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"This announcement contains inside information which is disclosed in accordance with the EU Market Abuse Regulation." Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

9 November 2017

Vedanta Resources plc
Interim results for the six months ended 30 September 2017

Financial highlights

- Revenue of US$6.8 billion, up 39% y-o-y and EBITDA of US$1.7 billion, up 37% y-o-y, primarily due to higher volumes and strong commodity prices
- Adjusted EBITDA◊ margin of 34% in H1 FY2018 (H1 FY2017: 33%)
- Profit attributable to equity holders of the parent (before special items) increased to US$ 21 million (H1 FY2017: US$(64) million)
- Positive free cash flow(FCF)◊ after growth capex of US$232 million (H1 FY2017: US$166 million)
- Gross debt of US$15.1 billion, a reduction of US$3.1 billion over the last six months (including repayment of US$1.1 billion of temporary borrowing at Zinc India)
- Net debt◊ of US$9.0 billion, increased by US$ 0.5 billion in the last six months due to special dividends paid by subsidiaries
- Underlying earnings per share◊ of US cents 9.5 (H1 FY2017: loss of US cents 18.8) and basic loss per share of US cents 23.7 (H1 FY2017: loss of US cents 23.2)
- Interim dividend of US cents 24 per share (H1 FY2017: US cents 20 per share)
- Proactive refinancing of US$1.84 billion completed at Vedanta Resources plc in August 2017. This extends the average debt maturity by 1.5 years at Vedanta Resources plc level, lowers the average cost of borrowing and results in no significant debt maturities until December 2018.

Business highlights

Zinc India:

- Refined zinc-lead metal production of 459kt, up 49% y-o-y
- Refined silver production of 8.2 million ounces, up 30% y-o-y

Zinc International:

- Gamsberg on track to commence production from mid-CY2018
- Highest quarterly production for four years of 20kt at Black Mountain recorded during Q2 FY2018

Oil & Gas:

- Commencing the next growth phase at Oil & Gas
- 15-well infill drilling campaign at Mangala commenced; first well brought online

Aluminium:

- Record half yearly production of 753kt, up 39% y-o-y
- Continued smelter ramp-up, with current run-rate of 1.6 mtpa (excluding trial run production)

Power:

- 1980 MW TSPL plant operated at a high availability of 87% in Q2 FY2018

Copper India:

- Record quarterly copper cathode production of 106kt in Q2 FY2018

Copper Zambia:

- Lower integrated production in H1 FY 2018 due to lower equipment availability, but progressive improvement in mined metal production from Q4 FY2017
- Partnering with experts on operational improvement under way

Iron Ore:

- Strong realisation at Karnataka, 1.9mt produced in H1 and full allocated production expected to be achieved during Q3 FY2018
- Lower realisation at Goa in H1 FY 2018 due to increased discount for low grade iron ore
- Focus on beneficiation and blending in H2 to increase realisations at Goa operations

Growth projects announced today:

- Oil & Gas: Growth projects to increase production to 275-300kboepd
- Copper India: Expansion of Tuticorin smelter from 400ktpa to 800ktpa

Anil Agarwal, Chairman of Vedanta Resources plc, commented:

Our performance in the half year underlines that Vedanta's consistent strategy is delivering results. We are seeing the benefits of growth at Zinc and Aluminium, and the benefits of strong operating performance overall, alongside higher commodities prices.

Vedanta remains committed to delivering strong shareholder returns and maintaining a strong balance sheet. At the same time, we continue to deploy selective capital into profitable growth projects in line with our disciplined capital allocation framework, to drive industry-leading growth. We are pleased to announce the commencement of growth projects in our Oil and Gas business and Copper India business. Vedanta is uniquely positioned to capture the benefits of sustained commodity demand in India for many years to come, through our operating performance and selective growth."

Consolidated Group results table

Consolidated Group results	**Six months to 30.09.17**	**Six months to 30.09.16**	**% Change**	**Year ended 31.03.17**
Revenue	6,767	4,868	39%	11,520
EBITDA◊	1,694	1,233	37%	3,191
EBITDA margin◊	25%	25%	-	28%
EBITDA margin excluding custom smelting (%)◊	34%	33%	-	36%
Operating profit before special items	1,168	720	62%	2,161
Profit Attributable to equity holders of the parent (before special items)	21	(64)	-	35
Loss attributable to equity holders of the parent (after special items)	(66)	(64)	2%	(23)
Underlying attributable profit/(loss)◊	26	(52)	-	45
Basic loss per share (US cents)	(23.7)	(23.2)	2%	(8.2)
Profit/(loss) per share on underlying profit (US cents)	9.5	(18.8)	-	16.1
ROCE %◊	12.1%	7.8%*	-	15.6%
Dividend (US cents per share)	**24**	**20**	**-**	**55**

* *Restated based on annualized operating profit net of taxes for H1 FY2017. Capital employed excludes project work in progress and exploratory assets.*

◊ *Indicates alternate performance measures that are defined in detail in "Other Information".*

Vedanta Resources plc ("Vedanta" or "Group") will host its interim results presentation and Capital Markets Day on Friday 10 November 2017 at 9:00 AM to 12.30 PM UK time (2:30 p.m. to 6:00 pm India time). Senior management will discuss the results, as well as the operational and financial strategy, including an in-depth look at the Zinc India, Zinc International and Oil & Gas businesses by the respective business leaders. The event will be available via video webcast as well as conference call.

Webcast:

The webcast can be accessed via the Investor Relations section of our website, www.vedantaresources.com or directly at https://edge.media-server.com/m6/p/q7mvu45v

Conference call dial-in:

UK toll free: 0 808 101 1573	USA toll free: 1 866 746 2133
International & UK: +44 20 3478 5524	USA: +1 323 386 8721
India: +91 22 3938 1017	Singapore toll free: 800 101 2045
India toll free: 1 800 120 1221 or 1 800 200 1221	Hong Kong toll free: 800 964 448

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http://services.choruscall.in/diamondpass/registration?confirmationNumber=9916853

For 7-day replay:

UK toll free: 0 800 756 3427

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About Vedanta Resources

Vedanta is a London-listed diversified global natural resources company. The Group produces aluminium, copper, zinc, lead, silver, iron ore, oil and gas, and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Ireland and Australia. 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. To access the Vedanta Sustainable Development Report 2017, please visit

http://www.vedantaresources.com/media/214366/vedanta_sd_report_2016-17.pdf.
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.

CHAIRMAN'S STATEMENT

We have delivered a strong operational performance across our business over the past six months with EBITDA◊ growth of 37% y-o-y, and free cash flow of US$232 million compared with US$166 million last year. This performance was driven by a supportive market environment coupled with improved volumes. We expect this momentum to carry on into the second half of the year as well. We also continued to strengthen our financial position and remain focused on maintaining a strong balance sheet.

Operationally, we have had a strong first half as we focused on ramping up production. We saw strong volume growth across our Zinc India operations and the business achieved good results driven by the price rally and global supply deficits. Meanwhile, our Gamsberg zinc project in South Africa is progressing well and remains on track to start production in mid-2018. Our Aluminium operations delivered record production for the half year, driven by ramp-ups at Jharsuguda and BALCO. While integrated production at Copper Zambia was lower y-o-y, the business has seen progressive quarterly improvements since Q4 FY 2017. Copper India had stable production for the first half of the year and achieved record quarterly production in Q2 as a result of operational efficiencies.

In line with our stated strategic priority of maintaining a strong balance sheet, we proactively refinanced US$1.84 billion of debt in August 2017, through a combination of bonds and bank loans. This liability management exercise was a proactive step to extend debt maturities, lower the average cost of borrowing and strengthen the balance sheet. The strongly positive response we received to the new bond issuance demonstrated confidence in the Group's investment case.

The Board has recommended an interim dividend of 24 US cents per share, given the strong results in the first half. The Group has consistently paid dividends to shareholders in each of the last 14 years since its listing and we endeavour to continue delivering strong shareholder returns.

Going forward, our strategic priorities remain consistent with what we have previously stated. We continue to take a disciplined approach to growth through prudent capital allocation. In a period when investments in the mining industry have reduced, I am pleased to report that our portfolio has various well-invested options for industry leading growth across our commodities. We have also commenced the next phase of growth in our Oil & Gas business with a near term target of about 300kboepd. We are looking to rejuvenate our exploration portfolio through investment in our assets, primarily in Rajasthan and KG Offshore, and by participation in Open Acreage Licensing Policy auctions. With positive fundamentals in place, the Board has also approved the expansion of the 400kt copper smelter at Tuticorin in Southern India to 800kt. Completion of this project will place Tuticorin as one of the largest single-location copper smelting complexes in the world

We continue to be positive about India's growth and natural resources potential. Currently, the mining industry represents only 2.4% of India's GDP, with the country producing just 20% of its own natural resource needs, and therefore importing the remaining 80%. This highlights the opportunities available to the Group, and we are well placed to capitalise on India's growth, a country that is projected to become a US$6 trillion[1] economy by 2030. We expect to see the GDP growth of the nation translating into meaningful increases in metals and energy demand.

