Reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding US$5.7m (2022: $7.2m) in respect of the Group to the Board of Directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.	We agreed to report any corrected or uncorrected adjustments exceeding US$5.7m and US$0.9m (2022: US$0.9m) in respect of the Parent Company to the Board of Directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Company audits

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.

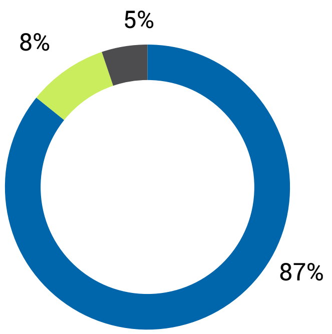
The Group's parent entity is UK based, whilst the primary location of operations is India.

Considering operational and financial performance and risk factors, we focused our assessment on the significant components and performed full scope audits of the UK parent company, certain other UK holding and financing companies and six significant operating companies being Vedanta Limited, Cairn India Holdings Limited, Talwandi Sabo Power Limited, Hindustan Zinc Limited, Bharat Aluminium Company Limited and ESL Steel Limited along with specified group level audit procedures on the material external balances at the non-significant components.

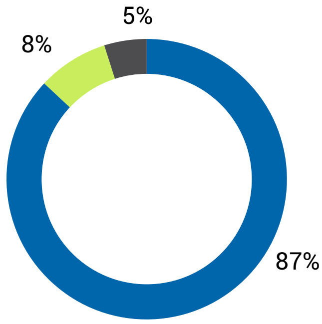
Our audit of the group financial statements also involved the use of component auditors. The group audit team provided comprehensive instructions to those component auditors. These instructions included details of the identified risks of material misstatement including those risks identified above. Those instruction also included an assessment of component materiality.

The group audit team discussed and agreed the proposed approach to addressing these risks with the component auditors and the nature and form of their reporting on the results of their work. The group team conducted reviews of the working papers prepared by component auditors using remote file reviews. They also participated in conference calls at various phases of the audit engagement as part of their management and control of the group audit engagement.

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.

Material subsidiaries were determined based on:

- financial significance of the component to the Group as a whole; and
- assessment of the risk of material misstatements applicable to each component.

At the parent company 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.

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

Climate-related risks

In planning our audit and gaining an understanding of the Group we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We engaged internal specialists to assess, amongst other factors, the benchmarks used by management, the nature of the Group's business activities, its processes and the geographic distribution of its activities.

We critically reviewed management's assessment and challenged the assumptions underlying their assessment. We made enquiries to understand the extent of the potential impact of climate change risks on the Group's financial statements. This has included a review of critical accounting estimates and judgements, and the effect on our audit approach. We also considered the ongoing viability of the business in respect both to direct climate risks and changes in legislation as nations grapple with their commitments to reduce emissions.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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 the Companies Act 2006.

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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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.

Matters on which we are required to report by exception

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 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 Group's and the Parent 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 Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors and component auditors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of Indian corporate and tax law, the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group.
- We enquired of the directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. The group engagement team shared this risk assessment with the Component Auditors of Significant Subsidiaries so that they could include appropriate audit procedures in response to such risks in their work.

Audit response to the risks identified

In respect of the above procedures we:

- Obtained 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. We also reviewed and challenged component auditor workpapers in respect of compliance with local relevant laws in operation in India, including reviewing third party opinions obtained by the component auditors in respect of the most significant legal matters.

- We considered the key UK laws and regulations including, 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.
- Enquired of management to identify any instances of non-compliance with laws and regulations.
- Reviewed financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquired of management around actual and potential litigation and claims including review of professional legal opinions where appropriate.
- Enquired of management to identify any instances of known or suspected instances of fraud.
- Discussed among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewed minutes of meetings of those charged with governance.
- Reviewed internal audit reports.
- Reviewed the control systems in place and testing the effectiveness of certain controls.
- Performed 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; and
- Assessed 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.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rakesh Shaunak
FCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
8 June 2023

MHA is a trading name of MacIntyre Hudson LLP , a limited liability partnership in England and Wales (registered number OC312313)

CONSOLIDATED INCOME STATEMENT

(US$ million)

	Note	Year ended 31 March 2023			Year ended 31 March 2022		
		Before Special items	Special items (Note 6)	Total	Before Special items	Special items (Note 6)	Total
Revenue	5	18,141	142	18,283	17,619	-	17,619
Cost of sales		(14,178)	(259)	(14,437)	(11,870)	(57)	(11,927)
Gross profit		**3,963**	**(117)**	**3,846**	**5,749**	**(57)**	**5,692**
Other operating income		239	-	239	244	-	244
Distribution costs		(476)	-	(476)	(459)	-	(459)
Administrative expenses		(530)	-	(530)	(507)	-	(507)
Impairment (charge)/ reversal [net]	6	-	(61)	(61)	-	465	465
Operating profit/ (loss)		**3,196**	**(178)**	**3,018**	**5,027**	**408**	**5,435**
Investment revenue	7	251	-	251	153	-	153
Finance costs	8	(1,558)	-	(1,558)	(1,402)	-	(1,402)
Other gains and (losses) [net]	9	(79)	-	(79)	(38)	-	(38)
Profit/ (Loss) before taxation (a)		**1,810**	**(178)**	**1,632**	**3,740**	**408**	**4,148**
Net (expense)/tax credit (b)	11	(894)	100	(794)	(1,400)	(170)	(1,570)
Profit/ (Loss) for the year (a+b)		**916**	**(78)**	**838**	**2,340**	**238**	**2,578**
Attributable to:							
Equity holders of the parent		49	(54)	(5)	825	177	1,002
Non-controlling interests		867	(24)	843	1,515	61	1,576
Profit/ (Loss) for the year		**916**	**(78)**	**838**	**2,340**	**238**	**2,578**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Profit/ (Loss) for the year	**838**	**2,578**
Items that will not be reclassified subsequently to income statement:		
Remeasurement of net defined benefit plans (note 26)	(1)	(2)
Tax effects on net defined benefit plans	1	0
(Loss)/gain on fair value of financial asset equity investment	(5)	2
Total (a)	**(5)**	**0**
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of foreign operations	(614)	(214)
Loss on fair value of financial asset debt investment	(4)	-
Gain/(loss) on cash flow hedges	430	(36)
Tax effects arising on cash flow hedges	(149)	12
(Gain)/ loss on cash flow hedges recycled to income statement	(428)	50
Tax effects arising on cash flow hedges recycled to income statement	150	(18)
Total (b)	**(615)**	**(206)**
Other comprehensive loss for the year (a+b)	**(620)**	**(206)**
Total comprehensive income for the year	**218**	**2,372**
Attributable to:		
Equity holders of the parent	(301)	906
Non-controlling interests	519	1,466
Total comprehensive income for the year	**218**	**2,372**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(US$ million)

	Note	As at 31 March 2023	As at 31 March 2022
Assets			
Non-current assets			
Goodwill	14	12	12
Intangible assets	15	64	90
Property, plant and equipment	16	12,786	13,484
Exploration and evaluation assets	16	284	220
Financial asset investments	17	63	20
Non-current tax assets	11(d)	328	365
Other non-current assets	18	1,680	1,718
Deferred tax assets	11(c)	1,268	860
		16,485	**16,769**
Current assets			
Inventories	19	1,830	1,895
Trade and other receivables	18	2,279	2,479
Financial instruments (derivatives)	24	26	34
Current tax assets		45	3
Short-term investments	20	1,728	3,117
Cash and cash equivalents	21	1,037	1,328
		6,945	**8,856**
Total assets		**23,430**	**25,625**
Liabilities			
Current liabilities			
Borrowings	22(a)	5,809	4,972
Operational buyer's credit/supplier's credit	22(c)	1,667	1,477
Trade and other payables	23	5,513	4,816
Financial instruments (derivatives)	24	23	70
Retirement benefits	26	8	14
Provisions	25	38	42
Current tax liabilities		191	122
		13,249	**11,513**
Net current liabilities		**(6,304)**	**(2,657)**
Non-current liabilities			
Borrowings	22(a)	9,549	11,110
Trade and other payables	23	219	254
Financial instruments (derivatives)	24	2	1
Deferred tax liabilities	11(c)	866	764
Retirement benefits	26	27	21
Provisions	25	390	427
		11,053	**12,577**
Total liabilities		**24,302**	**24,090**
Net assets		**(872)**	**1,535**
Equity			
Share capital	29	29	29
Hedging reserve		(90)	(88)
Other reserves		(750)	(456)
Retained earnings		(2,537)	(2,598)
Equity attributable to equity holders of the parent		**(3,348)**	**(3,113)**
Non-controlling interests	30	**2,476**	**4,648**
Total equity		**(872)**	**1,535**

Financial Statements of Vedanta Resources Limited with registration number 4740415 were approved by the Board of Directors on 08 June 2023 and signed on their behalf by

AR Narayanaswamy
Director

Deepak Kumar
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

(US$ million)

	Note	Year ended 31 March 2023	Year ended 31 March 2022
Operating activities			
Profit/(Loss) before taxation		1,632	4,148
Adjustments for:			
Depreciation and amortisation		1,382	1,228
Investment revenues		(251)	(153)
Finance costs		1,558	1,402
Other (gains) and losses (net)		79	38
Loss/(Gain) on disposal of Property plant and equipment		1	(17)
Share-based payment charge		11	14
Liabilities written back		(34)	(9)
Exploration costs written off		30	351
Impairment charge/ (reversal) of assets/asset under construction written off		61	(843)
Transfer of CSR Assets		15	-
Provision for doubtful debts (net)/advance/bad debts written off		53	-
Write off of Asset under construction, land & capital advances		-	27
Other special items		-	57
Other non cash items		(7)	-
Operating cash flows before movements in working capital		**4,530**	**6,243**
Increase in inventories		(92)	(585)
Decrease/ (Increase) in receivables		280	(4,465)
Increase in payables		363	4,281
Cash generated from operations		**5,081**	**5,474**
Dividend Received		2	-
Interest received		210	185
Interest paid		(1,503)	(1,559)
Income taxes paid (net of refunds)		(998)	(795)
Dividends paid		(16)	(131)
Refund of dividend distribution tax		10	-
Net cash inflow from operating activities		**2,786**	**3,174**
Cash flows from investing activities			
Purchases of property, plant and equipment, intangibles, exploration and evaluation assets		(1,700)	(1,407)
Proceeds on disposal of property, plant and equipment, intangibles, exploration and evaluation assets		16	44
Proceeds from redemption of short-term investments	22(b)	16,185	16,601
Purchases of short-term investments	22(b)	(15,092)	(14,603)
Purchase of long term investments	34	(30)	-
Payment made to site restoration fund		(16)	(20)
Net cash inflow/(used in) in investing activities		**(637)**	**615**
Cash flows from financing activities			
Payment for acquiring non-controlling interest		(2)	(1,971)
Dividends paid to non-controlling interests of subsidiaries		(2,523)	(1,075)
Proceeds/(repayment of) working capital loan (net)	22(b)	(118)	118
Proceeds from other short-term borrowings	22(b)	2,971	2,815
Repayment of other short-term borrowings	22(b)	(2,281)	(2,349)
Proceeds from long-term borrowings	22(b)	3,819	4,207
Repayment of long-term borrowings	22(b)	(4,317)	(4,893)
Payment of lease liabilities		(23)	(31)
Net cash used in financing activities		**(2,474)**	**(3,179)**
Net increase/(decrease) in cash and cash equivalents		**(325)**	**610**
Effect of foreign exchange rate changes		(83)	(45)
Cash and cash equivalents at beginning of the year		1,266	701
Cash and cash equivalents at end of the year	21 & 22(b)	**858**	**1,266**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

(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 2022	**29**	**(88)**	**(456)**	**(2,598)**	**(3,113)**	**4,648**	**1,535**
Profit/ (Loss) for the year	-	-	-	(5)	(5)	843	838
Other comprehensive income/ (loss) for the year	-	(2)	(294)	-	(296)	(324)	(620)
Total comprehensive income/ (loss) for the year	**-**	**(2)**	**(294)**	**(5)**	**(301)**	**519**	**218**
Dividends paid/ payable (note 13)	-	-	-	(18)	(18)	(2,825)	(2,843)
Exercise of stock options of subsidiary	-	-	-	7	7	8	15
Acquisition/sale of stake in Subsidiary[3,4]	-	-	-	63	63	137	200
Change in fair value of put option liability/ conversion option asset/derecognition of non-controlling interest	-	-	-	7	7	(9)	(2)
Refund of Dividend Distribution Tax	-	-	-	7	7	3	10
Other changes in non-controlling interests[2]	-	-	-	-	-	(5)	(5)
At 31 March 2023	**29**	**(90)**	**(750)**	**(2,537)**	**(3,348)**	**2,476**	**(872)**

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 current year ended 31 March 2023, Ferro Alloys Corporation Limited (FACOR), wholly owned subsidiary of Vedanta Limited, acquired 20,000,000 shares in its subsidiary, Facor Power Limited (FPL), increasing its stake from 90% to 98.69%. On 21 November 2022, FPL amalgamated with Facor. Refer Note 3(c).
4. During the current year ended 31 March 2023, VRL, through its subsidiary Vedanta Netherlands Investment B.V. (VNIB) reduced its shareholding from 63,514,714 shares to 5,014,714 equity shares of Vedanta Limited ("VEDL") thereby decreasing its overall stake from 69.68% to 68.10% of the total paid-up share capital of VEDL.

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

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 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)**
Exchange differences on translation of foreign operations	(289)	-	-	-	-	(289)
Loss on fair value of financial asset investments	-	-	(5)	-	-	(5)
Remeasurements	-	-	-	-	0	0
At 31 March 2023	**(2,906)**	**4**	**7**	**29**	**2,116**	**(750)**

(1) Transfer to retained earnings during the year ended 31 March 2023 includes withdrawal of Nil from debenture redemption reserve (31 March 2022: US$ 55 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 US$ 4 million (31 March 2022: US$ 4 million), debenture redemption reserve of US$ 36 million (31 March 2022: US$ 36 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 on 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 and 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. The Group's percentage holdings in each of the below businesses are disclosed in note 38.

- 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 project located in South Africa.

- The Group's oil and gas business is owned and operated by Vedanta Limited and its subsidiary, Cairn Energy Hydrocarbons Limited and consists of exploration, development and production of oil and gas.

- The Group's iron ore business is owned by the Vedanta Limited, and by its wholly owned subsidiary, i.e., Sesa Resources 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 the Honourable Supreme Court of India order, mining operations in the state of Goa were suspended. During the current year, the Government of Goa has initiated auction of mines in which the Group has participated. The Group has been declared as the principal bidder for the Bicholim mine and has received the Letter of Intent (LOI) from the Government of Goa.

  In addition, the Group's iron ore business also includes a wholly owned subsidiary, Western Cluster Limited ("WCL") in Liberia which has iron ore assets. WCL's assets include development rights to Western Cluster and a network of iron ore deposits in West Africa. During the current year, WCL has signed a Memorandum of Understanding with the Government of Liberia to re-start its mining operations in Liberia. Commercial production of saleable ore commenced from July 2022 followed by shipments from December 2022.

- The Group's copper business is owned and operated by Vedanta Limited, Copper Mines of Tasmania Pty Ltd ("CMT") and Fujairah Gold FZC and is principally one of custom smelting captive power plants at Tuticorin in Southern India.

The Group's copper business in Tamil Nadu, India has received an order from the 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 copper smelter plant. Post such order, the state government on 28 May 2018 ordered the permanent closure of the plant. We continue to engage with the Government of India and relevant authorities to enable the restart of operations at Copper India. [Refer note 2(c)(I)(iii)].

Further, the Group's copper business includes refinery and rod plant at Silvassa consisting of a 245,000 million tonnes of blister/ secondary material processing plant, a 216,000 TPA copper refinery plant and a copper rod mill with an installed capacity of 258,000 TPA. The plant continues to operate as usual, catering 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 at Lanjigarh and a smelter and captive power plants at Jharsuguda both situated in the State of Odisha in Eastern India. BALCO's partially integrated aluminium operations comprise two bauxite mines, captive power plants, smelting and fabrication facilities in the State of Chhattisgarh in central India.

- The Group's power business is owned and operated by Vedanta Limited, BALCO, and Talwandi Sabo Power Limited ("TSPL"), a wholly owned subsidiary of the Vedanta Limited, which are engaged in the power generation business in India. Vedanta Limited power operations include a thermal coal- based commercial power facility of 600 MW at Jharsuguda in the State of Odisha in Eastern India. BALCO power operations included 600 MW (2 units of 300 MW each) thermal coal-based power plant at Korba, of which a unit of 300 MW was converted to be used for captive consumption vide order from the Central Electricity Regulatory Commission (CERC) dated 01 January 2019. Talwandi Sabo Power Limited ("TSPL") power operations include 1,980 MW (three units of 660 MW each) thermal coal- based commercial power facilities. Power business also includes the wind power plants commissioned by HZL and a power plant at MALCO Energy Limited ("MEL") (under care and maintenance) situated at Mettur Dam in the State of Tamil Nadu in southern India.

- The Group's other activities include ESL Steel Limited ("ESL") (formerly known as Electrosteel Steels Limited). ESL is engaged in the manufacturing and supply of billets, TMT bars, wire rods and ductile iron pipes in India.

The Group's other business also include Vizag General Cargo Berth Private Limited ("VGCB") and Maritime Ventures Private Limited ("MVPL"). Vizag port project includes mechanization of coal handling facilities and upgradation of general cargo berth for handling coal at the outer harbour of Visakhapatnam Port on the east coast of India. 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. VGCB commenced operations in the fourth quarter of fiscal 2013. The Group's other business also include AvanStrate Inc. ("ASI"), Ferro Alloys Corporation Limited ("FACOR") and Desai Cement Company Private Limited ("DCCPL"). ASI is involved in the manufacturing of glass substrate in South Korea and Taiwan. FACOR is involved in manufacturing of Ferro Alloys, mining of chrome ore and generation of power. It owns a ferro chrome plant with a capacity of approximately, 140,000 TPA, 100 MW power plant and a mine in Sukinda valley with current capacity of 290,000 TPA. 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. In furtherance to the delisting of ADS, VEDL had filed form 15F on 01 December 2022 with the U.S. Securities Exchange Commission ("SEC") to deregister the ADSs and the underlying equity shares pursuant to the U.S. Securities Exchange Act of 1934, as amended ("Exchange Act"). As a result, the Company's reporting obligations under the Exchange Act are ceased and the Company has been deregistered from SEC under the Exchange Act effective 01 March 2023.

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 08 June 2023.

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".

Certain comparative figures appearing in these consolidated financial statements have been regrouped and/or reclassified to better reflect the nature of those items.

b) 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.

c) Going concern

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

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

Prior to current period, the last going concern assessment carried out for the period ended 30 September 2022 was approved by the Board of Directors in December 2022. The Directors were confident that the Group will be able to operate within the levels of its current facilities for the foreseeable future, 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 period ended 30 September 2022 financial statements remain available to the Group, following recent significant developments have had a positive bearing on the liquidity and Company's ability to continue as a going concern;

a. Vedanta has raised new term loans for refinancing of US$ 950 million and short-term loans of US$ 350 million for a period ranging from 6 months to 1 year.

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 2024 ("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 2023.

The Directors of the Group are confident that the Group will be able to comply requisite covenants for the going concern period and will be able to execute mitigating actions as mentioned 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.

NOTES TO THE FINANCIAL STATEMENTS

Mitigating actions

The mitigating options available to the Group and Company to address the uncertainties in relation to going concern include:

- 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 for 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 2023, the Group had unutilised working capital facilities amounting to c. US$ 1.4 billion and commercial papers in issue amounting to c. US$ 0.6 billion. These facilities are not committed for the full duration of the going concern period to September 2024, 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 2023, the Group had c. US$ 1.7 billion of supplier's credit and c. US$ 0.9 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.

d) 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

NOTES TO THE FINANCIAL STATEMENTS

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 partner. 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 ventures 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 investee's 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 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 and joint ventures are eliminated against

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the investment to the extent of the Group's interest in these entities. Unrealised losses are eliminated in the same way as unrealized 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 combination

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 at 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

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operations. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer as per terms of contract, 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.

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.

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(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.

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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.

Subsequently, property plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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.

NOTES TO THE FINANCIAL STATEMENTS

(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. Asset under construction is carried at cost less accumulated impairment losses, if any.

(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 other 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:

Asset	Useful life (in years)
Buildings - operations and administration	3-60
Plant and machinery	15-40
Railway Sidings	15
Office equipment	3–6
Furniture and fixtures	8-10
Vehicles	8-10

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, intangible 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 arrangements, 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

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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, and 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.

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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 its 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.

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.

Trade receivables that do not contain a significant financing component are measured at transaction price as per IFRS 15.

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortised cost

A 'Financial asset' 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

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income in consolidated income statement. The losses arising from impairment are recognised in consolidated income statement.

Financial assets 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.

For equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the consolidated income statement, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments and default category for equity instruments. Any debt instrument, which does not meet the criteria for categorization 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

An equity instrument 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 equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the consolidated income statement.

Further, the provisionally priced trade receivables are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

(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;

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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/ 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

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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.

Further, the provisionally priced trade payables are marked to market using the relevant forward prices for the future period specified in the contract.

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

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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, Group classifies hedges 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;

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/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

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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.

(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.

(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

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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.

(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 cost 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.

Inventories of 'Fuel Stock' mainly consist of coal which is used for generating power. On consumption, the cost is charged off to 'Cost of sales' in the consolidated income statement.

(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

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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.

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(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 shares 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 current expectations.

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 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 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.

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(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 it operates. 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 and vendor financing

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) 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 are 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 such 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 realized 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 realized 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.

NOTES TO THE FINANCIAL STATEMENTS

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 effective interest rate (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.