The Government of India is focused on growth, and has introduced a number of important measures to improve the business environment of the country. These pro-business initiatives include a new insolvency code for efficient resolution of distressed companies, and a country-wide Goods and Services Tax that replaces numerous other national and state taxes. These reforms will help improve the business environment and attract both global and local investors.

We continue our work to achieve the goals of 'Zero Harm, Zero Waste and Zero Discharge', and I have made this a personal priority. In the half year period, we were deeply saddened to report

1 Global insight

four fatalities, which is unacceptable. We have initiated a new "Leadership in Action" programme to improve safety, with the first phase reinforcing leadership responsibility and establishing further safety controls. The second phase will go live shortly and will standardise our approach to controlling critical risks and to coaching our leaders throughout our operations. Progress of the programme is tracked at executive committee level. We have made good progress on the sustainability front with Vedanta Limited ranked 15th globally in the Dow Jones Sustainability Index in the Industry Group - Mining and Metal. This improved on its 17th place last year, while Hindustan Zinc Limited ranked 11th.

We are also committed to the sustainable growth and development of the countries where we operate. Social investment is particularly close to my heart. I am proud of Vedanta's flagship Nand Ghars project in India that provides modern childcare centres and promotes skills development for women. We have built 100 of these state-of-the-art facilities and are fully geared up to build 4,000 by mid-2019.

During the half year we released our Tax Transparency Report for FY 2017. I am proud to say that the Group made it's highest ever contribution of US$ 6 billion to public finances through taxes, royalties and dividends. With these contributions we make a significant difference to the countries in which our assets are located, and see this as an integral part of our Social Licence to Operate.

As announced earlier this year, Kuldip Kaura has been appointed as Interim Chief Executive Officer effective 1st September 2017, following the departure of Tom Albanese. While the search is on for a CEO, Kuldip Kaura is driving the company's performance and growth as the CEO. He has a deep knowledge of company's businesses with his 15 years of experience within the Group. This ensures he is fully aligned with each of our businesses and management teams.

Aman Mehta, independent Non-Executive Director and Chair of the Audit Committee, retired from the Board at the AGM in August. Ravi Rajagopal, independent Non-Executive Director, succeeded Mr. Mehta as Chairman of the Audit Committee, while Deepak Parekh, independent Non-Executive Director, took on the role of Senior Independent Director. Further, Edward Story was appointed as a Non-Executive Director of the Company, and as a member of the Company's Audit Committee, both with effect from 1st June 2017. I am delighted to welcome him to our Board. His background and sector experience will significantly enhance our ability to grow and develop Vedanta's Oil & Gas business.

On behalf of the Board, I would like to thank all our employees for their commitment and hard work, and all our investors, communities and the governments of the countries in which we operate, for their consistent support.

ANIL AGARWAL

Chairman

9 November 2017

STRATEGIC FRAMEWORK: GROWTH UNDERPINNED BY DISCIPLINED CAPITAL ALLOCATION

The Group is executing a consistent strategy to deliver growth and returns for shareholders.

Stronger prices for our products, coupled with volume growth from our organic projects, have driven robust EBITDA◊ of US$1.7 billion and free cash flows of US$232 million during the first half of FY2018.

The priority in the near-term, to FY2020, is to ramp up to design capacity across all our businesses. Key projects that underpin this growth include:

- Continued ramp up at Aluminium business to achieve nameplate capacity of 2.3 Million tonnes
- At Zinc India, we are on track to achieve 1. 2 million tonnes of mined zinc-lead metal capacity, and about 24 million ounces of silver. During the year, we have made significant progress on our Gamsberg zinc project in South Africa and the project is on target for first production by mid CY 2018
- We have also embarked on our next phase of growth in exploration and development for our Oil & Gas business with a near-term target of 275 to 300 kboepd
- At Copper India, we have announced our expansion plan to double smelter capacity from 400ktpa to 800ktpa
- We are progressing on turning around Copper Zambia, we plan to achieve c. 200 ktpa annual output of integrated copper and generate positive free cash flow
- Our Iron Ore business is currently restricted by regulatory caps and can ramp up to pre-ban levels of over 20mtpa without any significant investments.

In the medium-term, beyond FY2020, we will continue to deliver value for our shareholders by focusing on the most compelling growth opportunities across the Group, underpinned by disciplined capital allocation. We have attractive growth options, most of which are brownfield, across our existing portfolio:

- Phase 2 and 3 of our Gamsberg zinc project at Zinc International, which has the potential to take total zinc concentrate production there from 250kt to 600kt
- Our Swatberg zinc and lead project in South Africa with potential production of over 75kt
- Zinc India has the potential to expand to 1.5 million tonnes of mined metal capacity with production of over 32 million ounces of silver, given the long mine life there of over 25 years
- Oil & Gas has the potential to increase output to about 500kboepd, accompanied by continued exploration
- Alumina refinery expansion at Lanjigarh to 6mt
- Copper Zambia has the potential to increase production of integrated copper to 300kt a year with 100kt of custom production
- Iron Ore deposits at Jharkhand.

In addition, we will also participate selectively in resource auctions in India, to harness the country's vast untapped and under-explored resources. All of these potential projects will be reviewed in the future based on our strict capital allocation framework, taking into account the Group's financial resources and the returns to shareholders that can be achieved based on prevailing and forecast commodity prices.

Dividends to shareholders have totalled c.US$235 million in the last two years. We expect capital investment to total to $2.1 billion (including optionality) in the next eighteen months as we continue to focus on both profitable growth and strengthening our balance sheet.

Our assets are well-invested to achieve our design capacity in the near-term and we continue to optimise spend across projects. Most of the capex for our aluminium business has already been invested. Capex spending is mainly focused on Zinc India and Phase 1 of Gamsberg, the investment for which is well supported due to the strong fundamentals of zinc. Capex pertaining to the Oil & Gas business will be funded from operating cash flows of the business, and the division will remain cash flow positive during its growth phase.

Our strategic priorities have remained fundamentally unchanged over the last few years, with a focus on delivering strong shareholder returns. We will increase production; optimise capital allocation and maintain a strong balance sheet; protect and preserve our licence to operate; and aim to maintain long resource life through exploration.

In conclusion:

- Vedanta is executing a consistent strategy to deliver growth and returns for shareholders
- Vedanta is uniquely positioned to capture India's resources demand growth
- Our strategy will result in new growth in advantaged commodities
- We have clear and consistent priorities for capital allocation and shareholder returns

FINANCE REVIEW

Basis of presentation of financial information

Our interim financial report is prepared in accordance with International Financial Reporting Standards (IFRS) – IAS 34. Our reporting currency is the US dollar (US$).

Executive summary: operational performance and strong commodity prices

During H1 FY2018, EBITDA◊ stood at US$1.7 billion (H1 FY2017: US$1.2 billion). Adjusted EBITDA◊ margins remained robust at 34% (H1 FY2017: 33%).

Market factors resulted in an incremental EBITDA of US$ 347 million compared to H1 FY2017. The increase was driven by stronger commodity prices, partially offset by an increase in raw material cost (primarily alumina, coal and carbon) and unfavourable foreign exchange impacts.

A strong operational performance contributed to an incremental EBITDA of US$114 million, driven by higher volumes at Zinc India and the continued ramp-up of Aluminium capacities. This was partially offset by lower volumes at the Oil & Gas, Power and Iron Ore businesses.

During H1 FY2018, gross debt reduced by c.US$3.1 billion, from US$18.2 billion as at 31 March 2017 to US$15.1 billion as at 30 September 2017. This includes repayment of US$1.1 billion of temporary borrowing at Zinc India.

During H1 FY2018 net debt increased to US$9.0 billion from US$8.5 billion as at 31 March 2017, due to special dividend payments from our listed subsidiaries, Hindustan Zinc Limited and Vedanta Limited in April 2017.

Consolidated operating profit before special items

Operating profit before special items increased by US$448 million to US$1.2 billion in H1 FY2018 (H1 FY2017: US$720 million) driven by a strong operating performance and robust commodity prices, partially offset by input commodity inflation and local currency appreciation.

Consolidated operating profit summary before special items

(In US$ million, except as stated)

Consolidated operating profit before special items	H1 FY2018	H1 FY2017	% change	FY2017
Oil & Gas	191	40	-	**186**
Zinc	858	477	80%	**1,385**
India	761	403	89%	**1,274**
International	97	74	32%	**111**
Iron Ore	(38)	44	-	**124**
Copper	43	69	(38)%	**116**
India/Australia	81	111	(27)%	**223**
Zambia	(38)	(42)	(10)%	**(107)**
Aluminium	66	31	-	**203**
Power	36	72	(50)%	**157**
Others	12	(13)	-	**(10)**
Total Group operating profit before special items	**1,168**	**720**	**62%**	**2,161**

Consolidated operating profit bridge before special items

			(In US$ million)
Operating profit before special items for H1 FY2017			**720**
Market and regulatory: US$ 347 million			
a)	Prices		**604**
	Metals and premium	561	
	Oil - Brent (realised price)	43	
b)	Direct raw material inflation		**(175)**
c)	Foreign exchange movement		**(73)**
	Indian rupee	(48)	
	ZAR and NAD	(12)	
	Kwacha	(13)	
d)	Profit petroleum to GoI at Oil & Gas		**6**
e)	Regulatory changes		**(15)**
Operational: US$ 101 million			
f)	Volume		**188**
g)	Product and market mix		**(32)**
h)	Cost		**(11)**
i)	Depreciation and amortisation		**(13)**
j)	Others		**(31)**
Operating profit before special items for H1 FY2018			**1,168**

a) Prices

Commodity price fluctuations significantly impact the Group's business. During H1 FY2018, commodity prices positively impacted operating profit by US$604 million.