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 2022, 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. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
2. Reference to the Conceptual Framework- Amendments to IFRS 3;
3. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
4. IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

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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
IFRS 17 Insurance Contracts	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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	01 January 2024
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01 January 2024

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 judgments 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 utilized. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the consolidated income statement.

The total deferred tax assets recognised in these financial statements include MAT credit entitlements of US$ 1,148 million (31 March 2022: US$ 894 million) of which US$ 327 million (31

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March 2022: US$ 28 Million) is expected to be utilised in the fourteenth year and fifteenth year, the maximum permissible time period to utilise the MAT credits.

During year ended 31 March 2021, ESL recognised deferred tax assets of US$ 434 million based on management's estimate of future outlook, financial projections and requirements of IAS 12. During the year ended 31 March 2023, ESL derecognized deferred tax assets on losses expired in the current year amounting to US$ 12 million (31 March 2022: US$ 16 million). Based on revised financial forecasts, it is probable to realise the remaining deferred tax assets.

iii) Copper operations in Tamil Nadu, India

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. NGT vide its order on 15 December 2018 has set aside the impugned orders and directed the TNPCB to pass fresh orders for renewal of consent and authorization to handle hazardous substances, subject to appropriate conditions for protection of environment in accordance with law.

The State of Tamil Nadu and TNPCB approached Supreme Court in Civil Appeals on 02 January 2019 challenging the judgement of NGT dated 15 December 2018 and the previously passed judgement of NGT dated 08 August 2013. The Supreme Court vide its judgement dated 18 February 2019 set aside the judgements of NGT dated 15 December 2018 and 08 August 2013 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 the Madras High Court challenging the various orders passed against it in FY 2018 and FY 2013. On 18 August 2020, the Madras High Court delivered the judgement wherein it dismissed all the Writ Petitions filed by the Group. Thereafter, the Group has approached the Supreme Court and challenged the said High Court order by way of a Special Leave Petition ("SLP"). The SLP is now listed for hearing and final disposal at the top of the TNPCB on 22 August 2023 and 23 August 2023.

The Interlocutory Applications filed by the Group seeking essential care and maintenance of the Plant and removal of materials from the plant premises were heard on 10 April 2023 where the Supreme Court allowed certain activities such as gypsum evacuation, operation of Secured Landfill (SLF) leachate sump pump, Bund rectification of SLF and green-belt maintenance.

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 year ended 31 March 2023 considering various scenarios and possibilities, and concluded on balance of probabilities that there exists no impairment.

The carrying value of the assets as at 31 March 2023 is US$ 209 million (US$ 229 million as at 31 March 2022).

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Expansion Plant:

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 Madras High Court 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 also appealed this action before the TNPCB Appellate Authority. The matter has been adjourned until the conclusion of special leave petition filed before the Supreme Court.

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 appealed this action before the TNPCB Appellate Authority. The matter has been adjourned until the conclusion of special leave petition filed before the Supreme Court. 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$ 2 million as at 31 March 2023 (31 March 2022: US$ 5 million) approximates its recoverable value.

Property, plant and equipment of US$ 103 million and inventories of US$ 33 million, 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, any difference between book and physical quantities is unlikely to be material.

(iv) ESL – CTO

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 regularization 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

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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 US$ 26 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 US$ 1 million has been provided against final order relating to wildlife conservation plan received during the previous year. Management believes no further provision is required.

(v) 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(a).

(vi) Oil and Gas reserves

Significant technical and commercial judgements are required to determine the Group's estimated oil and natural gas reserves. Oil and Gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques. The estimate is reviewed annually. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable and internal engineers.

Net entitlement reserves estimates are subsequently calculated using the Group's current oil price and cost recovery assumptions, in line with the relevant agreements.

Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or oil and gas prices could impact the depletion rates, carrying value of assets (refer note 16) and environmental and restoration provisions.

(vii) 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
Period	for Rajasthan block, cash flows are considered based on economic life of the fields.
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

The Group aims to achieve net carbon neutrality by 2050 and has outlined its climate risk assessment and opportunities in the ESG strategy. Climate change may have various impacts on the Group in the medium to long term. These impacts include the risks and opportunities related to the demand of products and services, impact due to transition to a low-carbon economy, disruption to the supply chain, risk of physical harm to the assets due to extreme weather conditions, regulatory changes etc. The accounting related measurement and disclosure items that are most impacted by our commitments, and climate change risk more generally, relate to those areas of the financial statements that are prepared under the historical cost convention and are subject to estimation uncertainties in the medium to long term.

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The potential effects of climate change may be on assets and liabilities that are measured based on an estimate of future cash flows. The main ways in which potential climate change impacts have been considered in the preparation of the financial statements, pertain to (a) inclusion of capex in cash flow projections, (b) recoverable amounts of existing assets and (c) review of estimates of useful lives of property, plant and equipment.

The Group's strategy consists of mitigation and adaptation measures. The Group is committed to reduce its carbon footprint by limiting its exposure to coal-based projects and reducing its GHG emissions through high impact initiatives such as investment in Renewable Energy, fuel switch, electrification of vehicles and mining fleet and energy efficiency opportunities. Renewable sources have limitations in supplying round the clock power, so existing power plants would support transition and fleet replacement is part of normal lifecycle renewal. The group has also taken certain measures towards water management such as commissioning of sewage treatment plants, rainwater harvesting, and reducing fresh water consumption. These initiatives are aligned with the group's ESG strategy and no material changes were identified to the financial statements as a result.

As the Group's assessment of the potential impacts of climate change and the transition to a low-carbon economy continues to mature, any future changes in Group's climate change strategy, changes in environmental laws and regulations and global decarbonisation measures may impact the Group's significant judgments and key estimates and result in changes to financial statements and carrying values of certain assets and liabilities in future reporting periods. However, as of the balance sheet date, the Group believes that there is no material impact on carrying values of its assets or liabilities.

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 and other litigations

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 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. For other significant litigations where the possibility of an outflow of resources embodying economic benefits is remote, refer note 33.

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(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 judgment 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.

3. Discontinued operations, acquisitions and restructuring

(a) 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.

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 was appointed. The procedural timetable for the arbitration envisaged an initial hearing of prioritized 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 prioritized 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.

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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 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 5 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. A new hearing date of 01 June 2022 was allocated by the Court of Appeal for the Embodiment Order application and the preliminary objections. The hearing took place on 1 June, and judgement has been reserved.

ZCCM had sought leave to appeal to the Supreme Court of South Africa. Leave to appeal was

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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 2 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 7 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.

On 07 September 2022, VRL, VRHL, ZCCM and the Official Receiver (who is currently acting as KCM's PL) entered into a further legal and arbitration proceedings suspension agreement for an initial period of 6 months. The arbitration hearing which was to commence on 09 January 2023 has been vacated.

On 14 February 2023, VRL, VRHL, ZCCM, the Official Receiver and KCM entered into an Extension and Amendment to the Legal Suspension Agreement, whereby the Parties agreed to an Additional Postponement Period in respect of the suspension of legal proceedings up until 31 March 2023. The Legal Suspension Agreement has been subsequently extended and is presently effective.

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 judgment 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.

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. In light of the further legal and arbitration proceedings suspension agreement that was entered into on 07 September 2022, the judicial review application with regards to the Official Receiver will only resume if settlement talks between the parties fail.

KCM has recently instituted legal proceedings against the PL and his legal firm in the High Court of Zambia in which KCM aims to recover monies improperly drawn by the PL from KCM's accounts and damages for the PL's breach of fiduciary and statutory duties vis-à-vis KCM.

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

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

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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 in previous years consolidated income statement.

The Group has total exposure of US$ 1,887 million (31 March 2022: 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.

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 recognized 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 2023, basis fair valuation, no further impairment was identified to the existing balances. Therefore, carrying value as at 31 March 2023 remain unchanged at US$ 682 million (31 March 2022: 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

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& 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 13% (31 March 2022: 11.875%), 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.

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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 2023	Fair value at 31 March 2022	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
Investments and Loans, receivables and obligations of KCM towards the Group	751	720	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$ 96 million (31 March 2022: US$ 92 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$ 156 million (31 March 2022: US$ 149 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$ 7,949/ tonne (31 March 2023) and US$ 7,716/ tonne (31 March 2022)	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$ 113 million (31 March 2022: US$ 128 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).

(b) Athena Chhattisgarh Power Limited

On 21 July 2022, the Group acquired Athena Chhattisgarh Power Limited ("ACPL"), an unrelated party, under the liquidation proceedings of the Insolvency and Bankruptcy Code, 2016 for a consideration of INR 5,647 million (US$ 72 million), subject to National Company Law Tribunal ("NCLT") approval. ACPL is building a 1,200 MW (600 MW X 2) coal-based power plant located at Jhanjgir Champa district, Chhattisgarh. The plant is expected to fulfil the power requirements for the Group's aluminium business. VEDL had filed its application with the NCLT in July 2022 and further amended the application in November 2022 praying for merger of ACPL with itself. The Group has requested various reliefs from the applicable legal and regulatory provisions as part of the above applications.

The NCLT approval of the Group's resolution application is pending as on balance sheet date. On consolidation, the consideration paid for acquisition of ACPL represents mainly Capital work-in-progress.

(c) Amalgamation of Facor Power Limited into Ferro Alloys Corporation Limited

During the current year ended 31 March 2023, Hon'ble National Company Law Tribunal, Cuttack Bench vide its Order dated 15 November 2022 approved the Scheme of Amalgamation of Facor Power Limited ("FPL") into Ferro Alloys Corporation Limited ("FACOR"). FPL was a subsidiary of FACOR which in turn is a subsidiary of VEDL. Post the amalgamation becoming effective on 21 November 2022, VEDL directly holds 99.99% in FACOR. There is no material

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impact on the consolidated financial statements of the Group due to this amalgamation.

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 (comprises zinc and lead 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 Amortization ("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 2023 and 31 March 2022. Items after operating profit are not allocated by segment.

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(a) Reportable segments

Year ended 31 March 2023

(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	4,126	649	1,873	753	2,179	6,550	870	1,141	-	18,141
Inter-segment sales	-	-	-	56	-	6	27	11	(100)	-
Segment revenue	**4,126**	**649**	**1,873**	**809**	**2,179**	**6,556**	**897**	**1,152**	**(100)**	**18,141**
Results										
Segment Results (EBITDA) (1)	2,177	241	972	124	(7)	707	106	288	-	4,608
Less: Depreciation and amortisation (2)	389	61	442	33	18	281	72	86	-	1,382
Other Expenses *	-	-	30	-	-	-	-	-	-	30
Operating profit / (loss) before special items	**1,788**	**180**	**500**	**91**	**(25)**	**426**	**34**	**202**	**-**	**3,196**
Investment revenue										251
Finance costs										(1,558)
Other gains and (losses) [net]										(79)
Special items (Refer Note 6)										(178)
Profit before taxation										**1,632**
Segments assets	2,617	833	2,896	679	610	6,935	1,887	1,323	-	**17,780**
Financial asset investments										63
Deferred tax assets										1,268
Short-term investments										1,728
Cash and cash equivalents										1,037
Tax assets										373
Others										1,181
TOTAL ASSETS										**23,430**
Segment liabilities	625	131	1,809	312	632	2,866	249	445	-	**7,069**
Borrowings										15,358
Current tax liabilities										191
Deferred tax liabilities										866
Others										818
TOTAL LIABILITIES										**24,302**
Other segment information										
Additions to property, plant and equipment, exploration and evaluation assets and intangible assets	475	158	433	70	18	708	74	182	-	2,121
Impairment charge/ (reversal) (3)	-	-	157	(82)	-	-	-	(14)	-	61

* Exploration costs written off

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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	2,099	1,210	-	19,035
Financial asset investments										20
Deferred tax assets										860
Short-term investments										3,117
Cash and cash equivalents										1,328
Tax assets										368
Others										897
TOTAL ASSETS										**25,625**
Segment liabilities	664	153	2,118	338	658	2,299	188	352	-	6,770
Borrowings										16,082
Current tax liabilities										122
Deferred tax liabilities										764
Others										352
TOTAL LIABILITIES										**24,090**
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)	-	-	-	-	-	-	(843)
Exploration costs written off (3)	-	-	351	-	-	-	-	-	-	351

(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 2022: US$ 3 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 2023	Year ended 31 March 2022
India	10,851	9,887
Europe	1,985	2,824
China	661	1,299
The United States of America	481	468
Mexico	579	310
Others	3,584	2,831
Total	**18,141**	**17,619**

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 2023	As at 31 March 2022
India	12,575	13,435
South Africa	647	675
Taiwan	127	118
Namibia	108	131
Others	264	59
Total	**13,721**	**14,418**

Information about major customer

No single customer has accounted for 10% or more of the Group's revenue for the year ended 31 March 2023 and 31 March 2022.

Disaggregation of revenue

Below table summarises the disaggregated revenue from contracts with customers:

(US$ million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Zinc Metal	3,613	3,318
Lead Metal	601	569
Silver Bars	570	566
Oil	1,551	1,380
Gas	350	230
Iron Ore	290	316
Pig Iron	506	554
Metallurgical Coke	58	55
Copper Products	2,127	1,918
Aluminium Products	6,550	6,883

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(US$ million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Power	659	522
Steel Products	781	765
Ferro Alloys	96	111
Others	461	420
Revenue from contracts with customers*	**18,213**	**17,607**
Revenue from contingent rents	192	185
Losses on provisionally priced contracts under IFRS 9 (refer note 5)	(264)	(173)
Total Revenue	**18,141**	**17,619**

*Includes revenues from sale of services aggregating to US$ 41 million (31 March 2022: US$ 40 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 2023	Year ended 31 March 2022
Sale of products [a]	17,908	17,394
Sale of services [a]	41	40
Revenue from contingent rents	192	185
Total Revenue	**18,141**	**17,619**

a) Revenue from sale of products and from sale of services for the year ended 31 March 2023 includes revenue from contracts with customers of US$ 18,213 million (31 March 2022: US$ 17,607 million) and a net loss on mark-to-market of US$ 264 million (31 March 2022: US$ 173 million) on account of gains/ losses relating to sales that were provisionally priced as at 31 March 2022 with the final price settled in the current year, gains/ losses relating to sales fully priced during the year, and marked to market gains/ losses relating to sales that were provisionally priced as at 31 March 2023.

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 2023			Year ended 31 March 2022		
	Special items	Tax effect of Special items	Special items after tax	Special items	Tax effect of Special items	Special items after tax
SAED on Oil and Gas business [1]	(117)	44	(73)	-	-	-
One time settlement of entry tax under amnesty scheme [4]	-	-	-	(18)	6	(12)
Provision for fly ash disposal [5]	-	-	-	(38)	11	(27)
Provision for settlement of dispute regarding environmental clearance [6]	-	-	-	(1)	0	(1)
Gross profit special items (a)	**(117)**	**44**	**(73)**	**(57)**	**17**	**(40)**
Impairment (charge)/ reversal in oil and gas properties [2]	(82)	32	(50)	714	(282)	432
Impairment (charge)/ reversal of exploration & evaluation assets [2]	(75)	29	(46)	129	(51)	78
Impairment reversal of asset under construction	14	(5)	9	-	-	-
Reversal of previously recorded impairment of assets in Liberia on commencement of mining operations [3]	82	-	82	-	-	-
Total impairment (charge)/ reversal (net) (b)	**(61)**	**56**	**(5)**	**843**	**(333)**	**510**
Write off of Asset under construction, land & capital advances **(c)** [8,9,10]	-	-	-	(27)	8	(19)
Exploration costs written off [7] **(d)**	-	-	-	(351)	138	(213)
Operating special items (a+b+c+d)	**(178)**	**100**	**(78)**	**408**	**(170)**	**238**
Total of Special items	**(178)**	**100**	**(78)**	**408**	**(170)**	**238**

1. The Government of India ("GoI") vide its notification dated 30 June 2022 levied Special Additional Excise Duty ("SAED") on production of crude oil, i.e., cess on windfall gain triggered by increase in crude oil prices which is effective from 01 July 2022. The consequential net impact of the said duty is US$ 117 million (Revenue US$ 142 million and Cost of sales US$ 259 million) for the year ended 31 March 2023.

2. (a) (i) During the year ended 31 March 2023, the Group has recognized net impairment charge of US$ 82 million (after considering impairment reversal of US$ 155 million on account of ONGC partial arbitration award Refer footnote (ii) for details) on its assets in the oil and gas properties and US$ 75 million on exploration and evaluation assets mainly due to revision of reserves and capex estimates. The recoverable amount of the Group's share in Rajasthan Oil and Gas cash generating unit "RJ CGU" was determined to be US$ 1,239 million as at 31 March 2023. 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 2040, 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$ 84 per barrel for the next one year and

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tapers down to long-term nominal price of US $ 73 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2.4% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.99% 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 US$ 9 million and US$ 46 million, respectively.

(ii) In the Oil and Gas business, the Group operates the Rajasthan Block under a joint venture model with ONGC. As the operator of the block, the Group raises cash calls to ensure the smooth functioning of the petroleum operations.

During the current year ended 31 March 2023, the Group received a favourable partial arbitration award on cash call claims made from ONGC, pursuant to which, reversal of previously recorded impairment of US$ 155 million has been recognised against capitalised development costs. The Group had a liability towards ONGC of US$ 199 million as of 31 March 2022 on account of revenue received in excess of entitlement. Based on the partial arbitration award, the Group has adjusted the claims received in the favour of the Group against the liability towards ONGC and the net payable as of 31 March 2023 amounts to US$ 34 million.

(b) During the year ended 31 March 2022, the Group has recognized 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.

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

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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 10.63%. The sensitivities around change in crude price and discount rate are not material to the financial statements.

3. During the year ended 31 March 2023, WCL has signed a Memorandum of Understanding with the Government of Liberia to re-start its mining operations and commenced commercial production at its Bomi Mines from July 2022.

   Consequently, the net recoverable value of assets and liabilities of WCL has been assessed at US$ 108 million based on the value-in-use approach, using the Discounted Cash Flow Method, a level 3 valuation technique in the fair value hierarchy as it more accurately reflects the recoverable amount. The impairment assessment is based on a range of estimates and assumptions, including long-term selling price as per the consensus report, volumes based on the mine planning and concentrate plant setup and a post-tax nominal discount rate of 14.45%. Any subsequent changes to cash flows due to changes in the above-mentioned factors could impact the carrying value of the assets.

   Based on the sensitivities carried out by the Group, a decrease in the long-term selling price by 1% would lead to a decrease in the recoverable value by US$ 6 million and an increase in the discount rate by 1% would lead to a decrease in the recoverable value by US$ 9 million.

   Accordingly, the impairment recorded in previous periods has been reversed, to an extent of US$ 82 million pertaining only to the assets of the Bomi Mine.

4. 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.

5. During the year ended 31 March 2022, the MoEFCC 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 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 utilized 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 utilization including reclamation costs.

6. Refer Note 2(c)(I)(iv).

7. During the year ended 31 March 2022, based on the outcome of exploration and appraisal activities in its PSC block RJON-90/1 block and RSC blocks awarded under OALP (Open Acreage Licensing Policy), an amount of US$ 351 million towards unsuccessful exploration costs has been charged off to the consolidated income statement during the previous year, as these have proven to be either technically or commercially unviable.

8. 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.

9. 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. Accordingly, the deposit was fully provided for during the year ended 31 March 2022.

10. During the year ended 31 March 2022, ESL Steel Limited had recognised a provision of US$ 6 million relating to certain items of capital work-in-progress basis the physical verification.

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7. Investment revenue

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Net gain on financial assets held at fair value through profit or loss (FVTPL)	10	28
Interest Income:		
Interest income- financial assets held at FVTPL	63	53
Interest income- financial assets held at FVOCI	35	-
Interest income- bank deposits at amortised cost	48	72
Interest income- loans and receivables at amortised cost	60	29
Interest income- others	21	-
Dividend Income:		
Dividend income- financial assets held at FVOCI	3	0
Foreign exchange gain /(loss) (net)	11	(29)
Total	**251**	**153**

8. Finance costs

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Interest expense – financial liabilities at amortised cost	1,484	1,345
Other finance costs (including bank charges)	119	86
Total interest cost	**1,603**	**1,431**
Unwinding of discount on provisions (note 25)	12	10
Net interest on defined benefit arrangements	3	3
Capitalisation of finance costs/borrowing costs (note 16)	(60)	(42)
Total	**1,558**	**1,402**

All borrowing costs are capitalised using rates based on specific borrowings and general borrowings with the interest rate of 6.75% (7.87% for 31 March 2022) per annum for the year ended 31 March 2023.

9. Other gains and (losses), (net)

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Foreign exchange gain/ (loss) (net)	(88)	(18)
Change in fair value of financial liabilities measured at fair value	0	(1)
Net gain/(loss) arising on qualifying hedges and non-qualifying hedges	9	(19)
Total	**(79)**	**(38)**

10(a). Profit/ (Loss) for the year has been stated after charging/ (crediting):

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation & amortization	1,382	1,228
Costs of inventories recognised as an expense	5,519	4,736
Auditor's remuneration for audit services (refer note 36)	3	3
Research and development	1	1
Net (gain)/ loss on disposal of Property plant and equipment	1	(17)
Provision for receivables	52	31
Impairment charge/(reversal) & assets written off (refer note 6)	61	(816)
Exploration costs written off (refer note 16)	30	351
Employee costs (refer note 27)	395	387

NOTES TO THE FINANCIAL STATEMENTS

10(b). Exchange gain/ (loss) recognised in the consolidated income statement:

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Cost of sales	(8)	11
Investment revenue (refer note 7)	11	(29)
Other gains and (losses) (refer note 9)	(79)	(37)
Total	**(76)**	**(55)**

11. Tax

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

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Current tax:		
Current tax	1,151	1,047
Credit in respect of current tax for earlier years	(14)	-
Credit in respect of Special items (refer note 6)	(18)	(78)
Total current tax (a)	**1,119**	**969**
Deferred tax:		
Origination of temporary differences	(233)	364
Charge in respect of deferred tax for earlier years	(10)	(11)
Credit in respect of Special items (refer note 6)	(82)	248
Total deferred tax (b)	**(325)**	**601**
Total Income tax expense for the year((a)+(b))	**794**	**1,570**
Profit before tax from continuing operations	**1,632**	**4,148**
Effective Income tax rate (%)	**48.7%**	**37.9%**

Tax expense/ (benefit)

(US$ million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Tax effect on special items	(100)	170
Tax expense – others	894	1,400
Net tax expense	**794**	**1,570**

NOTES TO THE FINANCIAL STATEMENTS

(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.

	Year ended 31 March 2023	Year ended 31 March 2022
Profit/ (Loss) before tax from continuing operations	**1,632**	**4,148**
Indian statutory income tax rate	34.944%	34.944%
Tax at statutory income tax rate	**570**	**1,450**
Non-taxable income	(9)	(18)
Tax holidays and similar exemptions	(67)	(263)
Effect of tax rate differences of subsidiaries operating at other tax rates	19	227
Tax on distributable reserve of/ dividend from subsidiary	149	65
Unrecognized tax assets (Net) (i)	(6)	(16)
Change in deferred tax balances due to change in tax law	(22)	(34)
Capital Gains/ Other income subject to lower tax rate (ii)	(65)	(4)
Credit in respect of earlier years	(28)	(12)
Other permanent differences	253	175
Total	**794**	**1,570**

(i) Current year includes US$ 22 million of deferred tax assets on brought forward losses of Facor Power Limited recognised post its merger with Facor Alloys Corporation Limited. Based on the financial forecasts of the merged entity, it is probable to realise the deferred tax assets.

(ii) Current year majorly includes US$ 63 million on account of dividend received from foreign subsidiary taxable at lower rate of 17.472%.

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').

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 upto 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.

NOTES TO THE FINANCIAL STATEMENTS

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$ 67 million for the year ended 31 March 2023 (31 March 2022: US$ 263 million).

(c) Deferred tax assets/liabilities

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax assets represents unabsorbed depreciation and carried forward losses and unused tax credits in the form of MAT credits carried forward, net of deferred tax liability representing accelerated tax relief for the depreciation of property, plant and equipment, depreciation of mining reserves and the fair value uplifts created on acquisitions. Significant components of Deferred tax (assets) and liabilities recognized in the Consolidated Statement of financial position are as follows:

For the year ended 31 March 2023:

(US$ million)

Significant components of deferred tax (assets)/ liabilities	Opening balance as at 01 April 2022	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 2023
Property, plant and equipment, Exploration and Evaluation and other intangible assets	1,445	20	-	-	(148)	1,317
Voluntary retirement scheme	(6)	2	-	-	2	(2)
Employee benefits	(50)	3	(1)	-	35	(13)
Fair value of derivative asset/ liability	(19)	3	1	-	7	(8)
Fair valuation of other asset/liability	93	16	-	-	(5)	104
MAT credit entitlement	(894)	(332)	-	-	78	(1,148)
Unabsorbed depreciation and business losses	(593)	(50)	-	-	46	(597)
Other temporary differences	(72)	12	-	-	5	(55)
Total	**(96)**	**(326)**	**0**	**-**	**20**	**(402)**

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)**

NOTES TO THE FINANCIAL STATEMENTS

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 2023	As at 31 March 2022
Deferred tax assets	(1,268)	(860)
Deferred tax liabilities	866	764
Net Deferred tax (assets) / Liabilities	**(402)**	**(96)**

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 utilized 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 recognized amount to 4,630 as per FS. and US$ 4,256 million as at 31 March 2023 and 31 March 2022 respectively.

As at 31 March 2023

(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
Unutilized business losses	88	661	493	1,434	2,676
Unabsorbed depreciation	-	-	-	241	241
Unutilized R&D credit	-	-	-	1	1
Unabsorbed interest allowance*	-	-	-	1,712	1,712
Total	**88**	**661**	**493**	**3,388**	**4,630**

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
Unutilized business losses	4	493	422	1,646	2,565
Unabsorbed depreciation	-	-	-	190	190
Unutilized R&D credit	-	-	-	1	1
Unabsorbed interest allowance*	-	-	-	1,500	1,500
Total	**4**	**493**	**422**	**3,337**	**4,256**

* 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.

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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$ 3,120 million and US$ 5,883 million as at 31 March 2023 and 31 March 2022 respectively.

(d) Non-current tax assets

Non-current tax assets of US$ 328 million (31 March 2022: US$ 365 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 (for AY 2009-10 to AY 2012-13) and in FY 2023-24 (for AY 2017-18 and AY 2018-19) 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 Group. The amount involved in this dispute as of 31 March 2023 is US$ 1,515 million (31 March 2022: US$ 1,504 million) plus applicable interest up to the date of settlement of the dispute.

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 2023	Year ended 31 March 2022
(Loss)/Profit for the year attributable to equity holders of the parent		(5)	1,002
Special items	6	178	(408)
Other (gains)/losses [net]	9	79	38
Tax effect of special items (including taxes classified as special items) and other gains/ (losses) [net]		(120)	160
Non-controlling interest on special items and other gains/ (losses)		(45)	52
Underlying attributable profit for the year		**87**	**844**

13. Dividends

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Amounts recognized as distributions to equity holders:		
Equity dividends on ordinary shares:		
First Interim Dividend for 2022-23: 2.28 US cents per share	6	-
Second Interim Dividend for 2022-23: 2.45 US cents per share	7	-
Third Interim Dividend for 2022-23: 1.8 US cents per share	5	-
Interim Dividend for 2021-22: 46.0 US cents per share*	-	131

* US$ 2 million (31 March 2022: Nil) is payable as at 31 March 2023.

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14. Goodwill

(US$ million)

Copper India CGU	As at 31 March 2023	As at 31 March 2022
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 2023. 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.

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.

	Port concession rights (1)	Software license	Others (2)	Total
Cost				
As at 01 April 2021	82	7	52	141
Addition	-	1	-	1
Transfers	-	2	-	2
Exchange differences	(3)	(1)	(3)	(7)
As at 01 April 2022	**79**	**9**	**49**	**137**
Addition	-	1	-	1
Disposal/Adjustments	-	-	(18)	(18)
Transfers	1	1	-	2
Exchange differences	(6)	(2)	(4)	(12)
As at 31 March 2023	**74**	**9**	**27**	**110**
Accumulated amortisation				
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 01 April 2022	**26**	**6**	**15**	**47**
Charge for the year	3	1	3	7
Disposal/Adjustments	-	-	(4)	(4)
Exchange differences	(1)	(2)	(1)	(4)
As at 31 March 2023	**28**	**5**	**13**	**46**
Net book value				
As at 01 April 2021	58	1	40	99
As at 01 April 2022	53	3	34	90
As at 31 March 2023	**46**	**4**	**14**	**64**

(1) Vizag General Cargo Berth Private Limited (VGCB), a special purpose vehicle, was incorporated for the coal berth mechanization 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

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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. The Group has entered into a supplementary agreement to the original concession agreement with VPT dated 20 October 2021, wherein VPT can handle other compatible cargos at VGCB during idling of the berth. 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 2023 and 31 March 2022.*

(2) (i) Others include technological know-how and acquired brand relating to acquisition of AvanStrate Inc.

(ii) Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Group, during the current year ended 31 March 2023, has transferred its CSR assets, after obtaining regulatory approvals, having carrying value of US$ 14 million as on the date of transfer, at nominal consideration to Zinc India Foundation (Wholly owned subsidiary), incorporated during the current year under Section 8 of the Companies Act, 2013. The carrying value of these assets has been included as CSR expense in the financial statements owing to such transfer.

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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 [6]	Others	Total Property, plant and equipment	Exploration and evaluation assets[3]	Grand Total
Cost										
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 [4]	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 01 April 2022	**3,426**	**1,889**	**12,544**	**1,795**	**19,807**	**159**	**176**	**39,796**	**1,328**	**41,124**
Additions	193	11	212	1,230	256	19	11	1,932	189	2,121
Transfers [4],[5]	301	29	436	(669)	-	-	1	98	(18)	80
Exploration costs written off	-	-	-	-	-	-	-	-	(30)	(30)
Disposals/Adjustments	(2)	(1)	(270)	(32)	(160)	(1)	(4)	(470)	-	(470)
Exchange differences	(360)	(164)	(1,061)	(159)	-	(12)	(20)	(1,776)	(2)	(1,778)
At 31 March 2023	**3,558**	**1,764**	**11,861**	**2,165**	**19,903**	**165**	**164**	**39,580**	**1,467**	**41,047**
Accumulated depreciation, amortization and impairment										
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 [4]	-	-	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 01 April 2022	**2,603**	**552**	**4,683**	**244**	**18,136**	**25**	**69**	**26,312**	**1,108**	**27,420**
Charge for the year	314	51	541	-	443	12	19	1,380	-	1,380
Disposals/Adjustments	-	-	(219)	-	(4)	(1)	(3)	(227)	-	(227)
Transfers [4],[5]	-	-	1	82	-	-	(1)	82	-	82
Impairment Charge/ (reversal) of assets (note 6)	-	-	-	(96)	82	-	-	(14)	75	61
Exchange differences	(225)	(61)	(422)	(13)	-	(2)	(16)	(739)	-	(739)
At 31 March 2023	**2,692**	**542**	**4,584**	**217**	**18,657**	**34**	**68**	**26,794**	**1,183**	**27,977**
Net book value										
At 01 April 2021	691	1,407	8,121	1,333	1,087	214	115	12,968	334	13,302
At 01 April 2022	823	1,337	7,861	1,551	1,671	134	107	13,484	220	13,704
At 31 March 2023	**866**	**1,222**	**7,277**	**1,948**	**1,246**	**131**	**96**	**12,786**	**284**	**13,070**

1) During the year ended 31 March 2023, interest capitalised was US$ 60 million (31 March 2022: US$ 42 million).
2) Oil and Gas properties includes development assets under construction of carrying value US$ 267 million (31 March 2022: US$ 421 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$ 1,289 million (31 March 2022: US$ 1,704 million).
4) Transfers/reclassification majorly includes capitalisation of CWIP to respective class of assets.
5) Transfer/reclassification from CWIP Accumulated Impairment to Mining Property Gross block amounting to US$ 82 million.

NOTES TO THE FINANCIAL STATEMENTS

(6) Disclosure of Right of Use (ROU) Assets as per IFRS 16 "Leases"

(US$ million)

	Land & Building	Plant and Equipment	Total
Cost			
At 01 April 2021	**150**	**99**	**249**
Additions	13	3	16
Transfers	(1)	(93)	(94)
Disposals/Adjustments	(6)	-	(6)
Exchange difference	(6)	-	(6)
At 01 April 2022	**150**	**9**	**159**
Additions	14	5	19
Disposals/Adjustments	(1)	-	(1)
Exchange difference	(11)	(1)	(12)
At 31 March 2023	**152**	**13**	**165**
Accumulated depreciation			
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 01 April 2022	**21**	**4**	**25**
Charge for the year	9	3	12
Disposals/Adjustments	(1)	-	(1)
Exchange difference	(2)	-	(2)
At 31 March 2023	**27**	**7**	**34**
Net book value			
At 01 April 2021	130	84	214
At 01 April 2022	129	5	134
At 31 March 2023	**125**	**6**	**131**

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 2023	As at 31 March 2022
At 01 April 2022	20	21
Movements in fair value	(5)	(1)
Investment in Optionally Convertible Redeemable Preference Shares at FVTPL - unquoted - Serentica Renewable Power Companies (Refer note 32)	30	-
Investment in Bonds at FVOCI - quoted	19	-
Exchange difference	(1)	0
At 31 March 2023	**63**	**20**

Financial asset investment represents quoted investments in equity shares, debentures 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 2023 and 31 March 2022.

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18. Other non-current assets and trade and other receivables

(US$ million)

	As at 31 March 2023			As at 31 March 2022		
	Non-Current	Current	Total	Non-Current	Current	Total
Bank deposits [2]	84	-	84	58	-	58
Site restoration assets	149	-	149	135	-	135
Trade receivables [1]	308	488	796	397	653	1,050
Others [3]	237	267	504	226	52	278
Trade receivables from related parties	-	3	3	-	4	4
Cash call / receivables from joint operations[4]	-	928	928	-	1,082	1,082
Receivable from KCM [5]	655	-	655	655	-	655
Financial (A)	**1,433**	**1,686**	**3,119**	**1,471**	**1,791**	**3,262**
Balance with Government authorities	98	186	284	101	144	245
Advance for supplies	5	258	263	-	358	358
Others [3]	117	149	266	119	186	305
Receivable from KCM [5]	27	-	27	27	-	27
Non-financial (B)	247	593	840	247	688	935
Total (A+B)	**1,680**	**2,279**	**3,959**	**1,718**	**2,479**	**4,197**

The credit period given to customers is upto 180 days. Also refer note 24(d)

(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$ 180 million as at 31 March 2023 (31 March 2022: US$ 228 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$ 107 Million (net of Provision for expected credit loss ("ECL") of US$ 19 million recognised during the year on account of time value of money) as at 31 March 2023 (31 March 2022: US$ 145 million) withheld by GRIDCO Limited ("GRIDCO") primarily on account of reconciliation and disputes relating to computation of power tariffs and alleged short-supply of power by the Group under the terms of long term power supply agreement.

Out of the above, US$ 46 million (net of ECL of US$ 9 million recognised during the year on account of time value of money) relates to the amounts withheld by GRIDCO due to tariff adjustments on account of transmission line constraints in respect of which GRIDCO's appeal against order of APTEL is pending before the Hon'ble Supreme Court of India and US$ 28 million (net of ECL of US$ 6 million) relates to alleged short supply of power for which the Group's appeal on certain grounds are pending before APTEL.

(2) Includes US$ 28 million (31 March 2022: US$ 11 million) and US$ 1 million (31 March 2022: US$ 1 million) under lien with banks and Others respectively, US$ 5 million (31 March 2022: US$ 5 million) under margin money, US$ 43 million (31 March 2022: US$ 34 million) maintained as debt service reserve account and US$ 7 million (31 March 2022: 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 recognized 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(a)).

NOTES TO THE FINANCIAL STATEMENTS

19. Inventories

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Raw materials and consumables	1,083	1,117
Work-in-progress	618	668
Finished goods	129	110
Total	**1,830**	**1,895**

Inventory held at net realizable value amounted to US$ 250 million (31 March 2022: US$ 358 million). A write down of inventories amounting to US$ 14 million (31 March 2022: US$ 23 million) has been charged to the Consolidated Income Statement.

20. Short-term investments

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Bank deposits [1,2]	161	849
Other investments		
Investments in quoted Bonds- at FVOCI [3]	516	-
Investments at FVTPL	1,051	2,268
Total	**1,728**	**3,117**

(1) The above bank deposits include US$ 15 million (31 March 2022: US$ 109 million) on lien with banks, US$ 5 million (31 March 2022: US$ 6 million) of margin money, US$ 56 million (31 March 2022: US$ 6 million) maintained as debt service reserve account.

(2) Restricted funds of US$ 3 million (31 March 2022: US$ 3 million) on lien with Others and US$ Nil million (31 March 2022: US$ 21 million) held as interest reserve created against interest payment on loans from banks, US$ 5 million (31 March 2022: US$ 5 million) of restricted funds held as collateral in respect of closure costs and US$ 8 million (31 March 2022: US$ 7 million) held as margin money against bank guarantee.

(3) Includes investments amounting to US$ 221 million (31 March 2022: $ Nil million) are pledged as security for repurchase liability (Refer Note 22(a)). The Group continues to record these investments as it retains rights to contractual cash flows on such investments and thus do not meet the criteria for derecognition or transfer of financial asset as per IFRS 7.

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 2023	As at 31 March 2022
Cash and cash equivalents consist of the following		
Cash at bank and in hand[(3)]	755	834
Short-term deposits[(2)]	103	432
Restricted cash and cash equivalents [(1)]	179	62
Total	**1,037**	**1,328**

(1) Restricted cash and cash equivalents include US$ 179 million (31 March 2022: US$ 62 million) that are kept in a specified bank account to be utilised solely for the purpose of the payment of dividends to non-controlling shareholders, which are being carried as a current liability.

(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) Including foreign inward remittances aggregating US$ 40 million (31 March 2022: US$ 462 million) held by banks in their Nostro accounts on behalf of the Group.

NOTES TO THE FINANCIAL STATEMENTS

(4) Cash and cash equivalents for the purpose of Statement of Cash Flows comprise the following:

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents as above	1,037	1,328
Less: Restricted cash and cash equivalents	(179)	(62)
Total	**858**	**1,266**

22(a) Borrowings

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Current borrowings consist of:		
Banks and financial institutions	1,616	1,350
Total short-term borrowings	1,616	1,350
Add: Current maturities of long-term borrowings	4,193	3,622
Current borrowings (A)	**5,809**	**4,972**
Non-current borrowings consist of:		
Banks and financial institutions	7,813	7,932
Non- convertible bonds	4,641	5,677
Non-convertible debentures	1,223	1,050
Redeemable Preference shares	0	0
Others	65	73
Total long-term borrowings	**13,742**	**14,732**
Less: Current maturities of long-term borrowings	(4,193)	(3,622)
Non-current borrowings (B)	**9,549**	**11,110**
Total (A+B)	**15,358**	**16,082**

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 2023	As at 31 March 2022
Non-Convertible Bonds:		
0.28 % bonds due October 2032	4	4
9.25% bonds due April 2026	596	595
8.95 % bonds due March 2025	1,196	1,194
6.13 % bonds due August 2024	947	994
13.88% bonds due on January 2024	998	995
7.13 % bonds due June 2023	500	498
7.99 % bonds due April 2023	400	398
6.37 % bonds due July 2022	-	999
	4,641	**5,677**

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(US$ million)

	As at 31 March 2023	As at 31 March 2022
Non-Convertible Debentures		
8.74% due June-2032	498	-
9.20% due February-2030	243	265
7.68% due December-2024	121	132
3m T-bill rate + 240 bp due -March 2024*	97	-
5.35% due September 2023	257	372
0.00% due September 2023	7	14
9.20% due December-2022	-	99
8.75% due June-2022	-	168
	1,223	**1,050**

*The 3-month treasury bill rate in India as at 31 March 2023 is 6.34%

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$ 15,358 million (31 March 2022: US$ 16,082 million) shown above, total secured borrowings are US$ 6,126 million (31 March 2022: US$ 5,659 million) and unsecured borrowings are US$ 9,232 million (31 March 2022: US$ 10,423 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 2023	As at 31 March 2022
Working Capital Loans (grouped under banks and financial institutions)	First Pari passu charge by way of mortgage/hypothecation over the specified immovable and movable fixed assets of Vedanta Limited with a minimum fixed asset cover of 1.1 times of the outstanding term loan during the period of the facility. Security comprises of assets of the aluminium and power division of Vedanta limited, comprising: (i) 1.6 MTPA aluminium smelter along with 1,215 MW Captive power plant ("CPP") at Jharsuguda and, (ii) 1 MTPA alumina refinery along with 90 MW CPP at Lanjigarh, Odisha.	9	-
	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	13	68
	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	37	7
	First pari passu charge on current assets of FACOR	3	-
	First pari passu charge on all current assets of Malco Energy Limited (MEL)	4	-
External commercial borrowings (grouped under banks and financial institutions)	A First pari passu charge by way of hypothecation on the specified movable fixed assets of Vedanta Limited 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 1,215 (9*135) MW CPP at Jharsuguda, Odisha	248	147

NOTES TO THE FINANCIAL STATEMENTS

(US$ million)

Facility Category	Security details	As at 31 March 2023	As at 31 March 2022
	First pari passu charge by way of hypothecation on all present and future movable assets of Vedanta Limited with a minimum fixed asset cover of 1.10 times of the outstanding facility during the period of the facility comprising: (i) 1.6 MTPA (proposed capacity of 1.8 MTPA) aluminium smelter along with 1,215 MW CPP (Captive power plant) at Jharsuguda (ii) 1 MTPA (proposed capacity of 6 MTPA) alumina refinery along with CPP of 90 MW (Captive power plant) at Lanjigarh, Odisha (iii) 2400 MW Power plant (1800 MW CPP and 600 MW IPP) located at Jharsuguda, Odisha and (iv) Oil & Gas division comprising RJ-ON-90/1 Oil & Gas Block (Rajasthan), Cambay oil fields, Ravva Oil & Gas fields (under PKGM-1 block) and OALP blocks.	149	-
	Other secured external commercial borrowings	-	15
Non-convertible debentures	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) aluminum 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 18.92 acres situated at Jharsuguda, Odisha.	243	265
	Secured by way of charge against all existing assets of FACOR	7	14
	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 Vedanta Limited 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 1,215 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.	121	132
	First ranking pari passu charge by way of mortgage over 18.92 acres freehold land in Jharsuguda, Odisha together with the building and structures/ erections constructed/ to be constructed thereon and all the plant and machinery and other furniture and fixtures erected/ installed or to be erected/installed thereon and hypothecation over movable fixed assets excluding capital work in progress in relation to the aluminium division comprising 6 MTPA alumina refinery along with 90 MW co-generation captive power plant in Lanjigarh, Odisha; and 1.6 MTPA aluminium smelter plant along with 1,215 MW (9*135 MW) power plant and 2400 MW power plant in Jharsuguda, Odisha including its movable plant and machinery, machinery spares, tools and accessories and other movable fixed assets.	499	-
	Other secured non-convertible debentures	-	267
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	751	860
	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: (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 1,215 (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.	195	234
	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 the Group along with 90 MW power plant in Lanjigarh and all its related expansions.	44	53

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(US$ million)