Zinc, lead and silver: Average zinc LME prices during H1 FY2018 increased to US$2,784 per tonne, up 33% y-o-y; lead LME prices increased to US$2,250 per tonne, up 25% y-o-y; silver prices decreased to US$17.0 per ounce, down 7% y-o-y. The collective impact of these price fluctuations increased operating profits by US$ 313 million.

Aluminium: Average aluminium LME prices increased to US$1,962 per tonne in H1 FY2018, up 23% y-o-y, positively impacting operating profit by US$256 million.

Copper: Average copper LME prices increased to US$6,013 per tonne in H1 FY2018, up 27% y-o-y, positively impacting Copper Zambia's operating profit by US$50 million. Copper India is a custom smelting business, and profits are driven by prevailing TC/RC rather than LME prices.

Oil & Gas: The average Brent price for the year was US$51 per barrel, higher by 11% compared with US$46 per barrel during H1 FY2017, and was also supported by a lower discount to Brent during the year (H1 FY2018: 12.0%; H1 FY2017: 12.3%), positively impacting operating profit by US$43 million.

Iron Ore: Iron Ore Goa price realisation decreased to US$18 per tonne, down 50% y-o-y, mainly due to the widening discount for our 56Fe grade material, compared to the benchmark price of 62Fe iron grade. This resulted in a decrease in operating profit of US$58 million.

Our usual policy is to sell products at prevailing market prices and not to enter into price hedging arrangements. However, during the period, Zinc India entered into a forward contract to sell 220,000 tonnes of zinc and 30,000 tonnes of lead at prices of US$3,084 per tonne and US$2,418 per tonne respectively, for the period from January 2018 to June 2018.

b) Direct raw material inflation

Prices of key raw material such as alumina, thermal coal, carbon and metallurgical coke increased significantly in H1 FY2018, adversely impacting operating profit by US$175 million.

c) Foreign exchange fluctuation

Adverse currency movements decreased operating profits by US$73 million compared to H1 FY2017.

Most of our operating currencies appreciated against the US dollar during H1 FY2018 compared with H1 FY2017. Stronger currencies are unfavourable to the Group, given the local cost base and predominantly US dollar-linked pricing.

Information regarding key exchange rates against the US dollar:

	Average Half Year ended 30 Sept 2017	Average Half Year ended 30 Sept 2016	% change	As at 30 Sept 2017	As at 30 Sept 2016	As at 31 March 2017
Indian rupee	64.37	66.95	(4)%	65.36	66.66	64.84
South African rand	13.19	14.55	(9)%	13.56	13.86	13.41
Zambian kwacha	9.22	10.08	(9)%	9.72	9.89	9.66

d) Profit petroleum to GOI at Oil & Gas

The profit petroleum outflow to the Government of India (GOI), as per the production sharing contract (PSC), decreased by US$6 million. The reduction was primarily due to the reversal of past cost provisions taken in the previous year.

e) Regulatory

During H1 FY2018, regulatory headwinds increased due to the additional entry tax provision created at BALCO, for US$10 million pursuant to a Supreme Court order, and higher electricity duty (ED) in Aluminium. This had an adverse impact on operating profit of US$15 million.

f) Volumes

Higher volumes contributed to the increased operating profit of US$188 million. Key businesses that contributed were:

Zinc India (positive US$187 million): Integrated zinc metal production increased to 386,000 tonnes, up 54% y-o-y, and integrated lead metal production increased to 73,000 tonnes, up 32% y-o-y. Also, integrated silver production achieved a record level of 8.2 million ounces, 30% higher y-o-y.

Aluminium (positive US$56 million): We recorded higher production, mainly due to the ramp-up of additional pots at Jharsuguda II and BALCO II.

Oil & Gas (negative US$25 million): Production was lower because of natural decline, but was partially offset by increased volumes from the successful Enhanced Oil Recovery (EOR) project at Mangala.

Power (negative US$29 million): Power sales were impacted during H1 FY2018, mainly due to a fire incident at a TSPL coal conveyor that resulted in a plant shutdown for 65 days, but also by temporary coal shortages at the Jharsuguda and BALCO IPP power plants.

g) Product and market mix

During H1 FY2018, incremental aluminium production was sold in export markets, which realises lower premiums than the domestic Indian market. This mainly resulted in an adverse impact from the marketing mix of US$ 32 million.

h) Cost

During H1 FY2018, costs increased by US$11 million, primarily due to a higher consumption of imported coal and alumina compared to H1 FY2017, but this was partially offset by volume-led absorption, mainly at HZL.

h) Depreciation and amortisation

Depreciation and amortisation increased by US$13 million during H1 FY2018 compared with H1 FY2017. This was on account of commissioning of capacities at the Aluminium and Power businesses, higher production at HZL, partially offset by lower production volumes at Oil & Gas.

i) Others

These items are primarily driven by one-off adjustments and lower profitability at other allied businesses, adversely impacting operating profit by US$31 million over the base year.

Income statement

(In US$ million, except as stated)

	H1 FY2018	H1 FY2017	% change	FY2017
Revenue	6,767	4,868	39%	11,520
EBITDA◊	1,694	1,233	37%	3,191
EBITDA margin (%)◊	25%	25%	-	28%
EBITDA margin without custom smelting (%)◊	34%	33%	-	36%
Special items	29	-	-	(17)
Depreciation	(522)	(504)	4%	(928)
Amortisation	(4)	(9)	(60)%	(102)
Operating profit	1,197	720	66%	2,143
Operating profit without special items	1,168	720	62%	2,161
Net interest expense	(413)	(267)	55%	(698)
Interest cost related special items	(91)	-	-	(42)
Other losses	(17)	(27)	(35)%	(24)
Profit before taxation	675	427	58%	1,380
Profit before taxation without special items	737	427	73%	1,439
Income tax expense	(256)	(169)	51%	(495)
Income tax (expense)/credit (special items)	(10)	-	-	(5)
Effective tax rate without special items (%)	35%	40%	-	34%
Profit for the period /year	410	257	59%	880
Profit for the period /year without special items	481	257	87%	943
Non-controlling interest	475	322	48%	902
Non-controlling interest without special items	461	322	43%	909
Attributable (loss)	(66)	(64)	2%	(23)
Attributable profit/loss without special items	21	(64)	-	35
Underlying attributable profit/(loss) ◊	26	(52)	-	45
Basic (loss) per share (US cents per share)	(23.7)	(23.2)	2%	(8.2)
Earnings/(loss) per share without special items (US cents per share)	7.5	(23.2)	-	12.6
Underlying earnings/(loss) per share◊ (US cents per share)	9.5	(18.8)	-	16.1

Consolidated revenue

Revenue increased to US$ 6,767 million, up 39% y-o-y. The increase was primarily driven by stronger commodity prices, volume growth at Zinc India and ramp-up at Aluminium, partially offset by lower volumes at Oil & Gas, Power and Iron Ore.

(In US$ million, except as stated)

Consolidated revenue	H1 FY2018	H1 FY2017	Net revenue % change	FY2017
Oil & Gas	680	586	16%	1,223
Zinc	1,760	1,043	69%	2,857
India	1,503	873	72%	2,525
International	257	170	51%	332
Iron Ore	191	218	(12)%	615
Copper	2,375	1,800	32%	4,008
India/Australia	1,753	1,395	26%	3,134
Zambia	622	405	54%	874
Aluminium	1,468	864	70%	2,040
Power	336	383	(12)%	836
Others[1]	(43)	(26)	64%	(59)
Revenue	**6,767**	**4,868**	**39%**	**11,520**

1. *Includes port business and eliminations of inter-segment sales, which were lower in the current period.*

Consolidated EBITDA

The consolidated EBITDA◊ by segment is set out below:

(In US$ million, except as stated)

	H1 FY2018	H1 FY2017	% change	Key drivers	EBITDA margin % H1 FY2018	EBITDA margin % H1 FY2017
Oil & Gas	401	274	46%	Higher Brent, lower discount	59%	47%
Zinc	944	544	73%		54%	52%
India	834	456	83%	Higher volume & LME	55%	52%
International	110	88	25%	LME	43%	52%
Iron Ore	(3)	72	-	Lower volume & realisation	(1)%	33%
Copper	111	143	(23)%		5%	8%
India/Australia	93	126	(26)%	Input commodity inflation	5%	9%
Zambia	18	17	2%	Lower volume, higher price	3%	4%
Aluminium	153	102	50%	Ramp-up and LME	10%	12%
Power	74	108	(31)%	Lower volume	22%	28%
Others[1]	14	(10)	-		-	-
Total	**1,694**	**1,233**	**37%**		**25%**	**25%**

1. *Includes port business and elimination of inter-segment transactions.*

EBITDA◊ AND EBITDA MARGIN◊

EBITDA◊ for H1 FY2018 increased to US$1,694 million, up 37% y-o-y. This was primarily driven by the ramp-up of the Aluminium business, volume growth at Zinc India and stronger commodity prices, partially offset by raw material inflation, Indian rupee appreciation and one-off expenses such as aluminium pot revival costs and others. (See 'Operating profit variance' for more details.)