Facility Category	Security details	As at 31 March 2023	As at 31 March 2022
	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 1,215 MW captive power plant at Jharsuguda, Odisha.	413	454
	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 1,215 (9x135) MW CPP at Jharsuguda, Orissa and additional charge on Lanjigarh Expansion project, both present and future.	95	132
	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 1,215 MW captive power plant at Jharsuguda, Odisha.	714	876
	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	324	212
	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	101	118
Term loan from banks (grouped under banks and financial institutions)	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.	277	358
	Secured by a first pari passu charge on the identified fixed assets of Vedanta limited both present and future, pertaining to its aluminium business (Jharsuguda Plant, Lanjigarh Plant), 2,400 MW power plant assets at Jharsuguda, copper plant assets at Silvassa, iron ore business in the states of Karnataka and Goa, dividends receivable from Hindustan Zinc Limited ("HZL"), a subsidiary of Vedanta limited, and the debt service reserve account to be opened for the facility along with the amount lying to the credit thereof .#	878	1,035
	First pari passu charge on the movable fixed and current assets (except for the Concession assets) of VGCB at Visakhapatnam, Andhra Pradesh	43	50
	Secured by first pari passu charge by way of movable fixed assets of the aluminium division of Vedanta limited comprising: (i) 6 MTPA aluminium refinery along with 90 MW Co-generation captive power plant in Lanjigarh, Orissa; (ii) 1.6 MTPA aluminium smelter along with 1,215 MW CPP at Jharsuguda, (iii) 2,400 MW power plant (1,800 MW CPP and 600 MW IPP) located at Jharsuguda, Odisha and (iv) Oil and gas division comprising RJ-ON-90/91 Oil and Gas Block (Rajasthan), Cambay Oil Fields, Ravva Oil and gas Fields under (PKMGH-1 block) and OALP blocks	90	-
	A first pari passu charge by way of mortgage/ hypothecation over the specified movable fixed assets of Vedanta limited. Security shall comprise of assets of the aluminium and power division of Vedanta limited, comprising: (i) 1.6 MTPA aluminium smelter along with 1,215 MW CPP at Jharsuguda and (ii) 1 MTPA alumina refinery along with 90 MW CPP at Lanjigarh, Odisha.	144	-
	A first pari passu first charge by way of hypothecation on the specified movable fixed assets of Vedanta limited pertaining to its Manufacturing facilities comprising: (i) alumina refinery having output of 1 MTPA along with co- generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Orissa (ii) aluminium smelter having output of 1.6 MTPA along with a 1,215 (9x135) MW CPP at Jharsuguda, Orissa.	138	-

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(US$ million)

Facility Category	Security details	As at 31 March 2023	As at 31 March 2022
	A first pari passu charged by way of hypothecation on the specified movable fixed assets (present and future) including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicle, Capital work-in progress etc. of Vedanta limited pertaining to Aluminium division (Jharsuguda plant, Lanjigarh plant) and 2400 MW power plant at JSG as more particularly described as below: (i) Alumina refinery up to 6 MTPA along with cogeneration captive power plant with aggregate capacity of 90 MW located in Lanjigarh, Odisha (ii) Alumina smelter output of 1.6 MTPA aluminium Smelter including 1,215 (9x135) MW power plant in Jharsuguda, Odisha (iii) 2400 MW power plant (1800 MW CPP and 600 MW IPP) located as Jharsuguda, Odisha	58	-
	A first pari passu charge by way of mortgage/ hypothecation over the specified immovable and movable fixed assets of Vedanta limited. Security shall comprise of assets of the aluminium and power division of Vedanta limited, comprising: (i) 1.6 MTPA Aluminium Smelter along with 1215 MW CPP at Jharsuguda and (ii) 1 MTPA Alumina refinery along with CPP of 90 MW CPP at Lanjigarh, Odisha	113	-
Term loan from banks (grouped under banks and financial institutions)	First pari passu charge by way of hypothecation on all present and future movable fixed assets of Vedanta limited including but not limited to plant and machinery, spares, tools and accessories of 1.6 MTPA aluminium smelter along with 1,215 MW CPP at Jharsuguda, Odisha and 1 MTPA alumina refinery along with 90 MW CPP at Lanjigarh, Odisha	83	116
	A first pari passu charge by way of hypothecation on all present and future movable Fixed Assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles, Capital Work-in-Progress etc. of Vedanta limited with a minimum fixed asset coverage ratio of 1.10 times as more particularly described as below: (i) Alumina refinery up to 6 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW located at Lanjigarh, Orissa; (ii) Aluminium smelter having output of 1.6 MTPA along with a 1,215 (9x135) MW CPP located at Jharsuguda, Orissa. (iii) 2400 MW Power Plant (1800 MW CPP and 600 MW IPP) located at Jharsuguda, Odisha; and (iv) Oil & Gas division comprising of RJ-ON-90/1 Oil & Gas Block (Rajasthan), Cambay Oil Fields and Ravva Oil & Gas Fields (under PKGM-1 block)	30	-
	A first pari passu first charge by way of hypothecation on the Specified movable fixed assets of Vedanta limited pertaining to its Manufacturing facilities comprising: (i) 1.6 MTPA Aluminium smelter along with 1,215 MW CPP (captive power plant) at Jharsuguda and (ii) 1 MTPA Alumina refinery along with CPP of 90 MW (captive power plant) at Lanjigarh, Odisha	60	-
	Secured by tax free perpetual bonds*	182	-
	Other secured term loans	-	180
Others (grouped under banks and financial institutions)	Secured by Fixed asset (platinum) of AvanStrate Inc.	60	66
	Total	**6,126**	**5,659**

* Repurchase liability as on 31 March 2023 carry an effective interest rate in the range of 7.99% p.a. to 8.15% p.a. (31 March 2022: Nil), secured by current investments at HZL amounting to US$ 221 million and are repayable in 102 to 109 days (31 March 2022: Nil days) from the date of borrowings through repurchase obligation.

In December 2021, Vedanta limited executed a US$ 974 million facility agreement with Union Bank of India Limited to take over a long term syndicated facility of US$ 1,217 million. This loan is secured by the way of pledge over the shares held by Vedanta limited in HZL equal to minimum 1x outstanding loan value (calculated quarterly at Value Weighted Average Price), currently representing 6.77% (31 March 2022: 5.77%) of the paid-up shares of HZL. Further, Vedanta limited has also signed a Non-Disposal Undertaking (NDU) 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 2023, the outstanding loan amount under the facility is US$ 881 million (31 March 2022: US$ 1,037 million)

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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 [4]
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 01 April 2022	**1,266**	**3,130**	**4,396**	**(1,350)**	**(14,732)**	**(11,686)**
Cash flow from continuing operations [3]	(325)	(1,093)	(1,418)	(572)	498	(1,492)
Other non-cash changes [2]	-	(60)	(60)	(3)	(34)	(97)
Foreign exchange currency translation differences	(83)	(207)	(290)	309	526	545
At 31 March 2023	**858**	**1,770**	**2,628**	**(1,616)**	**(13,742)**	**(12,730)**

* Includes current maturities of long-term borrowings of US$ 4,193 million as at 31 March 2023 (31 March 2022: US$ 3,622 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$ 60 million (31 March 2022: US$ 28 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.

(4) Total net debt excludes movement in lease liabilities which is separately disclosed in Note 23.

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 0.69% to 7.80% per annum and in rupee from domestic banks at interest rate ranging from 4.34%-8.80% 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 2023			As at 31 March 2022		
	Non- Current	Current	Total	Non- Current	Current	Total
Lease liability [4]	23	39	62	27	45	72
Dividend payable to NCI	-	426	426	-	16	16
Trade payables	-	1,344	1,344	-	1,370	1,370
Liabilities for capital expenditure	151	1,225	1,376	127	1,452	1,579
Profit petroleum payable	-	349	349	-	288	288
Security deposits and retentions	-	37	37	-	31	31
Put option liability with non-controlling interests[1]	5	25	30	32	-	32
Other payables [3]	40	492	532	15	617	632
Financial (A)	**219**	**3,937**	**4,156**	**201**	**3,819**	**4,020**
Statutory liabilities	-	463	463	-	418	418
Advance from customers [2]	-	1,087	1,087	53	546	599
Other payables	-	26	26	-	33	33
Non-financial (B)	**-**	**1,576**	**1,576**	**53**	**997**	**1,050**
Total (A+B)	**219**	**5,513**	**5,732**	**254**	**4,816**	**5,070**

NOTES TO THE FINANCIAL STATEMENTS

Trade payables are majorly non-interest bearing and are normally settled upto 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 2021: US$ 850 million. During the current year, the Group has recognised revenue of US$ 546 million (31 March 2022: US$ 835 million) out of such opening balances. All other changes are either due to receipt of fresh advances or exchange differences.

(3) Includes revenue received in excess of entitlement interest of US$ 61 million (31 March 2022: US$ 119 million) of which US$ 34 million is payable to ONGC, and reimbursement of expenses, interest accrued on other than borrowings, liabilities related to claim, liability for stock options etc.

(4) Movement in lease liabilities is as follows:

(US$ million)

At 01 April 2022	**72**
Payments made	(23)
Other non-cash changes:	
Additions during the year	18
Interest on lease liabilities	2
Deletions	(7)
At 31 March 2023	**62**

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 2023 and 31 March 2022:

(US$ million)

As at 31 March 2023	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)	11	-	15	-	26	26
Financial asset investments held at fair value	35	28	-	-	63	63
Short term investments						
- Bank deposits	-	-	-	161	161	161
- Other investments	1,051	516	-	-	1,567	1,567
Cash and cash equivalents	-	-	-	1,037	1,037	1,037
Other non-current assets and trade and other receivables	47	-	-	3,072	3,119	3,215
Total	**1,144**	**544**	**15**	**4,270**	**5,973**	**6,069**

NOTES TO THE FINANCIAL STATEMENTS

(US$ million)

As at 31 March 2023	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)	9	16	-	-	25	25
Trade and other payables**	120	-	5,673	30	5,823	5,823
Borrowings	-	-	15,358	-	15,358	14,024
Total	**129**	**16**	**21,031**	**30**	**21,206**	**19,872**

*Represents put option liability accounted for at fair value

**Includes operational buyers' credit/suppliers' credit of US$ 1,667 million

(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	-	-	-	849	849	849
- 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	-	-	3,193	3,262	3,327
Total	**2,342**	**16**	**33**	**5,370**	**7,761**	**7,826**

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	-	5,328	32	5,497	5,497
Borrowings	-	-	16,082	-	16,082	15,840
Total	**155**	**53**	**21,410**	**32**	**21,650**	**21,408**

*Represents put option liability accounted for at fair value

**Includes operational buyers' credit/suppliers' credit of US$ 1,477 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)

NOTES TO THE FINANCIAL STATEMENTS

The below tables summarise the categories of financial assets and liabilities as at 31 March 2023 and 31 March 2022 measured at fair value:

(US$ million)

	As at 31 March 2023		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
- Short term investments	556	495	-
- Financial asset investments held at fair value	-	-	35
- Financial instruments (derivatives)	-	11	-
- Other non-current assets and trade and other receivables	-	47	-
At fair value through other comprehensive income			
- Financial asset investments held at fair value	9	534	1
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	15	-
Total	**565**	**1,102**	**36**
Financial liabilities			
At fair value through profit or loss			
- Financial instruments (derivatives)	-	9	-
- Trade and other payables	-	120	-
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	16	-
- Trade and other payables- Put option liability with non- controlling interest	-	-	30
Total	**-**	**145**	**30**

(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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The below table summarizes the fair value of borrowings and Loans, receivables and obligations relating to KCM which are carried at amortised cost as at 31 March 2023 and 31 March 2022:

(US$ million)

	As at 31 March 2023		As at 31 March 2022	
	Level 1	Level 2	Level 1	Level 2
Borrowings	3,306	10,718	5,410	10,430
Total	**3,306**	**10,718**	**5,410**	**10,430**

(US$ million)

	As at 31 March 2023			As at 31 March 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Loans, receivables and obligations of KCM towards the Group	-	-	751	-	-	720
Total	**-**	**-**	**751**	**-**	**-**	**720**

The changes in fair value of Level 3 items for the year ended 31 March 2023 and 31 March 2022 are set out in the table below:

Loans, receivables and obligations of KCM towards the Group

(US$ million)

	As at 31 March 2023	As at 31 March 2022
01 April	720	655
Fair value change during the year	31	65
31 March	**751**	**720**

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

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. For other listed securities traded in markets which are not active, the quoted price is used wherever the pricing mechanism is same as for other marketable securities traded in active markets. Other current investments and structured investments are valued by referring to market inputs including quotes, trades, poll, primary issuances for securities and /or underlying securities issued by the same or similar issuer for similar maturities and movement in benchmark security, etc.

- Financial assets forming part of Trade and other receivables, cash and cash equivalents (including restricted cash and cash equivalents), bank deposits, financial liabilities forming part of trade and other payables and short-term borrowings: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Other non-current financial assets and financial liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

- Long-term fixed-rate and variable rate borrowings: Listed bonds are fair valued based on the prevailing market price. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value has been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for the appropriate credit spread.

- Quoted financial asset investments: Fair value is derived from quoted market prices in active markets.

- Derivative financial assets/liabilities: The Group enters into derivative financial instruments with various counterparties. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques by the

NOTES TO THE FINANCIAL STATEMENTS

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 2023 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

Treasury management

Treasury management focuses on liability management, capital protection, liquidity maintenance and yield maximization. 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.

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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).

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Provisionally priced financial instruments

On 31 March 2023, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was US$ 73 million (31 March 2022: liabilities of US$ 68 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 2023.

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 2023:

(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	(106)	(11)	-

For the year ended 31 March 2022:

(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	(110)	(11)	-

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$ 16 million (31 March 2022: US$ 17 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$ 701 million, and cash and short term investments of US$ 2,646 million as at 31 March 2023, are expected to be sufficient to meet the liquidity requirement of the Group in the near future.

In February 2022, Moody's affirmed the Corporate Family Rating of Vedanta Resources Limited at B2 and B3 rating on the senior unsecured notes of the Company and changed the outlook to "Negative" from "Stable". On 31 October 2022, Moody's downgraded the Corporate Family Rating to 'B3' from 'B2' and bond ratings to 'Caa1' from 'B3' with negative outlook in view of the near term refinancing requirements amid tightening liquidity in the capital markets. S&P Global Ratings has maintained its ratings on Vedanta Resources Ltd at 'B-/Stable' and there has been no change in the ratings during FY 2023.

The Group remains in a very comfortable position to address all its debt maturities with a strong balance sheet, robust liquidity at its operating subsidiaries and strong track record of raising funds through relationship banks. Meanwhile, on 03 November 2022, VRL had given notice to Moody's for discontinuation of all its outstanding ratings and since then there has been no engagement or information sharing with the rating agency.

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:

NOTES TO THE FINANCIAL STATEMENTS

At 31 March 2023

(US$ million)

Payment due by period	< 1 year	1-3 years	3-5 years	> 5 years	Total
Trade and other payables (1)	5,407	43	-	-	5,450
Bank and other borrowings (2)	6,945	6,738	3,122	1,723	18,528
Lease liability	39	17	2	4	62
Derivative liabilities	23	2	-	-	25
Total	**12,414**	**6,800**	**3,124**	**1,727**	**24,065**

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)	5,105	152	-	-	5,257
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	**11,323**	**9,003**	**2,395**	**1,546**	**24,267**

(1) Excludes accrued interest which has been included with borrowings

(2) Includes current and non-current borrowings and committed interest payments

At 31 March 2023, the Group had access to following funding facilities:

(US$ million)

As at 31 March 2023	Total facility	Drawn	Undrawn
Fund/Non-fund based	**14,342**	**12,526**	**1,816**

(US$ million)

As at 31 March 2022	Total facility	Drawn	Undrawn
Fund/Non-fund based	**13,772**	**11,926**	**1,846**

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 2023		As at 31 March 2022	
	Financial Assets	Financial liabilities	Financial Assets	Financial liabilities
USD	1,823	11,117	2,432	12,723
INR	4,025	9,697	5,153	8,504
Others	125	392	176	423
Total	**5,973**	**21,206**	**7,761**	**21,650**

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 2023		
	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	82.1643	186	-

(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	-

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 2023, the Group's net debt of US$ 12,730 million (31 March 2022: US$ 11,686 million net debt) comprises debt of US$ 15,358 million (31 March 2022: US$ 16,082 million) offset by cash, cash equivalents, short-term investments and non-current bank deposit of US$ 2,628 million (31 March 2022: US$ 4,396 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

NOTES TO THE FINANCIAL STATEMENTS

rate debt is linked to US dollar LIBOR and INR Floating rate debt to Bank's base rate. The Group has a policy 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 2023			As at 31 March 2022		
	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	569	1,596	3,808	1,091	2,682	3,988

The exposure of the Group's financial liabilities to interest rate risk is as follows:

(US$ million)

	As at 31 March 2023			As at 31 March 2022		
	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	7,780	9,270	4,156	7,072	10,648	3,930

Considering the net debt position as at 31 March 2023 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.

Increase in interest rates	Effect on pre-tax profit/(loss) during the year ended 31 March 2023	Effect on pre-tax profit/(loss) during the year ended 31 March 2022
0.5%	(36)	(30)
1.0%	(72)	(60)
2.0%	(144)	(120)

A reduction in interest rates would have an equal and opposite effect on the Group's financial statements.

NOTES TO THE 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 and previous year. 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 2023 is US$ 5,973 million (31 March 2022: US$ 7,761 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 2023	31 March 2022
Neither past due nor impaired	2,142	2,018
Past due but not impaired		
- Less than 1 month	136	279
- Between 1 - 3 months	29	49
- Between 3 - 12 months	40	52
- Greater than 12 months	539	671
Total	**2,886**	**3,069**

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 2021	**239**
Allowance made during the year	28
Reversals/write off during the year	(0)
Foreign Exchange difference	(4)
As at 01 April 2022	**263**
Allowance made during the year	44
Reversals/write off during the year	(28)
Foreign Exchange difference	(17)
As at 31 March 2023	**262**

NOTES TO THE FINANCIAL STATEMENTS

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 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 2023.

The Group uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. The Group hedged part of its foreign currency exposure on capital commitments during fiscal year 2023. 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 2024 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 optimize 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 2023, recorded within financial instruments (derivative) is as follows:

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(US$ million)

	As at 31 March 2023		As at 31 March 2022	
	Liability	Asset	Liability	Asset
Current				
Cash flow hedges				
- Commodity contracts	4	5	28	31
- Interest rate swap	-	-	-	0
Fair value hedges				
- Commodity contracts	8	10	9	1
- Forward foreign currency contracts	2	0	16	1
Non-Qualifying hedges				
- Commodity contracts	-	6	1	0
- Forward foreign currency contracts	9	5	17	1
Total	**23**	**26**	**71**	**34**
Non-current				
Fair value hedges				
- Forward foreign currency contracts	2	-	1	-
Total	2	-	1	-
Grand Total	**25**	**26**	**72**	**34**

25. Provisions

(US$ million)

	As at 31 March 2023			As at 31 March 2022		
	Current	Non- Current	Total	Current	Non- Current	Total
Provision for restoration, rehabilitation and environmental	4	388	392	4	426	430
Provision for employee benefits	20	2	22	24	1	25
Others	14	0	14	14	0	14
Total	**38**	**390**	**428**	**42**	**427**	**469**

	Restoration, rehabilitation and environmental	Other
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 01 April 2022	**429**	**14**
Additions	6	1
Utilised	(2)	-
Unwinding of discount (note 8)	12	-
Revision in estimates	(37)	-
Exchange differences	(16)	(1)
As at 31 March 2023	**392**	**14**

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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 1% to 10% and become payable on closure of mines and are expected to be incurred over a period of one to forty-six years. The lower range of discount rate is at ASI, Oil and Gas business and Zinc International operations in Ireland and higher range is at Zinc International operations in African Countries.

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.

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 recognized in full in Consolidated Statement of Comprehensive Income for the year.

(i) Defined contribution plans

The Group contributed a total of US$ 18 million and US$ 19 million for the year ended 31 March 2023 and 31 March 2022 respectively, to the following defined contribution plans.

(US$ million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Employer's contribution to recognized Provident fund and family pension fund	15	15
Employer's contribution to superannuation	2	3
Employer's contribution to National Pension Scheme	1	1
	18	**19**

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 2023 and 31 March 2022) 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.

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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. Vedanta Limited and each relevant entity holds a corporate account with one of the pension fund managers authorized 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% (2022: 10.00%) of the employee's gross remuneration where the employee is covered by the industrial agreement and 13.00% (2022: 13.00%) 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 two 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.

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(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$ 10 million and US$ 6 million for the years ended 31 March 2023 and 2022 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 summarized below.

(US$ million)

Particulars	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets of trusts	318	339
Present value of defined benefit obligation	(317)	(337)
Net liability arising from defined benefit obligation	-	-

Percentage allocation of Plan assets of the trust

(US$ million)

Assets by Category	As at 31 March 2023	As at 31 March 2022
Government Securities	45.15%	58.62%
Debentures / Bonds	38.32%	35.54%
Equity	16.53%	4.64%
Money Market Instruments	0.00%	1.20%

(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 2023 was US$ 13 million (31 March 2022: US$ 13 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 and net interest on the obligation of post-retirement medical benefits of US$ 0 million (31 March 2022: US$ 1 million) and US$ 1 million (31 March 2022: US$ 1 million) for the year ended 31 March 2023 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 recognized 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 recognized 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 recognized by Indian Income Tax Authorities for

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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 2023	Year ended 31 March 2022
Discount rate	7.39%	7.16%
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 2023	As at 31 March 2023
Fair value of plan assets	53	59
Present value of defined benefit obligation	(75)	(81)
Net liability arising from defined benefit obligation	**(22)**	**(22)**

Amounts recognised in Consolidated income statement in respect of Other post-employment benefit plan are as follows:

(US$ million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	5	5
Net Interest cost	1	2
Components of defined benefit costs recognised in consolidated income statement	**6**	**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 2023	Year ended 31 March 2022
Remeasurement of the net defined benefit obligation:		
Actuarial (gains)/ losses arising from changes in demographic assumptions	(0)	0
Actuarial losses arising from changes in financial assumptions	0	2
Actuarial losses/ (gains) arising from experience adjustments	1	(0)
Actuarial losses on plan assets (excluding amounts included in net interest cost)	0	0
Components of defined benefit costs recognised in consolidated statement of comprehensive income- losses	**1**	**2**

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The movement of the present value of Other post-employment benefit plan obligation is as follows:

(US$ million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening balance	(81)	(79)
Current service cost	(5)	(5)
Benefits paid	9	9
Interest cost	(5)	(5)
Actuarial gains/ (losses) arising from changes in assumptions	(1)	(1)
Foreign currency translation	8	0
Closing balance	**(75)**	**(81)**

The movement in the fair value of Other post-employment benefit plan assets is as follows:

(US$ million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening balance	59	55
Contributions received	4	9
Benefits paid	(7)	(6)
Remeasurement (loss)/ gain arising from return on plan assets	0	0
Interest income	4	3
Foreign currency translation	(7)	(2)
Closing balance	**53**	**59**

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 2023 and 31 March 2022 respectively.