In H1 FY2018, EBITDA margin was stable at 25%, and adjusted EBITDA◊ margin was 34% (H1 FY2017: 33%).

The main margin contributors across the individual businesses were:

Oil & Gas (from 47% H1 FY2017 to 59% H1 FY2018): Driven by the improvement in Brent prices and past cost recoveries, partially offset by lower volumes due to natural decline.

Zinc India (from 52% to 55%): Driven by improved commodity prices and volume growth, partially offset by higher costs due to input commodity inflation and lower acid credit.

Zinc International (from 52% to 43%): Driven by positive one-offs in H1 FY2017 of a royalty refund at BMM and an insurance receipt at Skorpion, as well as lower volumes at Skorpion in H1 FY2018. These were partially offset by improved LME prices and higher volumes at BMM.

Power (from 28% to 22%): Driven by the shutdown of the TSPL power plant due to a fire incident in Q1 FY2018, and lower power generation at Jharsuguda and BALCO IPP due to temporary coal shortages.

Aluminium (from 12% to 10%): Driven by input commodity inflation, currency appreciation, higher power cost due to a temporary coal shortage, and one-off pot revival expenses, partially offset by improved LME prices.

Copper India (from 9% to 5%): Driven by lower treatment and refining charges (TC/RC) as per market trends, and a lower phosphoric acid margin.

Copper Zambia (from 4% to 3%): Driven by local currency movements and lower integrated volumes, partially offset by improved LME prices.

Special items

During H1 FY2018, the exceptional gain was US$29 million in H1 FY2018 (H1 FY2017: nil), primarily due to the reversal of the excess District Mineral Fund (DMF) liability for the period 12 January to 16 September 2015, pursuant to the judicial announcement during the period at Zinc India (US$45 million). This was partially offset by a write-off of the exploratory asset (Palar block) in the Oil & Gas business (US$17 million).

Net interest

Finance costs increased to US$689 million, up 6% y-o-y in H1 FY2018 (H1 FY2017: US$ 652 million). This was primarily due to:

i. higher finance costs following the partial completion of capacities at Jharsuguda, BALCO and TSPL (c. US$40 million); and

ii. The issuance of 7.5% preference shares of US$464 million to shareholders of Oil & Gas, pursuant to the merger with Vedanta Ltd in April (c. US$15 million).

The above cost increase was partially offset by lower gross debt and a lower cost of borrowing at 7.2% (H1 FY2017: 7.6%).

Investment revenue in H1 FY2018 decreased to US$276 million (H1 FY2017: US$386 million). This was primarily driven by lower cash and liquid investments due to the special dividend pay-outs. The income was also reduced due to falling returns on investments and lower mark-to-market (MTM) gains.

The average post-tax return on investment of the Group was 6.7% (H1 FY2017: 8.8%), and the average pre-tax return was 8.5 % (H1 FY2017: 10.8%).

The combination of higher finance costs and lower investment revenues led to an increase of US$146 million in net interest expense during the period.

Interest cost related special items

Special items related to interest cost were US$91 million in H1 FY2018, due to a loss incurred on bond buy-back activity in Apr and August 2017.

Other gains and losses

Other gains and losses of US$(17) million are on account of unfavourable foreign exchange movement (H1 FY2017 MTM loss: US$27 million)

Taxation

The Effective Tax Rate (ETR) in H1 FY2018 (excluding special items) was 35% compared to 40% during H1 FY2017. The lower tax rate is due to business losses in the Aluminium and Power businesses, partially offset by the phasing out of the investment allowance claim. Tax rate for FY2018 is expected to be around thirty percent.

Attributable profit/(loss)

The attributable profit before special items was US$21 million, compared with an attributable loss of US$64 million in H1 FY2017, mainly driven by higher EBITDA◊, and partially offset by higher net interest expenses.

Earnings/(loss) per share

Basic loss per share for the period was US cents 23.7 (H1 FY2017: loss of US cents 23.2). Excluding the impact of special items and other gains and losses, the underlying profit was US cents 9.5 per share (H1 FY2017: loss of US cents 18.8 per share).

Fund flow

The Group generated free cash flow (FCF)◊ of US$232 million (H1 FY2017: US$166 million). This was driven by a strong operating performance and disciplined capital expenditure outflow, partially offset by higher interest expenses and the unwinding of working capital driven by higher input commodity prices and ramp-ups.

Fund flow and movement in net debt◊

Fund flow and movement in net debt in H1 FY2018 are set out below.

(In US$ million, except as stated)

Details	**H1 FY2018**	**H1 FY2017**	**FY2017**
EBITDA◊	1,694	1,233	**3,191**
Operating exceptional items	46	-	**-**
Working capital movements	(467)	(150)	**295**
Changes in non-cash items	8	8	**29**
Sustaining capital expenditure	(109)	(106)	**(145)**
Movements in capital creditors	-	(89)	**(158)**
Sale of property, plant and equipment	2	7	**25**
Net interest (including interest cost related special item)	(497)	(250)	**(701)**
Tax paid	(173)	(113)	**(324)**
Expansion capital expenditure	(272)	(374)	**(668)**
Free cash flow post capex (FCF) ◊	232	166	**1,544**
Dividend paid to equity shareholders	(97)	(83)	**(138)**
Dividend paid to non-controlling interests	(610)	(678)	**(1,393)**
Tax on dividend from Group companies	-	(210)	**(455)**
Other movements[1]	(39)	(32)	**(732)**[2]
Movement in net debt	**(514)**	**(837)**	**(1,175)**

1. *Includes foreign exchange movements.*
2. *Includes preference shares of US$464 million issued in relation to the Cairn merger.*

Debt, maturity profile and refinancing

In line with the stated financial priorities of deleveraging and balance sheet strengthening, the Group has reduced gross debt by c. US$3.1 billion, from US$18.2 billion as at 31 March 2017 to US$15.1 billion as at 30 September 2017. This includes repayment of US$1.1 billion temporary borrowing at HZL. However, during H1 FY2018 the net debt increased to US$9.0 billion from US$8.5 billion as at 31 March 2017, due to special dividend payments by HZL and Vedanta Limited in April 2017.

The Group has been proactively managing its debt maturities at Vedanta Resources plc and various operating entities. This included the major refinancing exercise of US$1.84 billion at Vedanta Resources plc in August 2017 which comprised of bonds and term loans.

This major refinancing transaction included the issue of US$1.0 billion bonds in August 2017. The proceeds of which were used to redeem US$752 million bonds with maturity dates of 2019 and 2021 resulting in refinancing costs of US$55 million. These costs have been disclosed under financing costs – special items.

Together, these transactions have collectively extended the Group's average debt maturity by 0.5 years to about 3 years during H1 FY2018 and lowered its average cost of borrowing by 40 bps over the same period.

Our total gross debt of US$15.1 billion comprises:

- US$12.2 billion as term debt (March 2017: US$13.8 billion);
- US$2.1 billion short-term borrowings (March 2017: US$2.3 billion);
- US$0.5 billion preference shares issued pursuant to the Cairn merger (March 2017: US$0.5 billion);
- US$0.2 billion working capital loans (March 2017: US$0.4 billion); and
- US$0.1 billion temporary borrowing at Zinc India (March 2017: US$1.2 billion).

The maturity profile of term debt (totalling US$12.2 billion) of the Group is summarised below:

Particulars

	As at 31 March 2017	As at 30 Sept 2017	FY2018	FY2019	FY2020	FY2021	FY2022	Beyond FY2022
Debt at Vedanta Resources plc	6.2	**6.1**	0.3	0.9	0.4	0.1	1.4	3.0
Debt at subsidiaries	7.6	**6.1**	0.8	1.2	1.1	1.3	0.7	1.0
Total term debt[1]	**13.8**	**12.2**	**1.1**	**2.1**	**1.5**	**1.4**	**2.1**	**4.0**

1. *Term debt excluding preference shares.*

Term debt at our subsidiaries was US$6.1 billion, with the balance in the holding company. The total undrawn fund-based credit limit was c.US$0.8 billion as at 30 Sept 2017.

The Group has been successful in extending our maturing debts through roll overs, new debts and repayment from internal accruals during the period, both at Vedanta plc and subsidiaries.

Cash and liquid investments stood at US$6,103 million at 30 September 2017 (31 March 2017: US$9,725 million). The portfolio continues to be conservatively invested in debt mutual funds, and in cash and fixed deposits with banks.

Going concern

The Directors have considered the Group’s cash flow forecasts for the next 12-month period, from the date of signing the financial statements ending 30 September 2017. Net debt has increased by US$0.5 billion in H1 FY2018 to US$9.0 billion, with US$0.8 billion of undrawn facilities at the balance sheet date. Further analysis of net debt is set out in Note 9 of the interim financial statements. The Board is satisfied that the Group’s forecasts and projections show that the Group will be able to operate within the level of its current facilities for the foreseeable future. This takes into account reasonably possible changes in trading performance on cash flows and forecast covenant compliance; the transferability of cash within the Group; the flexibility that the Group has over the timings of its capital expenditure; and other uncertainties. For these reasons, the Group continues to adopt the going concern basis in preparing its financial statements.

Covenants

The Group is in compliance with its covenants relating to all facilities for the testing period ending 30 September 2017.

Credit rating

The credit rating by Moody's is at 'B1/outlook stable' for CFR Rating and 'B3' for Senior Unsecured notes. The rating by S&P is at 'B+/outlook stable'.

We are focused on further strengthening our credit profile to attain investment-grade ratings, through our continuous focus on operations to generate increased cash flows, and on financial policies.

Balance sheet

(In US$ million, except as stated)

	30 September 2017	30 September 2016	31 March 2017
Goodwill	17	17	17
Intangible assets	92	90	96
Property, plant and equipment	16,486	16,649	16,751
Other non-current assets	2,227	1,974	2,157
Cash and liquid investments	6,103	8,167	9,725
Other current assets	3,217	3,069	2,759
Total assets	**28,142**	**29,966**	**31,503**
Gross debt	(15,121)	(16,333)	(18,229)
Other current and non-current liabilities	(6,811)	(6,679)	(7,260)
Net assets	6,210	6,953	6,015
Shareholders' equity	(618)	(874)	(409)
Non-controlling interests	6,828	7,827	6,423
Total equity	**6,210**	**6,953**	**6,015**

Shareholders' (deficit)/equity was US$(618) million at 30 September 2017 compared with US$(409) million at 31 March 2017. This mainly reflects the attributable loss for H1 FY2018 and dividend payout of US$97 million (US cents 35 per share).

Non-controlling interests increased to US$6,828 million at 30 September 2017 (from US$6,423 million at 31 March 2017) mainly driven by profitability of the Zinc India business.

Property, plant and equipment

In H1 FY2018, the Group invested US$381 million in property, plant and equipment, comprising US$272 million on our expansion and improvement projects and US$109 million on sustaining capital expenditure. The main expansion capex was spent on the Gamsberg project at Zinc International (US$62 million), Hindustan Zinc capacity expansion to 1.2 mtpa (c. US$ 119 million) and Jharsuguda Aluminium (US$72 million).

Project capex

(US$ million)

Capex in progress	Status	Total capex approved [6]	Cumulative spend up to March 2017[7]	Spent in H1 FY2018	Unspent as at 30 September 2017[1]
Oil & Gas (a)					
Mangala infill, liquid handling, Aishwariya & Bhagyam EOR, tight oil & gas etc.		842	56	22	764
Aluminium					
BALCO – Korba-II 325ktpa smelter and 1200MW power plant (4x300MW)[3]	Smelter: fully operational	1,872	1,965	(6)[2]	(86)
Jharsuguda 1.25mtpa smelter	Line 3 and 5: 2 sections capitalised Line 4: fully capitalised	2,920	2,746	72	102
Zinc India					
Mines expansion	Phase-wise by FY2020	1,600	1,015	111	474
Others		150	12	8	129
Zinc International					
Gamsberg mining project	First production by mid-CY2018	400[4]	68[5]	62	270
Copper India					
Tuticorin smelter 400ktpa	To complete by Q3 FY 2020	717	139	2	576
Capex flexibility					
Lanjigarh Refinery (phase II) – 4mtpa	Under evaluation	1,570	822	1	748
Skorpion refinery conversion	Currently deferred until pit 112 extension	156	14	-	142

1. *Unspent capex represents the difference between the total projected capex and the cumulative spend as at 30 Sep 2017.*
2. *H1 FY2018 spend was positive (US$6 million) due to the sale of trial run production*
3. *Cost over-run due to changes in exchange rate. The total over-run is expected to be US$120 million up to FY2019.*
4. *Capital approved US$400 million excludes interest during construction (IDC).*
5. *Adjusted for capital advance. Previous reported spend was US$63 million.*
6. *Is based on exchange rate prevailing at time of approval.*
7. *Is based on exchange rate prevailing at the time of incurrence.*

OPERATIONAL REVIEW

OIL & GAS

SAFETY

At our Oil & Gas business, we continue to achieve significant progress towards Zero Harm, achieving a lost time injury frequency rate (LTIFR) of 0.16 against 0.34 in H1 FY2017.

As part of our focus on digitalisation, we launched an HSE mobile app. This enables employees to raise a safety alert, instantly and simply, and facilitate the instant logging of any unsafe act or condition.

ENVIRONMENT

The water recycling rate for the reporting half-year was 87% compared to 82% in H1 FY2017.

At Mangala oilfield, concentrated solar thermal (CST) technology has been adopted for enhanced evaporation of the waste water that is generated from well pad operations.

During the year, we won the Global Waste Management and Global Sustainability awards from the Energy & Environmental Foundation (EEF). We also received the Golden Peacock Award for Sustainability, and the Competent Safety Professional Award 2017 from the Federation of Indian Chambers of Commerce and Industry (FICCI).

Production performance

	Unit	H1 FY2018	H1 FY2017	% change	FY2017
Gross production	**Boepd**	**184,062**	**196,629**	**(6)%**	**189,926**
Rajasthan	Boepd	156,278	167,323	(7)%	161,571
Ravva	Boepd	17,810	19,228	(7)%	18,602
Cambay	Boepd	9,974	10,078	(1)%	9,753
Oil	Bopd	176,632	190,089	(7)%	184,734
Gas	Mmscfd	45	39	14%	31
Net production – working interest	boepd	117,391	125,484	(6)%	121,186
Oil	bopd	113,881	122,489	(7)%	118,976
Gas	mmscfd	21	18	17%	13
Gross production	mmboe	34	36	(6)%	69
Working interest production	mmboe	21	23	(6)%	44

Operations

Average gross production for H1 FY2018 was 184,062 barrels of oil equivalent per day (boepd), which was 6% lower than H1 FY2017. Block-wise production details have been summarised below.

Rajasthan block

Rajasthan block production was 7% lower at 156,278 boepd. This reduction was due to natural decline in the producing reservoirs and a temporary shutdown of satellite fields in the second quarter owing to operational issues. However, the decline was partially offset by encouraging results from the polymer enhanced oil recovery (EOR) project at Mangala and prudent reservoir management practices.

The Rajasthan block continued to record plant uptime of over 99% for H1 FY2018 (H1 FY2017: 99%).

Gas production from Raageshwari Deep Gas (RDG) in Rajasthan has increased to an average of 35 mmscfd in H1 FY2018, with post captive consumption gas sales of 19 mmscfd from an average of 30 mmscfd in H1 FY2017, with gas sales at 16 mmscfd.

Ravva block

Production from the Ravva block was down by 7%, owing to natural decline. Closing of the water producing zones in two wells and gas lift optimisation has helped in enhancing production rates from the field, partially offsetting the natural decline. The Ravva block continued to record an uptime of over 99% for H1 FY2018 (H1 FY2017: 99%).

Cambay block

Production from the Cambay block was down by 1%, owing to natural decline. Targeting incremental production opportunities, a gas well has been re-activated and gas lift started in two wells which have helped offset the natural decline. The Cambay block continued to record an uptime of over 99% for H1 FY2018 (H1 FY2017: 99%).

Prices

	H1 FY2018	H1 FY2017	% change	FY2017
Average Brent prices – US$/barrel	51.0	45.8	11%	48.6

The latter half of H1 FY2018 saw a substantial recovery in crude oil prices with a near 26-month high of USD$58 per barrel in September and improved market sentiment. The Brent crude oil price averaged US$51 per barrel, with a closing rate of US$57.2 per barrel as at 30 September 2017. The period ended on a positive note after the Joint OPEC and non-OPEC Technical Committee reported the highest ever supply reduction since implementing the agreement in January 2017.

The US Energy Information Administration and OPEC have both raised their forecasts for crude demand by around 30,000 barrels a day for the current year, owing to a decline in global oil inventories and robust demand from developed and emerging market economies.

Financial performance

(In US$ million, unless stated)

	H1 FY2018	H1 FY2017	% change	FY2017
Revenue	680	586	16%	**1,223**
EBITDA◊	401	274	46%	**597**
EBITDA margin	59%	47%	–	**49%**
Depreciation and amortisation	210	234	(10)%	**411**
Operating profit before special items	191	40	-	**186**
Share in Group EBITDA %	24%	22%	-	**19%**
Capital expenditure	22	24	(7)%	**62**
Sustaining	0	3	(95)%	**6**
Projects	22	21	5%	**56**

Revenue for H1 FY2018 was higher at US$680 million and up 16% y-o-y (after profit and royalty sharing with the Government of India), , supported by a recovery in oil price realisation. EBITDA for H1 FY2018 was higher at US$401 million, up 46% y-o-y, due to higher revenue and effective cost optimisation initiatives. The Rajasthan water flood operating cost was US$4.3 per barrel, almost in line with H1 FY2017, through the continuous improvement in well maintenance costs amidst an increase in operating complexity. Overall, the blended Rajasthan operating cost increased marginally to US$6.2 per barrel during H1 FY2018 compared with US$6.1 per barrel in H1 FY2017, due to the ramp-up in polymer injection volumes.