The weighted average duration of the defined benefit obligation is 11.58 years and 13.25 years as at 31 March 2023 and 31 March 2022 respectively.

The Group expects to contribute US$ 7 million to the funded Gratuity plan during the year ending 31 March 2024.

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.

	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 recognized in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

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*

(US$ million)

Class of business	Year ended 31 March 2023	Year ended 31 March 2022
Zinc	4,541	4,504
- India	3,567	3,564
- International	974	940
Iron ore	2,361	2,124
Copper India/Australia	539	595
Aluminium	5,547	5,362
Power	65	90
Oil & Gas	1,459	1,397
Other	3,215	3,444
	17,727	**17,516**

*Non IFRS measure

Costs incurred during the year in respect of Employees and Executive Directors recognized in the Consolidated Income Statement:

(US$ million)

Class of business	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	422	418
Defined contribution pension scheme costs (refer note 26)	18	19
Defined benefit pension scheme costs (refer note 26)	15	11
Share- based payments charge (refer note 28)	11	14
Voluntary retirement scheme cost	0	0
Less: Cost allocated/directly booked in joint ventures	(71)	(75)
	395	**387**

NOTES TO THE FINANCIAL STATEMENTS

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. The Group offers equity based and cash based option plans to its employees, officers and directors through Vedanta Limited (VEDL) Employee Stock Option Scheme 2016 ("ESOS"), which was introduced and approved by the VEDL shareholders in 2016.

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 to provide equity settled incentive to all employees of the Group including subsidiary companies. The ESOS scheme includes tenure based, business performance based (EBITDA) and market performance-based stock options. 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 cost-to-company ("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 2023 and 31 March 2022 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, Free Cash Flows, ESG & 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 2023 and 31 March 2022 is presented below:

Financial Year of Grant	Exercise Period	Options outstanding 01 April 2022	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options outstanding 31 March 2023	Options exercisable 31 March 2023
2018-19	01 November 2021 – 30 April 2022	323,015	-	-	281,565	41,450	41,450*
2019-20	29 November 2022 – 28 May 2023	11,481,718	-	6,153,328	4,176,303	1,152,087	1,152,087
2019-20	Cash settled	2,025,891	-	807,752	1,218,139	-	-
2020-21	06 November 2023 – 05 May 2024	10,807,521	-	2,481,770	-	8,325,751	-
2020-21	Cash settled	1,943,293	-	107,282	-	1,836,011	-
2021-22	01 November 2024 – 30 April 2025	11,304,599	-	1,783,209	-	9,521,390	-
2021-22	Cash settled	1,704,067	-	134,067	-	1,570,000	-
2022-23	01 November 2025 – 30 April 2026	-	14,437,268	910,824	-	13,526,444	-
2022-23	Cash settled	-	2,317,332	135,161	-	2,182,171	-
		39,590,104	**16,754,600**	**12,513,393**	**5,676,007**	**38,155,304**	**1,193,537**

*Options for some employees could not be exercised within exercise period due to technical issues.

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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
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	-
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**

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 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.

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The assumptions used in the calculations of the charge in respect of the ESOS awards granted during the year ended 31 March 2023 and 31 March 2022 are set out below:

	Year ended March 2023 ESOS 2022	Year ended March 2022 ESOS 2021
Number of instruments	2,317,332 (Cash settled) 14,437,268 (Equity Settled)	17,26,837 (Cash settled) 12,083,636 (Equity Settled)
Exercise price	INR 1	INR 1
Share price at the date of grant	INR 286.09	INR 302.15
Contractual life	3 years	3 years
Expected volatility	50.95%	49.67%
Expected option life	3 years	3 years
Expected dividends	7.11%	6.80%
Risk free interest rate	7.07%	5.02%
Expected annual forfeitures	10%p.a.	10%p.a.
Fair value per option granted (Non-market performance based)	INR 182.46	INR 193.97

Weighted average share price at the date of exercise of stock options was INR 303.80 (2022: INR 339.32)

The weighted average remaining contractual life for the share options outstanding was 1.74 years (2022: 1.62 years).

The Group recognized total expenses of US$ 11 million (2022: US$ 6 million) related to equity settled share-based plans under the above scheme in the year ended 31 March 2023.

The total expense recognised on account of the cash settled option plans during the year ended 31 March 2023 is US$ 1 million (2022: US$ 5 million) and the carrying value of cash settled share based compensation liability as at 31 March 2023 is US$ 4 million (2022: US$ 7 million).

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.

Out of the total expense pertaining to equity settled and cash settled options for the year ended 31 March 2023, the Group has capitalised US$ 0 million (2022: US$ 0 million) expense for the year ended 31 March 2023.

29. Share capital

Shares in issue	As at 31 March 2023		As at 31 March 2022	
	Number	Paid up amount (US$ million)	Number	Paid up amount (US$ million)
Ordinary shares of 10 US cents each	285,246,698	29	285,246,698	29
Deferred shares of £1 each	50,000	0	50,000	0
Total	**285,296,698**	**29**	**285,296,698**	**29**

Rights and obligations attaching to shares

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

Each ordinary share carries the right to one vote at general meetings of the Company and is entitled to dividends. The Company did not issue any shares during the year ended 31 March 2023.

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

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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.

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 2023, NCIs hold an economic interest of 55.74%, 31.82%, 65.23%, 49.55% and 31.82% 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 Alloys Corporation Limited (FACOR), the NCI's economic interest is 64.80% and 0.00%. As at 31 March 2022, NCIs held 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 was 63.94% and 37.14%.

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 2023					Year ended 31 March 2022				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Profit/ (loss) Attributable to NCI	714	20	995	(886)	843	727	112	789	(52)	1,576
Equity Attributable to NCI **	895	322	2,895	(1,636)	2,476	2,500	387	3,347	(1,586)	4,648
Dividends paid / payable to NCI	(1,394)	-	(1,431)	-	(2,825)	(358)	-	(717)	-	(1075)

*Others consist of investment subsidiaries of Vedanta Limited, other individual non-material subsidiaries and consolidation adjustments.

**Loss of US$ 5 million (31 March 2022: loss of US$ 14 million) attributable to NCI of ASI transferred to put option liability. Refer note 23.

(US$ million)

Particulars	As at 31 March 2023					As at 31 March 2022				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Non-current assets	2,411	1,189	15,836	(2,951)	16,485	2,639	1,838	16,262	(3,972)	16,767
Current assets	1,802	1,237	4,031	(125)	6,945	3,173	1,153	3,948	613	8,887
Current liabilities	2,104	686	6,626	3,833	13,249	788	1,078	5,760	3,916	11,542
Non-current liabilities	503	701	4,144	5,705	11,053	450	604	3,353	8,171	12,578
Net assets	**1,606**	**1,039**	**9,097**	**(12,614)**	**(872)**	**4,574**	**1,309**	**11,097**	**(15,446)**	**1,534**

*Others consist of investment subsidiaries of Vedanta Limited, Vedanta Resources Limited, other individual non-material subsidiaries and consolidation adjustments.

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(US$ million)

Particulars	Year ended 31 March 2023					Year ended 31 March 2022				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Revenue	4,145	962	8,474	4,702	**18,283**	3,866	842	8,434	4,477	**17,619**
Profit/ (loss) for the year	1,306	53	3,299	(3,820)	**838**	1,289	334	2,453	(1,498)	**2,578**
Other comprehensive income / (loss)**	5	-	(17)	6	**(6)**	(8)	-	21	(5)	**8**
Net cash inflow/ (outflow) from operating activities	2,032	106	(188)	836	**2,786**	1,785	120	5	1,264	**3,174**
Net cash inflow/ (outflow) from investing activities	634	81	(501)	(851)	**(637)**	(12)	(17)	(219)	863	**615**
Net cash inflow/ (outflow) from financing activities	(2,857)	(159)	642	(100)	**(2,474)**	(1,602)	(136)	570	(2,011)	**(3,179)**

*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 2023	HZL	CIHL and its subsidiaries	Vedanta Limited	Others	Total
Changes in NCI due to merger	-	-	-	6	6
Other changes in non-controlling interests	-	-	126	5	131

(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)

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 2023	As at 31 March 2022
Total equity	(872)	1,535
Net debt (Refer note 22(b))	12,730	11,686
Total capital	11,858	13,221
Gearing Ratio	**107%**	**88%**

NOTES TO THE FINANCIAL STATEMENTS

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 2023	As at 31 March 2022
Capital commitments contracted but not provided	2,730	2,495

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

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Oil & Gas sector		
Cairn Oil & Gas	172	287
Aluminium sector		
Lanjigarh Refinery (Phase II)	297	379
Jharsuguda 1.25 MTPA smelter	154	209
BALCO Smelter Expansion from 0.57 MTPA to 1 MTPA	816	614
Zinc sector		
Zinc India (mines expansion, solar and smelter)	213	67
Gamsberg mining and milling project	-	27
Gamsberg mining and milling project (Phase II)	237	-
Copper sector		
Tuticorin Smelter 400 KTPA*	373	404
Others	468	508
Total	**2,730**	**2,495**

*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 2023	As at 31 March 2022
Oil & Gas sector		
Cairn Oil & Gas (OALP blocks)	631	743

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Other Commitments

(i) The Power Division of the Group has signed a long term power purchase agreement (PPA) with GRIDCO Limited for supply of 25% of power generated from the power station with additional right to purchase power (5%/7%) at variable cost as per the conditions referred to in PPA. The PPA has a tenure of twenty five years, expiring in FY 2037. The Group received favourable order from Odisha Electricity Regulatory Commission ("OERC") dated 05 October 2021 for conversion of Independent Power Plant ("IPP") to Captive Power Plant ("CPP") w.e.f, from 01 January 2022 subject to certain terms and conditions. However, OERC vide order dated 19 February 2022 directed the Group to supply power to GRIDCO from 19 February 2022 onwards. Thereafter, the Group has resumed supplying power to GRIDCO from 01 April 2022 as per GRIDCO's requisition. The OERC vide its order dated 03 May 2023 has reviewed its previous order dated 05 October 2021 and directed the Group to operate Unit 2 as an IPP. The Group has filed an appeal against the said order and the matter is yet to be listed.

(ii) TSPL has signed a long term PPA with the Punjab State Power Corporation Limited (PSPCL) for supply of power generated from the power plant. The PPA has tenure of twenty five years, expiring in FY 2042.

(iii) During the current year ended 31 March 2023, the Group has executed new Power Delivery Agreements ("PDA") with Serentica group companies (Serentica Renewables India 1 Private Limited, Serentica Renewables India 3 Private Limited, Serentica Renewables India 4 Private Limited, Serentica Renewables India 5 Private Limited, Serentica Renewables India 6 Private Limited, Serentica Renewables India 7 Private Limited and Serentica Renewables India 9 Private Limited), which are associates of Volcan, for procuring renewable power over twenty five years from date of commissioning of the combined renewable energy power projects ("the Projects") on a group captive basis. These Serentica group companies were incorporated for building the Projects of approximately 1,246 MW (31 March 2022: 380 MW). During the current year, the Group has invested US$ 30 million in Optionally Convertible Redeemable Preference shares ("OCRPS") of US$ 1 (INR 10) each of Serentica group companies. These OCRPS will be converted into equity basis conversion terms of the PDA, resulting in Vedanta Group holding twenty six percent stake in its equity. As at 31 March 2023, total outstanding commitments related to PDA with Serentica Group Companies are US$ 194 million (31 March 2022: US$ 58 million).

B. Guarantees

The aggregate amount of indemnities and other guarantees on which the Group does not expect any material losses, was US$ 1,031 million (31 March 2022: US$ 853 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$ 163 million (31 March 2022: US$ 65 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$ 334 million (31 March 2022: US$ 381 million).

iii. Guarantees of US$ 10 million (31 March 2022: US$ 13 million) issued under bid bond for placing bids.

iv. Bank guarantees of US$ 14 million (31 March 2022: US$ 15 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$ 510 million (31 March 2022: US$ 379 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$ 168 million (31 March 2022: US$ 126 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$ 39

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million (31 March 2022: US$ 27 million) plus applicable interest.

The Group has given bonds of US$ 98 million (31 March 2022: US$ 253 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$ 41 million as at 31 March 2023 (31 March 2022: US$ 44 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 currently 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 2022: 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. 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

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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 previous year, HZL has, under an Amnesty Scheme, settled the entry tax matter by making a payment of US$ 16 million against total claims of US$ 24 million.

The total claims against Vedanta Limited and its subsidiaries (net of provisions made) are US$ 100 million (31 March 2022: US$ 109 million) including interest and penalty till the date of order. Further interest and penalty if any, would be additional.

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$ 4 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$ 133 million (31 March 2022: US$ 135 million). As at 31 March 2023, an amount of US$ 137 million relating to principal has been considered as a contingent liability (31 March 2022: US$ 139 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 ("CEI") issued a demand notice for electricity duty and interest thereon of US$ 108 million and US$ 72 million respectively for the period March 2015 to March 2021.

The Group carries an accrual for electricity duty of US$ 77 million (31 March 2022: US$ 108 million), net of US$ 69 million (31 March 2022: US$ 30 million) 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 2023 no confirmation has been received on this matter and therefore, amount of US$ 111 million (INR 9,160 million) (31 March 2022: US$ 97 million (INR 7,311 million)) relating to interest has been considered as a contingent liability.

ESL: MDPA

Mine Development and Production Agreement (MDPA) entered into by ESL with respect to the Nadidihi Iron Ore Block (74.50 Ha) and the Nadidihi Iron & Manganese Ore Block (117.206 Ha) in Orissa obligates certain minimum despatch requirement for each year from the commencement of mining, as prescribed under Sub Rule-1 of Rule 12(A) of the Minerals (other than Atomic

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and Hydrocarbon Energy Minerals) Concession Rules, 2016 (MCR 2016).

ESL has received demand notices dated 03 December 2022 aggregating US$ 208 million (INR 17,078 million) towards penalty for annual shortfall in minimum despatch required under Sub Rule-1 of Rule 12(A) of MCR 2016, for the first year of the lease for both the mines. Management believes that the aforesaid demands are unreasonable and arbitrary to the law on various grounds including the fact that the State Government has erroneously considered the wrong period to calculate the MDPA requirement as per Sub Rule 1 of Rule 12 (A) of MCR 2016. Further, ESL was unable to carry out mining operation for significant part of the first year owing to reasons beyond its control (Force Majeure) and for the said the period, is entitled to be afforded an additional period in terms of Section 12(1)(ff) of the Mineral (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, to meet the said minimum despatch requirement. Based on aforesaid grounds that are supported by a legal opinion obtained in this regard, Inter-alia, the Group has filed the Revision Application under Section 30 of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) to keep the above demand notice in abeyance during the pendency of the proceedings before the Revisional Authority, Ministry of Mines and the same has been informed to Office of the Deputy Director of mines through intimation letter. The Revisional Authority vide its order dated 14 March 2023 has put stay on the impugned demand notices and directed the State Government not to take any coercive action to realize the demand till further orders.

Also, ESL has received the demand notices dated 11 April 2023 aggregating US$ 6 million for the first quarter of the second-year lease period from 20 November 2022 till 19 November 2023 for both the mines, to which ESL has replied stating that these demand notices shall be kept in abeyance till the pendency of the proceedings before the Revisionary Authority, Ministry of Mines as the similar contentions were taken by the Management in the revision application filed against the earlier demand notices for shortfall in the first year of lease period. Management believes that the aforesaid demands are unreasonable and arbitrary to the law on various grounds including the fact that the State Government has erroneously considered the wrong period to calculate the MDPA requirement as per Sub Rule 1 of Rule 12 (A) of MCR 2016.

Basis MDPA and legal opinion received, any obligation in this regard can be termed as a remote. As a matter of prudence, aforesaid demand notices of US$ 214 million have been disclosed as contingent liability in the financial statements.

Miscellaneous disputes- Income tax

The Group is involved in various tax disputes amounting to US$ 177 million (31 March 2022: US$ 180 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$ 598 million (31 March 2022: US$ 616 million).

Based on evaluations of the matters and legal advice obtained, the Group believes that it has strong merits in its favor. 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.

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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 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 India to register a regular case in relation to the process followed for the disinvestment of HZL in the year 2002 by the GOI. In line with the said order, the Group has withdrawn its arbitration proceedings.

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 9 January 2012, the Group offered to acquire the Government of India's interests in HZL and BALCO for US$ 1,885 million and US$ 217 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.

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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$ 234 million (INR 19,250 million), further an additional demand was issued vide an office order dated 14 December 2020 for US$ 38 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. Further, Revisionary Authority (RA), has granted a stay on the recovery under the March 2022 notice of US$ 173 million and recovery of US$ 38 million vide its order dated 15 June 2022. and 07 September 2022, respectively. 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 (LTL) with Orissa Mining Corporation Ltd (OMC) at provisional price of US$ 12/tonnes (INR 1000/tonnes) 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$ 8/tonnes (INR 673/tonnes) 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$ 21/tonnes (INR 1,707/tonnes) 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$ 34 million on Vedanta Limited towards differential pricing and interest for bauxite supplied till September 2020 considering the auction base price of US$ 21/tonnes (INR 1,707/tonnes).

Vedanta Limited had then filed a writ petition before Hon'ble High Court of Odisha in September 2020 which issued interim Order dated 8 October 2020 directing that the petitioner shall be permitted to lift the quantity of bauxite mutually agreed on payment of US$ 12/tonnes (INR 1,000/tonnes) 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$ 25/tonnes (INR 2,011/tonnes) 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 @ US$ 12/tonnes (INR 1,000/tonnes) 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.

After the discussion with OMC, fresh LTL has been signed on 16 May 2023 for supply of bauxite at specified quatity for next 5 years. The matter was listed before the Hon'ble High Court of Odisha on 19th May 2023 wherein the Court has ordered to continue the arrangement of bauxite price @ US$ 12/tonnes (INR 1,000/tonnes) till the next date of hearing which is pending to be scheduled.

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$ 8/tonnes (INR 673/tonnes) 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$ 12/tonnes (INR 1,000/tonnes).

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.

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v) **Flue-gas desulfurization (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 2024 to December 2026. 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. On 09 November 2022, TSPL filed its Counter Affidavit. The matter is pending for hearing.

(vi) On 26 October 2018, the Government of India (GoI), acting through the Directorate General of Hydrocarbons (DGH) granted its approval for a ten-year extension of the Production Sharing Contract (PSC) for the Rajasthan Block (RJ), with effect from 15 May 2020 subject to certain conditions and pay additional 10% profit petroleum. Pending the outcome of arbitration and petition filed with Supreme Court on applicability of policy, MoPNG vide letter dated 21 October 2022 has conveyed the grant of approval of extension of PSC for 10 years from 15 May 2020 to 14 May 2030 and the PSC addendum has been executed by the parties on 27 October 2022.

DGH, in September 2022, has trued up the earlier demand raised till 31 March 2018 upto 14 May 2020 for Government's additional share of Profit oil based on its computation of disallowance of cost incurred over retrospective re-allocation of certain common costs between Development Areas (DAs) of Rajasthan Block and certain other matters aggregating to US$ 1,162 million applicable interest thereon representing share of Vedanta Limited and its subsidiary.

The Group has disputed the aforesaid demand and the other audit exceptions, notified till date, as in the Group's view the audit notings are not in accordance with the PSC and are entirely unsustainable. Further, as per PSC provisions, disputed notings do not prevail and accordingly do not result in creation of any liability. The Group believes it has reasonable grounds to defend itself which are supported by independent legal opinions. In accordance with PSC terms, the Group had commenced arbitration proceedings. The final hearing and arguments were concluded in September 2022. Post hearing briefs was filed by both the parties and award is awaited.

For reasons aforesaid, the Group is not expecting any material liability to devolve on account of these matters

34. 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 2023.

HOLDING COMPANIES

Volcan Investments Limited

Volcan Investments Cyprus Limited

FELLOW SUBSIDIARY (with whom transactions have taken place)

Sterlite Technologies Limited

Sterlite Power Transmission limited

Sterlite Iron and Steel Company Limited

Twin Star Technologies Limited

Sterlite Power Grid Ventures Limited

Sterlite Grid 16 Limited

STL Digital Limited

ASSOCIATE OF ULTIMATE PARENT (with whom transactions have taken place)

Serentica Renewables India 1 Private Limited*

Serentica Renewables India 3 Private Limited*

Serentica Renewables India 4 Private Limited*

Serentica Renewables India 5 Private Limited*

Serentica Renewables India 6 Private Limited*

Serentica Renewables India 7 Private Limited*

Serentica Renewables India 9 Private Limited*

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

RoshSkor Township (Pty) Limited

Gaurav Overseas Private Limited

Goa Maritime Private Limited

Madanpur South Coal Company Limited

Gergarub Exploration and Mining (Pty) Limited

Post-retirement benefit plan

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

OTHERS (with whom transactions have taken place)

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

Anil Agarwal Foundation

Cairn Foundation

Caitlyn India Private Limited

Fujairah Gold Ghana

Fujairah Metals LLC

Janhit Electoral Trust

Minova Runaya Private Limited

Runaya Refining LLP

Sesa Community Development Foundation

Vedanta Foundation

Vedanta Limited ESOS Trust

Radha Madhav Investments Private Limited

Vedanta Medical Research Foundation

Voorspoed Trust

* During the current year ended 31 March 2023, due to change in shareholding of the intermediate holding company of Serentica group companies, the relationship of Group with these companies has changed from fellow subsidiaries to associates of Volcan.