In H1 FY2018 capital expenditure was US$22 million, which was primarily focused on the growth projects including Mangala infill and liquid handling up gradation.

In H1 FY2018, US$17 million was written off in relation to the Palar Block following the commercial assessment of reserves & resources.

Exploration and Development

Exploration

Rajasthan – (BLOCK RJ-ON-90/1)

The Group is rejuvenating its oil and gas exploration efforts in the prolific Barmer Basin. The basin provides access to multiple play types with oil in the high permeability reservoir, tight Oil and tight Gas. Global partners have been engaged to unravel the full potential of the basin and establish 1.5 billion boe of prospective resources.

Tendering is in the advanced stages for an integrated exploration and appraisal drilling campaign, planned for H1 CY2018, to build a contingent resources portfolio.

Krishna-Godavari Basin Offshore – (BLOCK KG-OSN-2009/3)

Interpretation of the seismic volumes has identified robust drillable prospects and a number of leads over different play types. A two-well exploratory drilling campaign is expected to commence from Q4 FY18, targeted at adding around 300 mmboe of contingent resources.

Development

The Group has a rich set of opportunities in the development portfolio to deliver incremental volumes of around 100 kboepd at a gross capex investment of over US $ 1 Billion. In order to execute these projects in time and within budget, we have made a fundamental change in our project execution strategy. We have devised an 'Integrated Project Development' strategy with an in-built risk and reward mechanism to drive incremental value from schedule and recoveries.

Enhanced oil recovery Projects

The learnings from the successful implementation of the Mangala Polymer EOR project are being leveraged to enhance production from the Bhagyam and Aishwariya fields. The field development plan (FDP) for Aishwariya Polymer EOR has been approved by the Operating Committee while the FDP for Bhagyam Polymer EOR is under discussion with our JV partner. The contracts for the enhanced oil recovery projects are in advanced stage of award.

Tight Oil & Gas Projects

Raageshwari Deep Gas development

Gas development in the Raageshwari Deep Gas (RDG) field in Rajasthan continues to be a strategic priority. The expected ultimate recovery has further increased by 22% to 105 million barrels of oil equivalent, driven by recently acquired seismic data and interpretation. Phase I of the project to ramp up production to 40-45 mmscfd will be completed in November 2017. Phase 2 of the project will be executed through an integrated development approach to ramp up overall Rajasthan gas production to ~150mmscfd, and condensate production of 5 kboepd.

Aishwariya Barmer Hill

The large hydrocarbons initially in place (HIIP) of 1.4 billion barrels of oil equivalent of Barmer Hill offers significant growth potential. The Aishwariya Barmer Hill (ABH) stage I production from appraisal wells commenced during Q2 FY2018. Development cost for ABH Stage II has further reduced to US$180 million for an estimated recovery of 32 million barrels. Field Development Plan for Phase 2 has been submitted to our JV Partner.

The integrated contract for Tight Oil and Tight Gas is in advance stage of award.

Other Projects

Mangala infill

Drilling of 15 infill wells in the prolific Mangala field commenced during Q2FY2018. One well was brought online during September 2017 with four wells currently online.

Based on the Mangala field's performance, a further 45-well infill drilling proposal is under advance stage of discussion with our Joint Venture partner. The project has an expected ultimate recovery of 18 million barrels and provides a significant near-term production acceleration opportunity.

Surface facility upgrade

In order to maximise production, we are focusing on increasing liquid handling capacity by over 30% at the Mangala Processing Terminal (MPT). A series of measures are being planned to increase the liquid handling and water injection capacities in a phased manner.

Cambay infill

We continue to look at opportunities to increase production at our offshore blocks. In cambay block we are commencing a 3 well infill drilling program from Q4FY18.

Outlook

The Oil & Gas business has recommenced the capital expenditure with the objectives of enhancing the exploration portfolio, executing development projects to add incremental volumes and maintaining robust operations to generate free cash post capex.

For FY2018, we expect to have a steady production volume from Rajasthan at 165,000 boepd with potential upside from the execution of the growth projects in second half of current fiscal year. The net capex is estimated at US$ 250 million

Our net capex expenditure upto FY 2020 is expected to be US$ 850 million driven by spend in exploration and development projects to add around 100 kboepd of incremental production.

ZINC INDIA

SAFETY

During the reporting period, we saw a reduction in lost time injuries, from 10 in H1 FY2017 to 6 in H1 FY2018. The LTIFR was recorded at 0.23 compared to 0.41 in the previous year.

During H1 FY2018 we focused on implementing various world-class safety management practices such as a pre start-up safety review protocol to create awareness on significant hazards and potential risks; development and implementation of a Facility Audit Protocol; and conducting regular safety town-hall meetings. We also received the Safety Innovation Award 2017 from Institution of Engineers India (IEI).

ENVIRONMENT

The business continued to improve its performance in resources conservation and recycling. During the reporting period the water recycling rate increased to 37% (FY2017: 34%).

Hindustan Zinc received notable recognitions during the first half of this fiscal year. We were ranked 11th globally by the Dow Jones Sustainability Index under the Metal and Mining sector, with a ranking of 3rd globally in the Environmental vertical. We received the Sustainable Plus Platinum Label award by the Confederation of Indian Industries (CII) for our sustainability practices. We also received awards for Best Sustainability Practices, Best Carbon Footprinting and Best Sustainability Report from the World CSR Day.

Production performance

Production (kt)	H1 FY2018	H1 FY2017	% change	Year ended 31 March 2017
Total mined metal	452	318	42%	907
Production – zinc				
Mined metal content	373	257	45%	756
Refined metal	**386**	**252**	**53%**	**672**
Integrated	386	250	54%	670
Custom	0	2	–	2
Production – lead[1]				
Mined metal content	80	61	31%	151
Refined metal	**73**	**55**	**32%**	**139**
Integrated	73	55	32%	139
Custom	0	0	–	–
Production – silver (moz)[2]	**8.2**	**6.3**	**30%**	**14.6**
Integrated	8.2	6.3	30%	14.6
Custom	0	0	–	–

1. *Excluding captive consumption of 3,590 tonnes in H1 FY2018 vs 1,921 tonnes in H1 FY2017.*
2. *Excluding captive consumption of 609 thousand ounces in H1 FY2018 vs 316 thousand ounces in H1 FY2017.*

Operations

In H1 FY2018, ore production increased to 5.7 million tonnes, 22% higher y-o-y, driven by higher production across all mines. Mined metal production increased to 452,000 tonnes, up 42% y-o-y, in line with the mine plan.

Production from the underground mines ramped up significantly during the year, with ore production and metal in concentrate (MIC) production totalling 87% and 77% respectively, and were up by 20% and 41% respectively on H1 FY2017.

Integrated zinc metal production increased to 386,000 tonnes, 54% y-o-y, and integrated lead metal production increased to 73,000 tonnes, 32% y-o-y. The increase was in line with higher mined metal supported by enhanced smelter efficiencies. The closing stock of MIC was approximately 60,000 tonnes, which is expected be converted into refined metal in H2 FY2018.

We achieved an integrated silver production of 8.2 million ounces, 30% higher y-o-y, driven by improved grades and higher feeds from mines.

In Q2 FY2018, the Group sold 220,000 tonnes of zinc and 30,000 tonnes of lead forward at a price of US$3,084 per tonne and US$2,418 per tonne respectively. Of this, 165,000 tonnes are for the period January to March 2018 with the remainder for April to June 2018.

Prices

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Average zinc LME cash settlement prices US$/t	2,784	2,089	33%	2,368
Average lead LME cash settlement prices US$/t	2,250	1,797	25%	2,005
Average silver prices US$/ounce	17.0	18.2	(7)%	17.8

Zinc sustained price levels of over US$2,600 for most of the period during H1 FY2018. Q2 FY2018 has seen a sustained rise in the Purchasing Managers' Index (PMI) for both manufacturing and construction in Europe, US, China and Japan. On the supply side, Chinese mine production figures have confirmed a fall in output of 1.7% for the first half of 2017. Further, there has been a 10% y-o-y decline in Chinese refined zinc production. LME zinc prices have increased considerably, from the average H1 FY2017 level of US$2,089 per tonne to US$2,784 per tonne in H1 FY2018.

Lead averaged US$2,250 per tonne, 25% higher y-o-y. This was primarily due to concentrate market supply constraints, owing to mine production cuts in 2015-16; critically low Chinese stocks resulting from environment- related mine suspensions; better than expected car sales; and robust demand from industrial battery markets. Lead prices climbed considerably, from the average H1 FY2017 level of US$1,797 per tonne to US$2,250/tonne in H1 FY2018. Silver prices rallied in H1 FY2017 to reach a high of US$21 per ounce during June last year. Prices have since decreased and remained in the US$16-US$19 per ounce band during H1 FY2018. The trading activity for the metal has maintained a consistently upward trend throughout H1 FY2018 with 80.2k pounds of silver trading in the market, compared to 50k pounds during the depressed January 2016 markets.

Unit costs

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Unit costs (US$ per tonne)				
Zinc (including royalty)	1,322	1,131	17%	1,154
Zinc (excluding royalty)	979	852	15%	830

The unit cost of zinc production (excluding royalties) increased to US$979 per tonne, up 15% y-o-y. The increase was due to higher input raw material prices (primarily coal and metallurgical coke), higher mine development expenses and Indian rupee appreciation. This was partially offset by higher integrated production.

Including royalties, the cost of zinc production increased to US$ 1,322 per tonne, 17% higher y-o-y, also driven by higher LME linked royalty payments.

Of the total cost of production of US$1,322 per tonne, government levies amounted to US$382 per tonne (H1 FY2017: US$316 per tonne), comprised mainly of royalty payments, the Clean Energy Cess, electricity duty and other taxes.

Financial performance

(in US$ million, unless stated)

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Revenue	1,503	873	72%	2,525
EBITDA◊	834	456	83%	1,423
EBITDA margin (%)	55%	52%	-	56%
Depreciation and amortisation	73	53	38%	149
Operating profit before special items	761	403	89%	1,274
Share in Group EBITDA (%)	49%	37%	-	45%
Capital expenditure	159	178	(11)%	288
Sustaining	40	73	(45)%	50
Growth	119	105	14%	238

EBITDA◊ in H1 FY2018 increased to US$834 million, up 83% y-o-y. The increase was primarily driven by higher volumes, improved zinc and lead prices but partially offset by the higher cost of production.

Projects

The announced mining projects are progressing in line with the expectation of reaching 1.2 million tonnes per annum of mined metal capacity in FY2020.

Zinc India's successful transition from open cast to underground mining continues to advance on track. When the mining expansion projects were announced in early 2013, the share of mined metal from underground mines was 15%. This increased to 52% in FY2017, and is expected to reach 80% in FY2018 and 100% in FY2019.

Capital mine development increased to 18,593 metres during H1 FY2018 across all mines, up 79% y-o-y.

Rampura Agucha

At the Rampura Agucha mine development, 7,998 metres were achieved during H1 FY2018 (H1 FY2017: 5,855 metres). The main shaft service winder was commissioned during Q2 FY2018, and the production winder installation was completed in October 2017. Four ventilation fans of 2MW each will be commissioned by year-end. Shaft commissioning is on track and production is expected start in line with previous guidance in Q3 FY 2019.

Sindesar Khurd

The Sindesar Khurd mine achieved mine development of 9,363 metres during H1 FY2018 (H1 FY2017: 3,630 metres). Main shaft equipping commenced and production is expected to start in Q3 FY2019. Construction, engineering works and procurement ordering is under way for the third mill of 1.5 mtpa capacity, scheduled for commissioning by Q2 FY 2019. This will take the total milling capacity at Sindesar Khurd to 5.8 mtpa.

Zawar

The Zawar mine achieved the highest-ever mine development of 12,917 metres during H1 FY2018 (H1 FY2017: 5,918 metres). During the period, the new Mochia decline was connected to production level, enhancing its hauling capacity. Zawar mill debottlenecking was completed during the reporting period and the upgraded capacity of 2.7 mtpa was commissioned. The order for the second mill of 2 mtpa capacity was awarded during H1 FY2018 with targeted commissioning by Q3 FY2019.

Fumer

The fumer project at Chanderiya is progressing on track, with completion due by mid-FY 2019 as per prior guidance. Structure erection and delivery of equipment material has commenced.

Outlook

As guided earlier, mined metal production in FY2018 is expected to be higher than in FY2017. Refined zinc-lead metal production is expected to be approximately 950kt. Silver production will be over ~15.0 million ounces (or 500 metric tonnes). Based on the significant increase in raw material prices compared to last year, cost of production (CoP) for FY2018 is likely to be in the range of US$900 - US$950 per tonne.

The project capex for the year will be around US$300 - US$325 million. The Group is on track to achieve 1.2 million tonnes per annum (mtpa) mined metal production capacity by FY2020.

ZINC INTERNATIONAL

Safety

With deep regret, we reported a fatality at our Zinc International business during H1 FY2018. One of our contract workers incurred fatal injuries while developing a dewatering bore hole at our Skorpion Zinc operation in Namibia. The company continues to strengthen compliance of safety management standards in order to prevent such unacceptable incidents. During the period, the business reported a small improvement in the LTIFR performance (H1 FY2018: 1.66 vs. H1 FY2017: 1.94).

Environment

Biodiversity management plan implementation at our Gamsberg project is of significant importance to the business as the project is in 1 of 35 biodiversity hot spots, globally. An Off-set agreement with the Environmental Authorities (DENC) is in place. As at the end of H1 FY2018, 21700ha of offset land was secured against the minimum target of 12900ha.

Production performance

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Total production (kt)	**74**	82	(9)%	156
BMM - mined metal	**38**	35	8%	70
Skorpion - refined metal	**36**	47	(22)%	85

Operations

During H1 FY2018, total production decreased to 74,000 tonnes, down by 9% y-o-y, due to a planned shutdown of the Skorpion plant during Q1 FY2018, but partially offset by higher grades and higher recoveries at BMM.

At BMM, production increased to 38,000 tonnes, 8% higher y-o-y. In Q2 FY2018, BMM recorded the highest quarterly metal production in last four years. The increase was due to stronger grades from improved drilling accuracy, better equipment utilisation and higher than planned recoveries from plant flotation optimisation. This was in addition to the benefits observed from last year's shift in the mining methodology from cut & fill to the more cost effective long hole massive mining, which includes efficiency improvements on backfill, long-hole blasting and better availability of ore hoisting.

Skorpion production decreased to 36,000 tonnes, 22% lower y-o-y. This was mainly because of a planned plant shutdown during the first quarter of the year which was partially offset by higher zinc output through ore blending and improved material handling. The planned shutdown has since resulted in record capacity at the acid plant (from 55% to 90%) and increased availability of SW and EW. Skorpion has made good progress to increase input Zn into leach (now at 190 tph vs Q1 FY2018 at 160tph) by screening their wet ore and low-grade ore stockpiles to mitigate material handling challenges.

During Q2 FY2018, ore and waste excavated at 8.5 Mt from the Skorpion mine was the highest ever. This is a 50% increase y-o-y. Skorpion metal production in Q2 FY2018 was the highest quarterly production in last three quarters achieved on the back of a successful planned plant shutdown and the full mobilisation of the mine outsourcing.

Prices

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Average zinc LME cash settlement prices US$/t	2,784	2,089	33%	2,368
Average lead LME cash settlement prices US$/t	2,250	1,797	25%	2,005

Unit costs

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 017
Zinc (US$ per tonne) unit cost	**1,564**	1,331	18%	1,417

The unit cost of production increased to US$1,564 per tonne, 18% higher y-o-y. This was primarily due to a lower volume at Skorpion and local currency (ZAR) appreciation, partially offset by better realised treatment and refinery charges (TC/RCs) and improved by-product copper credit at BMM.

Financial performance

(in US$ million, unless stated)

	H1 FY2018	H1 FY2017	% change	FY2017
Revenue	**257**	170	51%	**332**
EBITDA◊	**110**	88	25%	**138**
EBITDA margin	**43%**	52%	-	**42%**
Depreciation and amortisation	**13**	15	(12)%	**28**
Operating profit before special items	**97**	74	32%	**111**
Share in group EBITDA (%)	**7%**	7%	-	**4%**
Capital expenditure	**92**	14	-	**57**
Sustaining	**30**	2	-	**12**
Growth	**62**	12	-	**45**

During the year, revenue increased to US$257 million, up 51% y-o-y. The increase was due to improved price realisation and higher sales driven by the sell down of inventory levels at BMM. EBITDA increased to US$110 million, 25% higher y-o-y, driven mainly by higher zinc and lead prices, higher sales and lower TC/RCs, partially offset by a higher unit cost in H1 FY2018 and a one-off insurance claim and royalty refund during H1 FY2017.

Projects

At Gamsberg, pre-stripping as part of open pit mine development is progressing to plan. We achieved the full ramp-up to pre-stripping mining volumes of 3.5 million tonnes per month in Q1 and have continued at that rate since. To date, we have excavated over 50% of waste rock of the total pre-stripping requirement. Construction works for the concentrator and other infrastructure is progressing well with all contractors fully mobilised to site. Currently the 1,800+ construction manpower is working at site. Bulk civil works related to mills and crusher foundations are on track. Water and power infrastructure installation is also progressing on schedule with more than 50% completion rate. Manufacturing and supply of all equipment is on schedule with mills expected to be at site in November.

The first phase of the project is expected to have a mine life of 13 years, replacing the production lost by the closure of the Lisheen mine and restoring volumes to over 400,000 tpa at Zinc International. First production is on track for mid-CY2018, with 9-12 months to ramp up to full production capacity of 250,000 tonnes per annum (tpa). Cost of Production is estimated at $1,000-1,150 per tonne.