Details of transactions for the year ended 31 March 2023 are as follows:

(US$ million)

	Particulars	Holding Company/ Fellow Subsidiaries	Associates / Joint Ventures	Others	Total
	Income:				
(i)	Revenue from operations	228	-	6	234
(ii)	Dividend income	0	-	-	0
(iii)	Net interest received	4	-	-	4
(iv)	Miscellaneous income	-	-	0	0
	Expenditure:				
(i)	Purchases of goods/services	1	0	35	36
(ii)	Purchases of fixed assets	2	-	-	2
(iii)	Management fees paid	1	-	-	1
(iv)	Reimbursement for other expenses (net of recovery)	0	-	(0)	(0)
(v)	Donation	-	-	10	10
(vi)	Interest paid	1	-	-	1
(vii)	Dividend paid	19	-	0	19
(viii)	Contribution to post retirement employees benefit trust/fund	-	-	10	10
	Other transactions during the year:				
(i)	Loans given/ (repayment thereof)	-	1	-	1
(ii)	Guarantees given during the year (net of relinquishment)	-	-	(0)	(0)
(iii)	Bond issued during the year	2	-	-	2
(iv)	Investments made during the year (refer note 32)	-	-	30	30

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Details of balances as at 31 March 2023 are as follows:

(US$ million)

Particulars		Holding Company/ Fellow Subsidiaries	Associates/ Joint Ventures	Others	Total
(i)	Net amounts receivable at year end	2	-	0	2
(ii)	Net amounts payable at year end	2	-	9	11
(iii)	Investment in equity Share and OCRPS	10	-	30	40
(iv)	Value of bonds held by Volcan	9	-	-	9
(v)	Interest payable	0	-	-	0
(vi)	Dividend payable	2	-	-	2
(vii)	Net advance given at year end	-	1	4	5
(viii)	Financial guarantee given *	14	-	-	14
(x)	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$ 14 million (31 March 2022: US$ 15 million).

** During the current year ended 31 March 2023, the Group has renewed loan provided to Sterlite Iron and Steel Company Limited for a further period of 12 months. The loan balance as at 31 March 2023 is US$ 1 million (31 March 2022: US$ 1 million). The loan is unsecured in nature and carries an interest rate of 11.13% per annum. The said loan including accrued interest thereon have been fully provided for in the books of accounts.

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
(x)	Loans given**	-	1	-	1

Remuneration of Key Management Personnel

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Short-term employee benefits	8	22
Post-employment benefits*	1	1
Share-based payments	4	2
	13	**25**
Compensation for Non-Executive Directors	0	0
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).

*Does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for all the employees together.

Other related party#

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
Remuneration to relatives	3	3
Commission/ sitting fees to relatives of KMP	0	0

close relatives of the executive chairman

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35. Subsequent events

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

36. Auditor's remuneration

The table below shows the fees payable globally to the Company's auditor, MHA 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 2023:

(US$ million)

	Year ended 31 March 2023	Year ended 31 March 2022
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	0	0
Other services pursuant to legislation (1)	-	0
Corporate finance services (2)	-	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	2
Non-audit fees payable to other auditors of the Group's subsidiaries	1	1
Total fees paid to other auditors	**3**	**3**

(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 2023 and 31 March 2022 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%

NOTES TO THE FINANCIAL STATEMENTS

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 2023	31 March 2022		31 March 2023	31 March 2022
Direct Subsidiaries of the Parent Company								
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 Holdings Jersey Limited	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	100%	100%	VRL	100%	100%
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 Investments Limited [(a)]	Investment Company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	-	100%	VRL	-	100%
Indirect Subsidiaries of the Parent Company								
Richter Holding Limited ('Richter')	Investment company	221 Christodoulou Chatzipavlou, Helios Court, 3rd Floor, 3036 Limassol, Cyprus	Cyprus	100%	100%	VRCL	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%
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%
Valliant (Jersey) Limited	Investment company	47 Esplanade, St Helier JE1 0BD, Jersey	Jersey (CI)	100%	100%	VRJ2L	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%

NOTES TO THE FINANCIAL STATEMENTS

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 2023	31 March 2022		31 March 2023	31 March 2022
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%
Vedanta Holdings Mauritius Limited (VHML)	Investment company	Amicorp (Mauritius) Limited, 6th Floor, Tower 1, Nexteracom	Mauritius	100%	100%	VHJL	100%	100%
Vedanta Holdings Mauritius II Limited ('VHM2L')	Investment company	Amicorp (Mauritius) Limited, 6th Floor, Tower 1, Nexteracom	Mauritius	100%	100%	Finsider	100%	100%
Vedanta Resources Mauritius Limited [b]	Investment Company	Amicorp Mauritius, 6th Floor, Tower 1, Nextera Building, Ebene, Mauritius	Mauritius	100%	100%	VRCL	100%	100%
Vedanta Netherlands Investments BV [c] ('VNIBV')	Investment Company	Strawinskylaan 1143, 1077XX Amsterdam, Netherlands	The Netherlands	100%	100%	VUIL	100%	100%
Vedanta Netherlands Investments II BV [d]	Investment Company	Strawinskylaan 1143, 1077XX Amsterdam, Netherlands	The Netherlands	100%	100%	VUIL	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%
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 Finance UK Limited	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100%	100%	Welter	100%	100%
Vedanta UK Investments Limited [d] ('VUIL')	Investment Company	8th Floor 20 Farringdon Street, London, United Kingdom, EC4A 4AB	United Kingdom	100%	100%	Vedanta Resources Holding Limited	100%	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–400093, Maharashtra	India	68.18%	69.84%	Twin Star, Welter, Westglobe Finsider and Vedanta Holdings Mauritius II Limited	68.18%	69.84%

NOTES TO THE FINANCIAL STATEMENTS

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 2023	31 March 2022		31 March 2023	31 March 2022
Copper Mines of Tasmania Pty Limited ("CMT")	Copper Mining	c/o MCullough Robertson lawyers 44 martin place, Sydney NSW 2000	Australia	68.18%	69.84%	Monte Cello BV	100%	100%
Thalanga Copper Mines Pty Limited ("TCM")	Copper Mining	c/o MCullough Robertson lawyers 44 martin place, Sydney NSW 2000	Australia	68.18%	69.84%	Monte Cello BV	100%	100%
Athena Chattisgarh power limited (e)	Power Generation	7-1-24/1/RT, G-1, B-Block, Roxana Towers, Greenland's, Begumpet, Hyderabad, Telangana-500016	India	68.18%	-	Vedanta Limited	100%	-
Bharat Aluminium Company Limited ("BALCO")	Aluminium mining and smelting	Aluminium Sadan Core -6 Scope Office Complex 7 Lodhi Road New Delhi 110003	India	34.77%	35.54%	Vedanta Limited	51%	51%
Desai Cement Company Private Limited	Cement	Survey no. 184, Maina, Navelim, Bicholim North Goa 403505, Goa	India	68.18%	69.84%	Sesa Mining Corporation Limited	100%	100%
ESL Steel Limited	Manufacturing of Steel & DI Pipe	Village -Siyaljori, Post – Jogidih, O.P. – Bangaria, PS-Chandankyari Bokaro Steel City Bokaro JH 828303 IN	India	65.11%	66.54%	Vedanta Limited	95.49%	95.49%
FACOR Power Ltd (Refer Note 3(c))	Power generation	D P Nagar, Randia, Bhadrak-756135, Odisha	India	-	62.71%	Ferro Alloy Corporation Limited ("FACOR")	-	90%
Facor Realty and Infrastructure Limited (f)	Real estate	Corporate One, Suite 401 Plot No. 5, Jasola Delhi-110025	India	-	69.84%	FACOR	-	100%
Ferro Alloy Corporation Limited ("FACOR") (Refer Note 3(c))	Manufacturing of Ferro Alloys and Mining and generation of power	D P Nagar, Randia, Bhadrak-756135, Odisha	India	68.17%	69.84%	Vedanta Limited	99.9995%	100%
Goa Sea Port Private Limited (2)	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin,Thoothukudi Tuticorin Thoothukudi TN – 628 002 IN	India	68.18%	69.84%	Sterlite Ports Limited	100%	100%
Hindustan Zinc Alloys Private Limited	Manufacturing of metals and its alloys	Yashad Bhawan, Udaipur, Rajasthan 313004	India	44.26%	45.34%	Hindustan Zinc Limited	100%	100%
Hindustan Zinc Fertilisers Private Limited (g)	Manufacturing of phosphatic fertilisers	Yashad Bhawan, Udaipur, Rajasthan 313004	India	44.26%	-	Hindustan Zinc Limited	100%	-

NOTES TO THE FINANCIAL STATEMENTS

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 2023	31 March 2022		31 March 2023	31 March 2022
Hindustan Zinc Limited ("HZL")	Exploring, extracting, processing of minerals and manufacturing of metals	Yashad Bhawan, Udaipur, Rajasthan 313004	India	44.26%	45.24%	Vedanta Limited	64.92%	64.92%
MALCO Energy Limited ("MEL")	Power Generation	SIPCOT Industrial Complex, Madurai Bypass Road, Thoothukudi (Tamil Nadu) 628002	India	68.18%	69.84%	Vedanta Limited	100%	100%
Maritime Ventures Private Limited [2]	Infrastructure	SIPCOT Industrial Complex, Madurai By pass Road, T V Puram PO, Tuticorin Tuticorin Thoothukudi TN 628002 IN	India	68.18%	69.84%	Sterlite Ports Limited	100%	100%
Paradip Multi Cargo Berth Private Limited [2]	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi TN 628002 IN	India	68.18%	69.84%	Sesa Resources Limited	100%	100%
Sesa Mining Corporation Limited [2]	Iron ore mining	Sesa Ghor, 20 EDC Complex, Patto Panaji (Goa) - 403001	India	68.18%	69.84%	Sesa Resources Limited	100%	100%
Sesa Resources Limited ("SRL")	Iron ore mining	Sesa Ghor, 20 EDC Complex, Patto Panaji (Goa) - 403001	India	68.18%	69.84%	Vedanta Limited	100%	100%
Sterlite Ports Limited [2]	Infrastructure	MALCO POWER COMPANY LIMITED SIPCOT INDUSTRIAL COMPLEX, MADURAI BYE PASS ROAD TUTICORIN Thoothukudi TN 628002	India	68.18%	69.84%	Sesa Resources Limited	100%	100%
Talwandi Sabo Power Limited ("TSPL")	Power Generation	Vill. Banawala, Mansa - Talwandi Sabo Road, Mansa, Punjab - 151302	India	68.18%	69.84%	Vedanta Limited	100%	100%
Vedanta Zinc Football & Sports Foundation	Sports Foundation	Yashad Bhawan, Udaipur, Rajasthan 313004	India	44.26%	45.34%	Hindustan Zinc Limited	100%	100%
Vizag General Cargo Berth Private Limited	Infrastructure	SIPCOT Industrial Complex Madurai Bye Pass Road, T. V. Puram P.O Thoothukudi TN 628002 IN	India	68.18%	69.84%	Vedanta Limited	100%	100%
Zinc India Foundation [(h)]	CSR Activities	Yashad Bhawan, Udaipur, Rajasthan 313004	India	44.26%	-	Hindustan Zinc Limited	100%	-
AvanStrate Inc. ("ASI")	Manufacturing of LCD Glass Substrate	1-11-1 , Nishi - Gotanda, Shinagwa-Ku, Tokyo, Japan	Japan	35.20%	35.98%	Cairn India Holdings Limited	51.63	51.63
Cairn India Holdings Limited	Investment company	22-24 Seale Street, St Helier, Jersey, JE2 3QG	Jersey	68.18%	69.84%	Vedanta Limited	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

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 2023	31 March 2022		31 March 2023	31 March 2022
AvanStrate Taiwan Inc	Manufacturing of LCD Glass Substrate	No.8,Industry III Road Annan, Tainan 709-55, Taiwan, R.O.C.	Korea	35.20%	35.98%	AvanStrate Inc. ("ASI")	100%	100%
Western Cluster Limited	Iron ore mining	Amir Building, 18th Street, Sinkor, Tubman Boulevard,Sinkor, Monrovia, Liberia,West Africa	Liberia	68.18%	69.84%	Bloom Fountain 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	68.18%	69.84%	Vedanta Limited	100%	100%
CIG Mauritius Holdings Private Limited (i)	Investment Company	6th floor, Tower A 1 CyberCity Ebene Republic of Mauritius	Mauritius	-	69.84%	Cairn Energy Hydrocarbons Ltd.	-	100%
CIG Mauritius Private Limited (i)	Investment Holding Company and to provide services and resources relevant to oil & gas exploration, production and development	6th floor, Tower A 1 CyberCity Ebene Republic of Mauritius	Mauritius	-	69.84%	CIG Mauritius Holding Private Ltd.	100%	100%
THL Zinc Ltd	Investment Company	IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street Port Louis, 11324, Mauritius	Mauritius	68.18%	69.84%	THL Zinc Ventures Limited	100%	100%
THL Zinc Ventures Limited	Investment Company	IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street Port Louis, 11324, Mauritius	Mauritius	68.18%	69.84%	Vedanta Limited	100%	100%
Amica Guesthouse (Proprietary) Limited	Accomodation and catering services	Unit 1, Hartmann Suites, Cnr Robert Mugabe Avenue & Ballot Street, Windhoek, Namibia	Nambia	68.18%	69.84%	Skorpion Zinc (Proprietary) Limited	100%	100%
Namzinc (Proprietary) Limited	Owns and operates a zinc refinery	24 Orban Street, Klein Windhoek, Windhoek, Namibia	Nambia	68.18%	69.84%	Skorpion Zinc (Proprietary) Limited	100%	100%
Skorpion Mining Company (Proprietary) Limited ('NZ')	Exploration, development,treatment, production and sale of zinc ore	24 Orban Street, Klein Windhoek, Windhoek, Namibia	Nambia	68.18%	69.84%	Skorpion Zinc (Proprietary) Limited	100%	100%
Skorpion Zinc (Proprietary) Limited ("SZPL")	Operating (zinc) and investing company	24 Orban Street, Klein Windhoek, Windhoek, Namibia	Nambia	68.18%	69.84%	THL Zinc Namibia Holdings (Proprietary) Ltd	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

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 2023	31 March 2022		31 March 2023	31 March 2022
THL Zinc Namibia Holdings (Proprietary) Limited ("VNHL")	Mining and Exploration and Investment company	24 Orban Street, Klein Windhoek, Windhoek, Namibia	Nambia	68.18%	69.84%	THL Zinc Ltd	100%	100%
Vedanta Lisheen Holdings Limited	Investment company	Deloitte & Touche House, Charlottes Quay, Ireland	Republic of Ireland	68.18%	69.84%	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	68.18%	69.84%	Vedanta Lisheen Holdings Limited	100%	100%
Lisheen Milling Limited	Manufacturing [j]	Deloitte & Touche House, Charlottes Quay, Ireland	Republic of Ireland	68.18%	69.84%	Vedanta Lisheen Holdings Limited	100%	100%
Lisheen Mine Partnership	Development and operation of a zinc/lead mine	Deloitte & Touche House, Charlottes Quay, Ireland	Republic of Ireland	68.18%	69.84%	50% each held by Killoran Lisheen Mining Limited & Vedanta Lisheen Mining Limited	100%	100%
Vedanta Lisheen Mining Limited	Development of a zinc/ lead mine	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	68.18%	69.84%	Vedanta Lisheen Holdings Limited	100%	100%
Cairn Energy Gujarat Block 1 Limited [k]	Oil and gas exploration, development and production	272 Bath Street, Glasgow, United Kingdom, G2 4JR	Scotland	-	69.84%	Cairn India Holdings Limited	-	100%
Cairn Energy Hydrocarbons Limited	Oil and gas exploration, development and production	272 Bath Street, Glasgow, United Kingdom, G2 4JR	Scotland [l]	68.18%	69.84%	Cairn India Holdings Limited	100%	100%
Black Mountain Mining (Proprietary) Limited	Exploration, development, production and sale of zinc, lead, copper and associated mineral concentrates	Penge Road , Aggeneys	South Africa	50.45%	51.56%	THL Zinc Ltd	74%	74%
Cairn Lanka Private Limited	Oil and gas exploration, development and production	Lanka Shipping Tower No. 99, St Michael's Road, Colombo 3, Sri Lanka	Sri Lanka	68.18%	69.84%	Cairn Energy Hydrocarbons Limited	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

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 2023	31 March 2022		31 March 2023	31 March 2022
AvanStrate Korea Inc	Manufacturing of LCD Glass Substrate	84, Hyeongoksandan-ro, Cheongbuk-eup,Pyeongtaek-si, Gyeonggi-do,17812, Republic of Korea	Taiwan	35.20%	35.98%	AvanStrate Inc. ("ASI")	100%	100%
Lakomasko BV[(m)]	Investment company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	The Netherlands	-	69.84%	THL Zinc Holding BV	100%	100%
Monte Cello BV ("MCBV")	Holding company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	The Netherlands	68.18%	69.84%	Vedanta Limited	100%	100%
THL Zinc Holding BV	Investment company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	The Netherlands	68.18%	69.84%	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	68.18%	69.84%	Malco Energy Limited	100%	100%

(a) Dissolved on 13 January 2023
(b) Incorporated on 12 January 2022
(c) Incorporated on 01 November 2021
(d) Incorporated on 11 January 2022
(e) Acquired on 21 July 2022 (Refer note 3(b))
(f) Struck off on 13 January 2023
(g) Incorporated on 07 September 2022
(h) Incorporated on 05 August 2022
(i) Dissolved on 01 March 2023.
(j) Activity of the company ceased in February 2016
(k) Dissolved on 05 July 2022
(l) Principal place of business in India
(m) Deregistered on 03 March 2023.
1 The Group also has interest in certain trusts which are neither significant nor material to the Group.
2 The Mumbai NCLT and Chennai NCLT has passed orders dated 06 June 2022 and 22 March 2023 respectively sanctioning the scheme of amalgamation of Sterlite Ports Limited ('SPL'), Paradip Multi Cargo Berth Private Limited ('PMCB'), Maritime Ventures Private Limited ('MVPL'), Goa Sea Port Private Limited ('GSPL'), wholly owned subsidiaries/step down subsidiaries of Sesa Resources Limited ('SRL'), with Sesa Mining Corporation Limited ('SMCL'). Statutory filing with Ministry of Corporate Affairs (MCA), India is in progress.

39. Ultimate controlling party

At 31 March 2023, 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 2023

(US$ million)

	Note	As at 31 March 2023	As at 31 March 2022
Fixed assets			
Tangible assets	2	10	12
Investments in subsidiaries	3	1,731	1,731
Financial asset investment	4	0	0
		1,741	**1,743**
Current assets			
Debtors due within one year	5	2,977	819
Debtors due after one year	5	2,345	4,713
Investments	6	79	27
Cash and cash equivalents		9	7
Current tax asset		22	-
		5,432	**5,566**
Creditors: amounts falling due within one year			
Trade and other creditors	7	464	152
Lease liability	9	2	2
External borrowings	7	774	1,831
Loan from subsidiary	7	698	473
		1,938	**2,458**
Net current assets		**3,494**	**3,108**
Total assets less current liabilities		**5,235**	**4,851**
Creditors: amounts falling due after one year			
External borrowings	8	1,883	2,008
Loan from subsidiary	8	2,638	2,260
Other creditors	8	3	8
Lease liability	9	5	6
		4,529	**4,282**
Net assets		**706**	**569**
Capital and reserves			
Called up share capital		29	29
Capital reduction reserve Other reserves		2 (2)	2 (2)
Retained earnings		677	540
Equity shareholders' funds		**706**	**569**

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$ 156 million (2022: US$ 220 million)

The separate Financial Statements of the Company, registration number 4740415 were approved by the Board of Directors on 08 June 2023 and signed on their behalf by

AR Narayanaswamy
Director

Deepak Kumar
Company Secretary

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

(US$ million)

	Share capital*	Share premium	Capital redemption Reserve	Retained earnings	Other Reserves	Total
Equity shareholders' funds at 01 April 2022	**29**	**-**	**2**	**540**	**(2)**	**569**
Profit for the year	-	-	-	156	-	156
Dividends paid (note 13 of Group financial statements)	-	-	-	(19)	-	(19)
Movement in fair value of Financial Investment	-	-	-	-	(0)	(0)
Equity shareholders' funds at 31 March 2023	**29**	**-**	**2**	**677**	**(2)**	**706**

* For details, refer note 30 of Group financial statements

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**

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 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.

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.

Depreciation on tangible fixed assets 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.

Estimated useful life of assets are as follows:

Asset	Useful life (in years)
IT equipment	5
Office equipment	10
Furniture and fixtures	10
Leasehold improvement	10

The Company 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 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 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

Company, 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

2. Company tangible fixed assets

(US$ million)

Cost	
At 01 April 2021	8
ROU Asset as at 01 April 2021	10
Additions	0
At 31 March 2022	**18**
Additions	0
At 31 March 2023	**18**
Accumulated depreciation	
At 01 April 2021	4
ROU assets	1
Other assets	1
Charge for the period	2
ROU assets	1
Other assets	1
At 31 March 2022	6
Charge for the period	**2**
At 31 March 2023	**8**
Net book value	
At 01 April 2021	14
At 31 March 2022	**12**
At 31 March 2023	**10**

Details of Right of Use (ROU) Assets

Particulars	Building
Net book value as at 01 April 2021	8
Depreciation	(1)
Net book value as at 31 March 2022	**7**
Depreciation	(1)
Net book value as at 31 March 2023	**6**

3. Investments in subsidiaries

(US$ million)

Cost	
At 01 April 2021	1,731
Additions during the year*	0
At 31 March 2022	**1,731**
At 01 April 2022	**1,731**
Investments written off during the year**	(0)
At 31 March 2023	**1,731**

* During the previous year, the Company acquired one share in Vedanta Resources Investments Limited ('VRIL'), being 100% of its issued equity share capital for a consideration of US$ 1.

**During the current year, VRIL has been liquidated. Accordingly, the Company has written off its investment in VRIL.

NOTES TO THE FINANCIAL STATEMENTS

At 31 March 2023, the Company held 662,073,200 shares in Vedanta Resources Holdings Limited ('VRHL') (March 2022: 662,073,200 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (31 March 2022: one). At 31 March 2023, the Company held two shares in Vedanta Resources Jersey Limited ('VRJL') (31 March 2022: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (31 March 2022: two) and one share in Vedanta Holdings Jersey Limited ('VHJL') (31 March 2022: 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. VRJL, 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 2021	0
Fair value movement	0
As at 31 March 2022	0
As at 01 April 2022	0
Fair value movement	(0)
As at 31 March 2023	0

The investment relates to an equity investment in the shares of Victoria Gold Corporation. As at 31 March 2023, the investment in Victoria Gold Corporation was revalued and loss of US$ 0 million (2022: gain of US$ 0 million) was recognised in equity.

5. Company debtors

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Amounts due from subsidiary undertakings	6,072	6,352
Amounts due from Konkola Copper Mines (note 3(a) of Group financial statements)* Advance to vendors and deposit	305 0	305 0
Prepayments and accrued income	0	0
Other taxes	0	0
Less: Provision for impairment*	(1,055)	(1,125)
Total	**5,322**	**5,532**
Debtors due within one year	2,977	819
Debtors due after one year	2,345	4,713
Total	**5,322**	**5,532**

Amounts due from subsidiary undertakings

At 31 March 2023, the Company had loans of US$ 2,447 million (31 March 2022: US$ 2,352 million) due from VRHL which represented the funds being loaned for funding the subsidiaries. Out of the total loans, US$ 1,334 million bears interest at 8.09%, US$ 560 million at 7.80%, US$ 553 million at 9.70% and US$ 0 million at 14.375%.

At 31 March 2023, the Company had loans of US$ 1,133 million (31 March 2022: US$ 1,170 million) due from Vedanta Resources Jersey II Limited (VRJL-II). Out of the total loans, US$ 301 million bears interest at 8.09%, US$ 172 million at 7.64%, US$ 460 million at 8.05% (Net of impairment provision US$ 1,055 million) and US$ 200 million at 6.82%.

At 31 March 2023, the Company had loan of US$ NIL (31 March 2022: US$ 78 million) due from Vedanta Holdings Mauritius II Limited (VHM2L). During the year, the loan plus interest outstanding has been assigned to Twin Star Holdings Limited (THL).

At 31 March 2023, the Company had loans of US$ 303 million (31 March 2022: US$ 140 million) due from Vedanta Holdings Mauritius Limited (VHML). Out of the total loans, US$ 104 million bears interest at 8.10% and US$ 199 million at 8.13%.

NOTES TO THE FINANCIAL STATEMENTS

At 31 March 2023, the Company had loan of US$ NIL (31 March 2022: US$ 408 million) due from Westglobe Limited (WL). During the year US$ 24 million has been repaid by Westglobe Limited and the balance loan plus interest outstanding has been assigned to Twin Star Holdings Limited (THL).

At 31 March 2023, the Company had loan of US$ 5 million (31 March 2022: US$ 147 million) due from Vedanta Netherlands Investment BV (VNIBV) at 7.95%.

At 31 March 2023, the Company had loan of US$ 333 million (31 March 2022: US$ 248 million) due from Twin Star Holdings Limited (THL) at 10.60%.

At 31 March 2023, the Company had loans of US$ 8 million (31 March 2022: US$ 8 million) due from Vedanta Resources Financial Limited (VRFL). Out of the total loans, US$ 8 million bears interest at 7.84% and US$ 0 million at 7.64%.

The Company was owed US$ 743 million (31 March 2022: US$ 625 million) of accrued interest from VRHL, VRJL-II, 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 (a) 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 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 amount receivable and from the corresponding liability. The balance is presented as creditors due within one year.

Additionally, the Company was owed US$ 16 million (31 March 2022: US$ 16 million) from KCM in the form guarantee commission and other receivables.

In addition to the loans, the Company also owes US$ 46 million (31 March 2022: US$ 51 million) (impairment provision US$ 70 million created during the previous year has been written off 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 (a) 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 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 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 further impairment has to be provided on these receivables.

6. Company current asset investments

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Liquid investments	30	-
Bank term deposits	49	27
Total	**79**	**27**

NOTES TO THE FINANCIAL STATEMENTS

7. Company creditors: amounts falling due within one year

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Accruals	246	126
Advance from related parties	201	11
Loan from subsidiary (Note 8)	698	473
Term Loans (Note 8)	274	832
Bonds	500	999
Guarantee amount payable on behalf of KCM (Refer note 5)	15	15
Dividend payable	2	0
Total	**1,936**	**2,456**

8. Company creditors: amounts falling due after one year

(US$ million)

	As at 31 March 2023	As at 31 March 2022
Loan from subsidiaries	2,638	2,260
Advance from related parties	3	8
Term loans	1,210	1,348
Bonds:		
6.125% bonds due August 2024	947	994
7.125% bonds due May 2023	500	498
6.375% bonds due July 2022	-	999
Less: Current Maturities (Note 7)		
Term Loans	(274)	(832)
Bonds	(500)	(999)
Total	**4,524**	**4,276**

As at 31 March 2023, loans from subsidiaries includes US$ 1,203 million (31 March 2022: 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 year 2020-21, maturity of the said loan was further extended to October 2023 and rate of interest was amended to 7.84%. In addition, during the current year, new loan has been given by Vedanta Finance UK Limited under facility of US$ 1,000 million at an interest rate of 6.26%with maturity in July 2027.

Loan from subsidiaries also includes US$ 1,749 million (31 March 2022: US$ 1,985 million) due to Vedanta Resources Finance II Plc (VRF2). Out of the total loan, US$ 549 million bears an interest at the rate 14.13% and is repayable in January 2024 and remaining amount of US$ 1,200 million bears an interest at the rate of 9.20% payable in March 2025.

Loan from subsidiaries also included US$ NIL (31 March 2022: US$ 299 million) due to Twin Star Holdings Limited (THL). During the current year, the loan has been fully repaid.

Loan from subsidiaries also included US$ NIL (31 March 2022: US$ 174 million) due to Vedanta Holdings Mauritius II Limited (VHM2L) bearing an interest at the rate of 13.15% and was repayable in August 2022. During the current year, additional loan of US$ 1 million was drawn and $ 37 million was repaid and remaining outstanding loan has been assigned to VRHL.

Loan from subsidiaries also included US$ NIL (31 March 2022: US$ 126 million) due to Welter Trading Limited (WTL) bearing an interest at the rate of 5.13% and was repayable in October 2024, which was assigned from Westglobe to WTL in July 2021. During the current year the loan has been assigned to Twin star holdings Limited (THL) from VRL.

Loan from subsidiaries also includes US$ 384 million (31 March 2022: US$ NIL) due to Finsider Limited (FI). Out of the total loans, US$ 340 million bears an interest at the rate of 6.82% and is repayable in November 2027 and US$

NOTES TO THE FINANCIAL STATEMENTS

44 million bears an interest at the rate of 6.82% and is repayable in July 2027.

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 bearing interest at a rate of LIBOR plus 453 basis points. During the current year US$ 150 million has been repaid. As at 31 March 2023, the outstanding amount under this facility is US$ NIL (31 March 2022: US$ 150 million). The unamortized expense on this loan as at 31 March 2023 is US$ NIL.

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 previous year. US$ 180 million was repayable in February 2023 bearing interest at a rate of LIBOR plus 503 basis points. During the current year, US$ 180 million has been repaid. As at 31 March 2023, the outstanding amount under this facility is US$ NIL. The unamortized expense on this loan as at 31 March 2023 is US$ NIL.

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 previous year and US$ 99 million was repayable in November 2022. During the year, US$ 99 million has been repaid. As at 31 March 2023, the outstanding amount under this facility is US$ NIL. The unamortized expense on this loan as at 31 March 2023 is US$ NIL.

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 2023, the outstanding amount under this facility is US$ 200 million. The unamortized expense on this loan as at 31 March 2023 is US$ 3 million.

During the year 2018-2019, 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 previous year, US$ 60 million was repaid. As at 31 March 2023, the outstanding amount under this facility is US$ NIL (31 March 2022: US$ 120 million). The unamortized expense on this loan as at 31 March 2023 is US$ NIL.

During the year 2018-2019, 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 previous year, US$ 20 million was repaid. As at 31 March 2023, the outstanding amount under this facility is US$ 145 million (31 March 2022: US$ 165 million). The unamortized expense on this loan as at 31 March 2023 is US$ 1 million.

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 instalments till December 2024. As at 31 March 2023, the outstanding amount under this facility is US$ 180 million (31 March 2022: US$ 200 million). The unamortized expense on this loan as at 31 March 2023 is US$ 2 million.

During the previous 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. The entire outstanding has been repaid during the year. As at 31 March 2023, the outstanding amount under this facility is US$ NIL. The unamortized expense on this loan as at 31 March 2023 is US$ NIL.

During the year, the Company executed into facility agreements with DBS RCF Bank for borrowings up to US$ 100 million and bears interest at a rate of LIBOR plus 450 basis points. As at 31 March 2023, the outstanding amount under this facility is US$ 100 million. The loan has been fully repaid in May 2023.

During the year, the Company executed into facility agreements with State Bank of India for borrowings up to US$ 500 million and bears interest at a rate of LIBOR plus 506 basis points repayable as US$ 25 million in June 2023, US$ 100 million in June 2024, US$ 100 million in June 2025, US$ 125 million in June 2026 and US$ 150 million in June 2027. As at 31 March 2023, the outstanding amount under this facility is US$ 500 million. The unamortized expense on this loan as at 31 March 2023 is US$ 7 million.

During the year, the Company executed into facility agreements with Canara Bank for borrowings up to US$ 100 million and bears interest at a rate of LIBOR plus 350 basis points repayable in September 2025. As at 31 March 2023, the outstanding amount under this facility is US$ 100 million. The unamortized expense on this loan as at 31 March 2023 is US$ 2 million.

NOTES TO THE FINANCIAL STATEMENTS

During the year, the Company has repaid bond amount of US$ 999 million bearing interest at the rate of 6.375% which was repayable in July 2022 and US$ 49 million bearing interest at the rate of 6.125% which was repayable in August 2024.

Further, subsequent to the year, the Company has repaid bond amount of US$ 500 million bearing interest at the rate of 7.125% which was repayable in May 2023.

9. Lease liability

Movement in Lease liabilities is as follows:

(US$ million)

Particulars	Amount
At 01 April 2021	9
Interest on Lease Liabilities	0
Payments made	(1)
At 31 March 2022/ 01 April 2022	**8**
Interest on Lease Liabilities	0
Payments made	(1)
As at 31 March 2023	**7**

10. Company contingent liabilities

Vedanta Resources Limited ("VRL" or "the Company") has provided a financial and performance guarantee to the Government of India for erstwhile 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 2023, US$ NIL is outstanding under the said facility (31 March 2022: US$ 108 million). During the current year, the entire outstanding amount of US$ 108 million has been repaid under the said facility and the guarantee has been relinquished.

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 2023, US$ NIL is outstanding under the said facility (31 March 2022: US$ 178 million). During the year 2022-23, the entire outstanding amount of US$ 178 million has been repaid under the said facility and the guarantee has been relinquished.

The Company has guaranteed US $100 million for a facility agreement entered by Twin Star Holdings Limited with First Abu Dhabi Bank PJSC as facility agent. As at 31 March 2023, US$ NIL is outstanding under the said facility (31 March 2022: US$ 24 million). During the year 2022-23, the entire outstanding amount of US$ 24 million has been repaid under the said facility and the guarantee has been relinquished.

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. As at 31 March 2023, the entire amount is outstanding.

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. Outstanding amount as on 31 March 2023 is US$ NIL (31 March 2022: US$ 175 million). During the year 2022-23, the entire outstanding amount of US$ 175 million has been repaid under the said facility and the guarantee has been relinquished.

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

NOTES TO THE FINANCIAL STATEMENTS

2021-22 respectively. Outstanding amount as at 31 March 2023 is US$ 750 million (31 March 2022: US$ 427 million).

During the previous 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 year, the entire outstanding amount of US$ 100 million has been repaid under the said facility and the guarantee has been relinquished.

During the previous 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 year 2022-23, the entire outstanding amount of US$ 180 million has been repaid under the said facility.

During the previous year, the Company has guaranteed US$ 400 million and $150 million for facility agreement entered by Twin Star Holdings Limited and Vedanta Netherlands Investments BV, respectively with Standard Chartered Bank. As at 31 March 2023, amount outstanding under the said facility is US$ 250 million by Twin Star Holdings Limited and US $ 150 million by Vedanta Netherlands Investments BV.

During the current year, the Company has guaranteed, jointly with Welter Trading Limited, US$ 200 million for a facility agreement executed by Twin Star Holdings Limited with Canara Bank. As at 31 March 2023, US$ 200 million has been drawn under the facility.

During the current year, the Company has guaranteed, jointly with Welter Trading Limited, US$ 150 million for a facility agreement executed by Twin Star Holdings Limited with Union Bank of India. As at 31 March 2023, US$ 150 million has been drawn under the facility.

During the current year, the Company has guaranteed, jointly with Welter Trading Limited, US$ 100 million for a facility agreement executed by Twin Star Holdings Limited with Standard Chartered Bank. As at 31 March 2023, US$ 100 million has been drawn under the facility.

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 2023 with other related parties, are as follows:

(US$ million)

Name of Company	Relationship	Nature of transaction	Year Ended 2023	Year Ended 2022
Vedanta Limited	Subsidiary	PCO Income and Management & Brand fees charged	217	174
Vedanta Limited	Subsidiary	Sale of alumina	-	10
Vedanta Limited	Subsidiary	Agency commission	0	-
Volcan Investments Limited	Holding Company	Dividend declared	12	86
Volcan Investments Cyprus Limited	Holding Company	Dividend declared	6	45
Vedanta Limited	Subsidiary	Receipt of service	(1)	(0)
Vedanta Limited	Subsidiary	Guarantee commission income	20	17
Vedanta Limited	Subsidiary	(Reimbursement)/ Payment of expenses	(0)	0
Cairn India Holdings Limited	Subsidiary	Payment of expenses	-	0
Cairn Energy Hydrocarbon Limited	Subsidiary	Payment of expenses	0	-
ESL Steels Ltd (ESL)	Subsidiary	Brand fee charged	13	13
Talwandi Sabo Power Ltd	Subsidiary	Brand fee charged	5	4
Black Mountain Mining (Pty) Limited	Subsidiary	Brand fee charged	10	9
Cairn Energy Hydrocarbon Limited	Subsidiary	Brand fee charged	18	12
Cairn Energy Hydrocarbon Limited	Subsidiary	Guarantee commission income	3	3
THL Zinc Limited	Subsidiary	Payment of expenses	-	0
THL Zinc Ventures Limited	Subsidiary	Payment of expenses	-	0
Bloom Fountain Limited	Subsidiary	Payment of expenses	-	0
Fujairah Gold FZC	Subsidiary	Reimbursement of expenses	(0)	-

NOTES TO THE FINANCIAL STATEMENTS

Outstanding balances

(US$ million)

Name of Company	Relationship	Nature of transaction	As at 31 March 2023	As at 31 March 2022
Vedanta Limited	Subsidiary	Receivable	31	3
Vedanta Limited	Subsidiary	Advance received	177	-
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)	(7)	-
Black Mountain Mining (Pty) Limited	Subsidiary	Receivable	2	3
Talwandi Sabo Power Ltd	Subsidiary	Receivable	1	3
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	(Payable)/receivable	(15)	2
Bloom Fountain Limited	Subsidiary	Receivables	0	0
Volcan Investments limited	Holding Company	Dividend payable	(1)	(0)
Volcan Investments Cyprus limited	Holding Company	Dividend payable	(1)	(0)

For details relating to Ultimate controlling party, refer note 39 of Group financial statements.

12. Subsequent Events

There have been no material events after reporting date, other than those already reported, which would require disclosure or adjustment to the financial statements for the year ended 31 March 2023.

FIVE YEAR SUMMARY

SUMMARY CONSOLIDATED INCOME STATEMENT

(US$ million except as stated)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Revenue	18,283	17,619	11,722	11,790	13,006
EBITDA	**4,608**	**6,255**	**3,800**	**3,003**	**3,457**
Depreciation and amortisation	(1,382)	(1,228)	(1,099)	(1,412)	(1,380)
Special items	(178)	408	(49)	(2,065)	38
Operating profit	**3,018**	**5,435**	**2,652**	**(474)**	**2,115**
Net finance (costs) / investment revenues (including other gains and Losses)	(1,386)	(1,287)	(969)	(872)	(747)
Profit before taxation from continuing operations (a)	**1,632**	**4,148**	**1,683**	**(1,346)**	**1,368**
Net tax credit / (expense) (b)	(794)	(1,570)	(298)	370	(611)
Profit for the period/ year from continuing operations (a+b)	**838**	**2,578**	**1,385**	**(976)**	**757**
Profit/ (loss) after tax for the period/ year from discontinued operations and gain on deconsolidation	-	-	91	(771)	(333)
Profit after taxation	**838**	**2,578**	**1,476**	**(1,747)**	**425**
Non-controlling interests	843	1,576	1,153	(179)	661
Profit attributable to equity shareholders in parent	**(5)**	**1,002**	**323**	**(1,568)**	**(237)**
Dividends	(18)	(131)	(251)	(352)	(185)
Retained (loss) / profit	**(23)**	**871**	**72**	**(1,919)**	**(422)**
Dividend per share (US cents per share)	7	46	88	123	65

SUMMARY CONSOLIDATED FINANCIAL POSITION

(US$ million except as stated)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Goodwill	12	12	12	12	12
Intangible assets	64	90	99	100	108
Property, plant and equipment	13,070	13,704	13,302	13,245	17,726
Financial asset investments	63	20	21	12	707
Total fixed assets	**13,209**	**13,826**	**13,434**	**13,369**	**18,553**
Stocks	1,830	1,895	1,358	1,515	2,060
Debtors	2,279	2,479	1,465	1,102	1,504
Cash & Liquid Investments	2,765	4,445	5,957	5,090	5,297
Total current assets	**6,874**	**8,819**	**8,780**	**7,707**	**8,861**
Short-term borrowings	(5,809)	(4,972)	(3,673)	(6,065)	(5,456)
Other current liabilities	(7,440)	(6,541)	(5,670)	(5,805)	(7,060)
Total current liabilities	**(13,249)**	**(11,513)**	**(9,343)**	**(11,870)**	**(12,516)**
Net current assets	**(6,304)**	**(2,657)**	**(552)**	**(4,069)**	**(3,643)**
Total assets less current Liabilities	**10,181**	**14,112**	**15,976**	**12,316**	**17,265**
Long-term borrowings	(9,549)	(11,110)	(12,704)	(9,030)	(10,524)
Other long-term liabilities	(221)	(255)	(215)	(238)	(258)
Provisions and deferred tax assets	(1,283)	(1,212)	(726)	(775)	(1,218)
Total long-term liabilities	**(11,053)**	**(12,577)**	**(13,645)**	**(10,043)**	**(12,000)**
Equity Non-controlling interests	(2,476)	(4,648)	(5,478)	(5,536)	(6,181)
Non equity Non-controlling interest	-	-	-	(0)	(12)
Net assets attributable to the equity holders of the parent	(3,348)	(3,113)	(3,147)	(3,263)	(928)

FIVE YEAR SUMMARY

TURNOVER

Turnover (US$ million)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Zinc-	4,775	4,446	3,328	3,004	3,347
India	4,126	3,844	2,960	2,563	2,955
International	649	602	368	441	392
Oil and Gas	1,873	1,669	1,016	1,787	1,892
Iron ore	809	852	611	489	417
Copper:-	2,179	2,035	1,469	1,278	1,537
India/Australia	2,179	2,035	1,469	1,278	1,537
Zambia	-	-	-	-	-
Aluminium	6,556	6,833	3,865	3,751	4,183
Power	897	783	725	827	933
Steel	978	869	630	604	600
Other	74	132	76	51	97
Group	**18,141**	**17,619**	**11,722**	**11,790**	**13,006**

EBITDA

EBITDA (US$ million)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Zinc	2,418	2,376	1,688	1,283	1,616
India	2,177	2,170	1,568	1,230	1,516
International	241	206	120	54	100
Oil and Gas	972	809	438	1,032	1,101
Iron ore	124	304	245	117	90
Copper	(7)	(15)	(21)	(40)	(36)
India/Australia	(7)	(15)	(21)	(40)	(36)
Zambia	-	-		(0)	-
Aluminium	707	2,328	1,046	281	316
Power	106	145	190	233	219
Steel	39	94	117	83	113
Other	249	214	97	14	38
Group	**4,608**	**6,255**	**3,800**	**3,003**	**3,457**

EBITDA MARGIN

EBITDA Margin (%)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Zinc	51	53	51	43	48
India	53	56	53	48	51
International	37	34	33	12	25
Oil and gas	52	48	43	58	58
Iron ore	15	36	40	24	22
Copper	(0)	(1)	(1)	(3)	(2)
India/Australia	(0)	(1)	(1)	(3)	(2)
Zambia	-	-	-	-	-
Aluminium	11	34	27	8	8
Power	12	19	26	28	23
Steel	4	11	19	14	19
Group	**25**	**36**	**32**	**25**	**27**

FIVE YEAR SUMMARY

PRODUCTION

Production (000's tonnes)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Aluminium	2,291	2,268	1969	1904	1959
BALCO	570	582	570	561	571
Jharsuguda Aluminium	1,721	1,687	1400	1,343	1,388
Copper	148	125	101	77	90
Sterlite Copper	148	125	101	77	90
KCM	-	-	-	-	-
Iron Ore (WMT)	5,890	5,597	5,607	4,562	4,511
Steel	1,285	1,260	1,187	1,231	1,199
Zinc total	1,032	967	930	937	960
HZL	1,032	967	930	870	894
Skorpion	-	-	-*	67	66
Zinc and Lead MIC	1,032	967	930	174	82
BMM	65	52	58	66	65
Lisheen	-	-	-	-	-
Gamsberg	208	170	145	108	17
Oil and Gas- Gross Production	52	59	59	63	69
Oil and Gas- Working Interest	33	38	37	40	44

* 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-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Aluminium-Balco	110	87	66	77	92
Aluminium-Jharsuguda Aluminium	104	83	59	76	90
Copper – Sterlite Copper	-	-	-	-	-
Copper – KCM	-	-	-	-	276
Zinc including Royalty- HZL	77	71	58	62	63
Zinc without Royalty- HZL	57	51	43	47	46
Zinc COP- Skorpion	-	-	-	100	110
Zinc COP- BMM	66	77	61	67	66
Zinc COP- Lisheen	-	-	-	-	-
Zinc COP- Gamsberg	58	62	58	65	67
Oil and Gas (Opex) (US$/ boe)	14	11	8	8.9	7.7

CASH COST OF PRODUCTION IN INR

Cash costs of production in INR (INR/ tonne)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Aluminium-Balco	1,94,500	1,42,400	1,07,500	1,20,400	1,35,906
Aluminium-Jharsuguda Aluminium	1,83,800	1,37,000	96,600	1,19,500	1,35,466
Copper – Sterlite Copper	-	-	-	-	-
Zinc including Royalty	1,37,025	116,655	95,305	97,248	96,488
Zinc without Royalty	1,00,900	83,500	70,700	74,300	70,400

FIVE YEAR SUMMARY

CAPITAL EXPENDITURE

Capital expenditure (US$ million)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Sustaining	725	697	467	558	399
Expansion	1,239	705	324	819	1,081
Total capital expenditure	**1,964**	**1,402**	**792**	**1,376**	**1,480**

NET CASH/(DEBT)

Net cash / (debt) (US$ million)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Zinc	-154	2,450	2,097	2,902	2,528
India	-235	2,377	2,064	2,890	2,454
International	81	73	32	12	74
Oil and gas	-128	-24	77	693	1,388
Iron Ore	22	6	38	-51	-141
Copper	47	90	48	-49	-317
India/Australia	47	90	48	-49	-169
Zambia					-148
Aluminium	-4,220	-4,046	-4,102	-4,987	-4,494
Power	-772	-916	-1,062	-917	-1,347
Other	-7,525	-9,229	-7,827	-7,612	-7,910
Group	**-12,730**	**-11,686**	**-10,731**	**-10,022**	**-10,292**

GEARING

Gearing (%)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Gearing	**107%**	**88%**	**83%**	**82%**	**66%**

GROUP FREE CASH FLOW

Group Free Cash Flow (US$ million)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Group Free Cash Flow after capital creditors	2,849	2,788	1,578	1,642	2,411
Group Free Cash Flow post capex	1,610	2,083	1,253	823	1,330

CAPITAL EMPLYOED

Capital Employed (US$ million)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
Avg Capital Employed	12,540	13,176	12,679	13,920	15,837

ROCE

ROCE (%)	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19
ROCE	**20.0%**	**31.9%**	**19.4%**	**10.2%**	**9.6%**

PRODUCTION AND RESERVES SUMMARY

Copper

Copper Production Summary

Facility	Product	Year ended 31 March 2022 Mt	Year ended 31 March 2022 Mt
Tuticorin	Copper anode	-	-
	Sulphuric acid	-	-
	Phosphoric acid	-	-
	Copper cathode	-	-
	Copper rods	-	-
Silvassa	Copper cathode	1,47,880	1,25,104
	Copper rods	2,25,415	1,80,237

Aluminium, Alumina and Bauxite

Aluminium Production Summary

Company	Year ended 31 March 2023 Mt	Year ended 31 March 2022 Mt
BALCO	5,69,871	581,675
Jharsuguda Aluminium	17,20,726	16,86,756

Alumina Production Summary

Company	Year ended 31 March 2023 Mt	Year ended 31 March 2022 Mt
Jharsuguda Aluminium	17,92,744	19,67,910

Bauxite Production Summary

Company	Year ended 31 March 2023 Mt	Year ended 31 March 2022 Mt
BALCO – Mainpat	-	-
BALCO – Bodai Daldali	-	-

Bauxite Mine Resource and Reserve Summary

Mine	Resources			Reserves		
	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 2022 Mt
HZL		
Zinc	8,20,894	775,812
Lead	2,10,690	191,185

Zinc and Lead Mining Summary:

a) Metal mined & metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate	
		31 March 2023 mt	31 March 2022 mt	31 March 2023 mt	31 March 2022 mt	31 March 2023 mt	31 March 2022 mt
Rampura Agucha	Underground	47,95,131	45,11,122	9,61,028	9,00,085	79,357	73,563
Rajpura Dariba	Underground	13,90,229	12,52,363	88,015	83,098	19,929	19,859
Zawar	Underground	43,02,812	44,10,641	1,98,526	1,89,450	96,982	99,324
Kayad	Underground	6,57,186	9,33,951	67,980	78,166	5,545	7,570
Sindesar Khurd	Underground	55,98,714	52,30,479	3,54,659	3,43,288	1,74,850	1,67,725
Total		**1,67,44,072**	**1,63,38,556**	**16,70,209**	**15,94,087**	**3,76,664**	**3,68,040**

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc concentrate		Lead concentrate	
		31 March 2023 mt	31 March 2022 mt	31 March 2023 mt	31 March 2022 mt
Rampura Agucha	Underground	4,86,326	4,54,664	49,341	45,828
Rajpura Dariba	Underground	43,617	40,634	7,240	7,423
Zawar	Underground	1,03,253	99,673	61,944	60,838
Kayad	Underground	34,800	39,685	3,463	39,685
Sindesar Khurd	Underground	1,71,056	1,66,378	1,01,051	97,353
Total		**8,39,051**	**8,01,035**	**2,23,039**	**2,51,127**

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	10.4	14.7	2.2	14.8	4.6	4.3	44.8	11.2	1.3
Rajpura Dariba	2.9	5.9	2.1	36.4	6.3	1.9	34.3	5.4	1.6
Zawar	32.2	3.4	1.9	75.2	3.6	2.2	49.4	2.8	1.3
Kayad	3.0	9.7	1.4	3.0	6.0	0.6	1.5	5.2	0.9
Sindesar Khurd	57.2	3.7	1.9	10.0	3.4	1.4	43.4	3.0	2.0
Bamnia Kalan	20.9	3.3	1.1	20.5	3.5	1.4	-	-	-
Total	**126.7**	**4.8**	**1.8**	**159.9**	**4.3**	**2.1**	**173.5**	**5.6**	**1.6**

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	3.3	12.2	-	1.3	9.5	-	0.8	9.7	-
BMM									
- Deeps	10.3	2.6	2.8	-	-	-	1.7	2.9	1.6
- Swartberg	69.4	0.9	2	35.1	1.0	2.2	53.8	0.6	1.9
- Gamsberg	60.2	7.1	0.6	126.4	7.3	0.5	91.6	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 2023 Mt	Year ended 31 March 2022 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 2023 mt	31 March 2022 mt	31 March 2023 mt	31 March 2022 mt	31 March 2023 mt	31 March 2022 mt
Skorpion	Open Cast	-	-	-	-	-	-
BMM	Underground	17,85,448	14,41,229	45,913	53,686	61,902	40,463
Gamsberg	Underground	34,13,402	30,18,753	4,35,263	3,58,199	639	3,938
Total	Underground	**51,98,850**	**44,59,982**	**4,81,176**	**4,11,885**	**62,541**	**44,401**

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc in concentrate		Lead in concentrate	
		31 March 2023 mt	31 March 2022 mt	31 March 2023 mt	31 March 2022 mt
BMM	Underground	22,388	24,852	42,723	27,393
Gamsberg	Underground	2,07,421	1,68,880	180	1,599
Total	Underground	**2,29,809**	**1,93,732**	**42,723**	**27,393**

Iron ore

Iron Ore Production Summary

Company	Year ended 31 March 2023 Mt	Year ended 31 March 2022 Mt
Vedanta Limited		
Saleable Iron Ore	5.3	5.4
Goa	0.0	0.0
Karnataka	5.3	5.4
Dempo	-	-

PRODUCTION AND RESERVES SUMMARY

Iron Ore Resource and Reserve Summary

Mine	Resources				Reserves	
	Measured and indicated million mt	Iron ore grade %	Inferred million mt	Iron ore grade %	Proved and probable reserves million mt	Iron ore grade %
Iron ore Karnataka	9.69	40.5	-	-	66.0	43.4

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 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Rajasthan Block	4,806	5,910	933	1,006	653	704
Ravva Fields	704	704	18	23	4	5
CBOS/2 Fields	298	298	22	25	9	10
Other fields	853	826	182	98	166	82
Total	**6,661**	**7,739**	**1,156**	**1,151**	**832**	**801**

The Company's net working interest proved and probable reserves is as follows:

Particulars	Proved and Probable reserves		Proved and Probable reserves (developed)	
	Oil (mmstb)	Gas (bscf)	Oil (mmstb)	Gas (bscf)
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 of 31 March 2022**	**210**	**189**	**133**	**121**
Additions/ revision during the year	(15)	(3)	14	18
Production during the year	28	34	28	34
Reserves as on 31 March 2022***	**167**	**153**	**120**	**105**

* 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)

*** Includes probable oil reserves of 55.68 mmstb (of which 18.99 mmstb is developed) and probable gas reserves of 46.91 bscf (of which 16.91 bscf is developed)

PRODUCTION AND RESERVES SUMMARY

Other information:

Alternative performance measures

Introduction

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

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

The APMs used by the group fall under two categories:

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

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

Purpose

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

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

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

APM terminology*	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements
EBITDA	Operating profit/(loss) before special items	Operating Profit/(Loss) before special items Add: Depreciation & Amortization
EBITDA margin (%)	No direct equivalent	EBITDA divided by Revenue
Adjusted revenue	Revenue	- Revenue - Less: revenue of custom smelting operations at our Copper India & Zinc India business
Adjusted EBITDA	Operating profit/(loss) before special items	- EBITDA - Less: - EBITDA of custom smelting operations at our Copper India & Zinc India business
Adjusted EBITDA margin	No direct equivalent	Adjusted EBITDA divided by Adjusted Revenue
Underlying profit/(loss)	Attributable Profit/(loss) before special items	- Attributable profit/(loss) before special items - Less: NCI share in other gains/(losses) (net of tax)
Project Capex	Expenditure on Property, Plant and Equipment (PPE)	- Gross Addition to PPE - Less: Gross disposals to PPE - Add: Accumulated Depreciation on disposals - Less: Decommissioning liability - Less: Sustaining Capex
Free cash flow	Net cash flow from operating activities	- Net Cash flow from operating activities Less: purchases of property, plant and equipment and intangibles less proceeds on disposal of property, plant and equipment - Add: Dividend paid and dividend distribution tax paid - Add/less: Other non-cash adjustments

PRODUCTION AND RESERVES SUMMARY

-	APM terminology*	-	Closest equivalent IFRS measure	-	Adjustments to reconcile to primary statements
-	Net debt*	-	Net debt is a Non-IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, liquid investments and structured investment, net of the deferred consideration payable for such investments (referred as Financial asset investment net of related liabilities), if any.	-	No Adjustments
-	ROCE	-	No direct Equivalent	-	Not Applicable

ROCE for FY2023 is calculated based on the working summarized below. The same method is used to calculate the ROCE for all previous years (stated at other places in the report).

Particulars		Period ended 31 March 2023
-	Operating Profit Before Special Items	3,196
-	Less: Cash Tax Outflow	689
-	Operating Profit before special Items less Tax outflow (a)	2,507
-	Opening Capital Employed (b)	13,221
-	Closing Capital Employed (c)	11,858
-	Average Capital Employed (d)= (a+b)/2	12,540
-	**ROCE (a)/(d)**	**20.0%**

Adjusted Revenue, EBITDA & EBITDA Margin for FY 2023 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 2023
-	Revenue	18,141
-	Less: Revenue of Custom smelting operations	2,179
-	Adjusted Revenue(a)	15,962
-	EBITDA	4,608
-	Less: EBITDA of Custom smelting operations	(7)
-	Adjusted EBITDA(b)	4,615
-	**Adjusted EBITDA Margin (b)/(a)**	**29%**

GLOSSARY AND DEFINITIONS

Adapted Comparator Group
The new comparator group of companies used for the purpose of comparing TSR performance in relation to the LTIP, adopted by the Remuneration Committee on 1 February 2006 and replacing the previous comparator group comprising companies constituting the FTSE Worldwide Mining Index (excluding precious metals)

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

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

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

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

Articles of Association
The articles of association of Vedanta Resources Limited

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

BALCO
Bharat Aluminium Company Limited, a company incorporated in India.

BMM
Black Mountain Mining Pty

Board or Vedanta Board
The board of directors of the Company

Board Committees
The committees reporting to the Board: Audit, Remuneration, Nominations, and Sustainability, each with its own terms of reference

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

Boepd
Barrels of oil equivalent per day

Bopd
Barrels of oil per day

Cairn India
Erstwhile Cairn India Limited and its subsidiaries

Capital Employed
Net assets before Net (Debt)/Cash

Capex
Capital expenditure

CEO
Chief executive officer

CFO
Chief Financial Officer

CII
Confederation of Indian Industries

CO2
Carbon dioxide

COP
Cost of production

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

Company or Vedanta
Vedanta Resources Limited

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

GLOSSARY AND DEFINITIONS

Copper Business

The copper business of the Group, comprising:

- A copper smelter, two refineries and two copper rod plants in India, trading through Vedanta Limited, a company incorporated in India;
- One copper mine in Australia, trading through Copper Mines of Tasmania Pty Limited, a company incorporated in Australia; and
- An integrated operation in Zambia consisting of three mines, a leaching plant and a smelter, trading through Konkola Copper Mines Limited, a company incorporated in Zambia which is treated as discontinued operations and deconsolidated the same w.e.f 1st June'2019, affiliation with Zambian government is in progress.

Copper India

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

Cents/lb

US cents per pound

CRRI

Central Road Research Institute

CRISIL

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

CSR

Corporate social responsibility

CTC

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

CY

Calendar year

DDT

Dividend distribution tax

Deferred Shares

Deferred shares of £1.00 each in the Company

DFS

Detailed feasibility study

DGMS

Director General of Mine Safety in the Government of India

Directors

The Directors of the Company

DMF

District Mineral Fund

DMT

Dry metric tonne

Dollar or $

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

EAC

Expert advisory committee

EBITDA

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

EBITDA Margin

EBITDA as a percentage of turnover

Economic Holdings or Economic Interest

The economic holdings/interest are derived by combining the Group's direct and indirect shareholdings in the operating companies. The Group's Economic Holdings/Interest is the basis on which the Attributable Profit and net assets are determined in the consolidated accounts

E&OHSAS

Environment and occupational health and safety assessment standards

E&OHS

Environment and occupational health and safety management system

ESOP

Employee share option plan

ESP

Electrostatic precipitator

Executive Committee

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

GLOSSARY AND DEFINITIONS

Executive Directors
The Executive Directors of the Company

Expansion Capital Expenditure
Capital expenditure that increases the Group's operating capacity

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

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

Add/less: Other non-cash adjustments

FY
Financial year i.e. April to March.

GAAP, including UK GAAP
Generally Accepted Accounting Principles, the common set of accounting principles, standards and procedures that companies use to compile their financial statements in their respective local territories

GDP
Gross domestic product

Gearing
Net Debt as a percentage of Capital Employed

GJ
Giga joule

Government or Indian Government
The Government of the Republic of India

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

Group
The Company and its subsidiary undertakings and, where appropriate, its associate undertaking

Gross finance costs
Finance costs before capitalisation of borrowing costs

HIIP
Hydrocarbons initially-in place

HSE
Health, safety and environment

HZL
Hindustan Zinc Limited, a company incorporated in India

IAS
International Accounting Standards

IFRIC
IFRS Interpretations Committee

IFRS
International Financial Reporting Standards

INR
Indian Rupees

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

IPP
Independent power plant

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

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

KCM or Konkola Copper Mines
Konkola Copper Mines LIMITED, a company incorporated in Zambia

Key Result Areas or KRAs
For the purpose of the remuneration report, specific personal targets set as an incentive to achieve short-term goals for the purpose of awarding bonuses, thereby linking individual performance to corporate performance

KPIs
Key performance indicators

GLOSSARY AND DEFINITIONS

KTPA
Thousand tonnes per annum

Kwh
Kilo-watt hour

KBOEPD
Kilo barrel of oil equivalent per day

LIBOR
London inter bank offered rate

LIC
Life Insurance Corporation

LME
London Metals Exchange

London Stock Exchange
London Stock Exchange Limited

Lost time injury
An accident/injury forcing the employee/contractor to remain away from his/her work beyond the day of the accident

LTIFR
Lost time injury frequency rate: the number of lost time injuries per million man hours worked

LTIP
The Vedanta Resources Long-Term Incentive Plan or Long-Term Incentive Plan

MALCO
The Madras Aluminium Company Limited, a company incorporated in India

Management Assurance Services (MAS)
The function through which the Group's internal audit activities are managed

MAT
Minimum alternative tax

MBA
Mangala, Bhagyam, Aishwarya oil fields in Rajasthan

MIC
Metal in concentrate

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

MMSCFD
Million standard cubic feet per day

MT or Tonnes
Metric tonnes

MU
Million Units

MW
Megawatts of electrical power

NCCBM
National Council of Cement and Building Materials

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

NGO
Non-governmental organisation

Non-executive Directors
The Non-Executive Directors of the Company

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

OALP
Open Acreage licensing Policy

Ordinary Shares
Ordinary shares of 10 US cents each in the Company

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

OPEC
Organisation of the Petroleum Exporting Countries

GLOSSARY AND DEFINITIONS

PBT
Profit before tax

PPE
Property plant and equipment

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

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

PSP
The Vedanta Resources Performance Share Plan

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

Relationship Agreement
The agreement between the Company, Volcan Investments Limited and members of the Agarwal family which had originally been entered into at the time of the Company's listing in 2003 and was subsequently amended in 2011 and 2014 to regulate the ongoing relationship between them, the principal purpose of which is to ensure that the Group is capable of carrying on business independently of Volcan, the Agarwal family and their associates.

Return on Capital Employed or ROCE
Operating profit before special items net of tax outflow, as a ratio of average capital employed

RO
Reverse osmosis

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

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

SHGs
Self help groups

SBU
Strategic Business Unit

STL
Sterlite Technologies Limited, a company incorporated in India

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

Sterling, GBP or £
The currency of the United Kingdom

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

Sustaining Capital Expenditure
Capital expenditure to maintain the Group's operating capacity

TCM
Thalanga Copper Mines Pty Limited, a company incorporated in Australia

TC/RC
Treatment charge/refining charge being the terms used to set the smelting and refining costs

TGT
Tail gas treatment

TLP
Tail Leaching Plant

TPA
Metric tonnes per annum

TPM
Tonne per month

TSPL
Talwandi Sabo Power Limited, a company incorporated in India

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

GLOSSARY AND DEFINITIONS

Twin Star
Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group
Twin Star and its subsidiaries and associated undertaking

US cents
United States cents

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

Vedanta Limited (formerly known as Sesa Sterlite Limited/ Sesa Goa Limited)
Vedanta Limited, a company incorporated in India engaged in the business of Oil & Gas exploration and production, copper smelting, Iron Ore mining, Alumina & Aluminium production and Energy generation.

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

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

Volcan
Volcan Investments Limited, a company incorporated in the Bahamas

VRCL
Vedanta Resources Cyprus Limited, a company incorporated in Cyprus

VRFL
Vedanta Resources Finance Limited, a company incorporated in the United Kingdom

VRHL
Vedanta Resources Holdings Limited, a company incorporated in the United Kingdom

Water Used for Primary Activities
Total new or make-up water entering the operation and used for the operation's primary activities; primary activities are those in which the operation engages to produce its product

WBCSD
World Business Council for Sustainable Development

ZCI
Zambia Copper Investment Limited, a company incorporated in Bermuda

ZCCM
ZCCM Investments Holdings Limited, a company incorporated in Zambia

ZRA
Zambia Revenue Authority

GLOSSARY AND DEFINITIONS

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

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About Vedanta Resources

Vedanta Resources Limited ("Vedanta") is a diversified global natural resources company. The group produces aluminium, copper, zinc, lead, silver, iron ore, oil & gas, and commercial energy. Vedanta has operations in India, Zambia, Namibia and South Africa. With an empowered talent pool globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of trust, sustainability, growth, entrepreneurship, integrity, respect, and care. Good governance and sustainable development are at the core of Vedanta's strategy, with a strong focus on health, safety, and environment, and on enhancing the lives of local communities. The group has a strong focus on achieving best in class ESG practices. The group's CSR philosophy is to eradicate poverty and malnutrition with a focus on development of women & children. For more information on Vedanta Resources, please visit www.vedantaresources.com.

Disclaimer

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

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transforming for good

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