At Skorpion, the pit112 extension project is progressing well with all of the new equipment in place. The waste mining that started in April 2017 has reached record levels of 3.3 million tonnes in Q2. This project, which involves push back of the high wall of the existing pit, will increase the mine life further by three years and increase ore reserves by c.3 million tonnes at 9.7% grade. Ore extraction is expected to commence from Q4 FY2018.

Outlook

As guided earlier, production volumes in FY2018 are expected to be around 160ktpa. The cost of production is expected to be around US$1,500 per tonne.

IRON ORE

Safety

With deep sadness we reported a fatal injury to one of our employees at our value-added business. We have conducted a thorough review of our safety practices and provided refresher training programmes on these standards. Our LTIFR performance was 0.13 as compared to 0.64 in H1 FY2017.

Environment

Our operations in Goa recycles all of the wastewater generated at the operations and are classified as Zero Discharge Operations. During the period, waste recycling stood at 102% (H1 FY2017: 61%) due to the additional recycling of waste previously stored at the site. We also carried out biodiversity studies across all our mines in Goa, with the aim of integrating biodiversity conservation during the operational phase, and at closure.

Production performance

Production (dmt)	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Saleable ore	4.5	4.7	(4)%	**10.9**
Goa	2.6	2.9	(12)%	**8.8**
Karnataka	1.9	1.7	11%	**2.1**
Pig iron (kt)	300	372	(19)%	**708**
Sales (dmt)				
Iron ore	3.0	3.4	(12)%	**10.2**
Goa[1]	2.0	2.4	(18)%	**7.4**
Karnataka	1.0	1.0	3%	**2.7**
Pig iron (kt)	288	370	(22)%	**714**

Operations

At Goa, production stood at 2.6 million tonnes and sales were 2.0 million tonnes during H1 FY2018. Production was lower, mainly because of reduced mining activities in Q2 FY2018 during the monsoon season. Sales at Goa were impacted by the low pricing environment.

At Karnataka, production was stable at 1.9 million tonnes with sales of 1.0 million tonnes during H1 FY2018.

We remain engaged with respective state governments for mining capacity increases.

During the year, production of pig iron decreased to 300,000 tonnes. This was down by 19% y-o-y, mainly because of lower metallurgical coke availability due to weather-related supply disruptions in Australia in Q1 and a local contractors' strike in Q2. This strike was resolved in mid-September 2017 and pig iron production is expected to increase in the coming quarters.

Prices

In H1 FY2018, prices for 62Fe grade averaged US$67 per tonne on a CFR basis, an increase of 18% y-o-y. The net realisation at Goa after freight for 56Fe grade was around US$18 per tonne for H1 FY2018, 50% lower y-o-y, primarily driven by the widening of the discount of our c.56 Fe grade, compared to the benchmark price of 62 Fe grade iron ore.

Karnataka ex-works realisation was US$24 per tonne for H1 FY2018, 60% higher y-o-y. Karnataka prices are largely determined by government mining companies and local supply and demand factors.

The value-added business (pig iron) margin increased from US$32 per tonne in H1 FY2017 to US$47 per tonne in H1 FY2018, primarily due to higher realisations.

Financial performance

(in US$ million, unless stated)

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Revenue	191	218	(12)%	615
EBITDA◊	(3)	72	-	194
EBITDA margin	(1)%	33%	-	32%
Depreciation and amortisation	35	28	25%	70
Operating (loss) before special items	(38)	44	-	124
Share in Group EBITDA %	0%	6%	-	6%
Capital expenditure	7	1	-	4
Sustaining	7	1	-	4
Growth	0	-	-	0

In H1 FY2018, EBITDA decreased to US$(3) million. The decrease was primarily due to lower sales and lower realisation at Goa.

Outlook

We estimate our Iron Ore business will produce 5.5 million tonnes of ore at Goa and 2.3 million tonnes at Karnataka as per the approved limits in their respective states in FY2018. The Group has been engaging with state governments to enhance mining caps in Goa and Karnataka.

In Goa, we have been working on an upgraded product strategy during the monsoons. We will be beneficiating and blending which should enable higher realisations and margins in H2. At Karnataka, realisations have been steady at US$24 per ton in H1 and we are working towards achieving higher realisations during H2 FY2018.

The Group is also in the process of debottlenecking the capacity at the pig iron plant from 785kt to 890kt.

COPPER – INDIA / AUSTRALIA

Safety

During the period, our LTIFR stood at 0.17 against the 0.54 in same period last year.

This year, we launched a number of safety programmes, including one focusing on automation to avoid manual intervention in high risk activities. One example was robotic thickness measurement for storage tanks in the sulphuric acid plant to ensure tank integrity. Our Tuticorin unit received the British Safety Council's Five Star Rating for the year 2017.

Environment

During the period, our water recycling rate improved to 19% compared to 15% in the previous year. The waste recycling rate stood at 100.73%, due to the additional recycling of waste stored previously at the site.

Production performance

Production (kt)	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
India – cathode	**197**	198	(1)%	402

Operations

During H1 FY2018, copper cathode production stood at 197,000 tonnes. Production was affected by a planned shutdown for 11 days in Q1 FY2018, and an unplanned shutdown of four days due to waste heat boiler leakage. Similarly, production in H1 2017 was also curtailed by 13 days due to boiler leakage, resulting in flat production y-o-y.

In H1 FY2018, the planned shutdown was accelerated to Q1 FY2018 based on the tight copper concentrate market conditions. Following the shutdown, the plant has operated at a high efficiency and availability, delivering record production in Q2 FY2018.

In H1 FY2018, phosphoric acid production was at 96,000 tonnes, 3% higher y-o-y.

The plant utilisation reached a record level of 94% (H1 FY2017: 93.9%) with overall equipment effectiveness (OEE) of 86% (H1 FY2017: 83.1%). Operational efficiencies were achieved through in-house technological upgrades at the refinery that raised the previous design level density of 310Amp/m2 to 350Amp/m2 (H1 FY2017: 333.58 Amp/m2).

The 160MW power plant at Tuticorin operated at a plant load factor (PLF) of 45% in H1 FY2018 compared to 54% in H1 FY2017. This decrease was due to lower off-take by the Telangana State Electricity Board (TSEB) during the period, following the expiry of their contract on 25 May 2017. Currently, the Group is exploring viable supply agreement options to enter into a power purchase agreement.

Prices

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Average LME cash settlement prices (US$ per tonne)	6,013	4,751	27%	5,152
Realised TC/RCs (US cents per lb)	21.2	21.7	(2)%	22.4

Average LME copper prices increased to US$6,013 per tonne, higher by 27% y-o-y. This was mainly driven by supply disruptions that led to a slight market deficit in the first half of 2017 according to the International Copper Study Group. Treatment and refining charges (TC/RCs) decreased to US$21.2 per tonne, 2% lower y-o-y due to the global mining disruptions of seaborne concentrate. Global concentrate supply has since recovered as the effective mines have begun to ramp up production.

Annual benchmark settlements for concentrates for CY2017 concluded at 92.5/9.25 TC/RCs of payable copper (CY2016: 97.35/9.73).

Unit costs

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Unit conversion costs (CoP) – (US cents per lb)	**6.3**	**5.6**	13%	5.0

The cost of production increased to US cents 6.3 per lb, up 13% y-o-y driven by higher coal and fuel prices, partially offset by higher by-product acid credits. However, we continue to be well placed within the first quartile of the smelter cost curve.

Financial performance

(in US$ million, except as stated)

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Revenue	1,753	1,395	26%	3,134
EBITDA◊	93	126	(26)%	252
EBITDA margin	5%	9%	-	8%
Depreciation and amortisation	12	15	(17)%	29
Operating profit before special items	81	111	(27)%	223
Share in Group EBITDA %	6%	10%	-	8%
Capital expenditure	10	10	0%	24
Sustaining	8	10	(12)%	17
Growth	2	-	-	7

During H1 FY2018, EBITDA was US$93 million, a decrease of 26% y-o-y. The reduction was mainly due to lower TCs/RCs, lower premia, higher cost of production and local currency appreciation, but partially offset by favourable macro factors.

Outlook

Full-year cathode production is expected to be similar to FY2017 production levels of 400,000 tonnes.

With positive fundamentals in place, the Board has approved the expansion of the 400,000 tonnes per annum (tpa) copper smelter at Tuticorin. Completion of this project will place Tuticorin as one of the world’s largest single-location copper smelting complexes. Incremental Capex would be around US $576 million and this excludes US $141 million which has already been invested. We have an execution timeline of 24 months. Commissioning and stabilisation of the plant shall happen thereafter.

COPPER ZAMBIA

Safety

With deep regret we reported two fatalities during the period. One contractor employee was fatally injured in a tramming operation at Nchanga underground mines, and the other in a sloughing incident in the Open pit.

Both incidents have been thoroughly investigated and, as a result, learnings have been shared and implemented across the business to prevent such incidents in the future. The LTIFR increased to 0.46, from 0.24 in same period last year.

In an effort to increase the culture of safety at our operations, we have continued with the Chingilila programme, training both the company and contractor employees to improve the safety performance in the workplace. In total 11,863 employees have been trained as part of this programme.

Environment

Improvement in water management practices remains the top priority for the business. During the period, specific water consumption for the business has improved from 181 to 178m3/mt and overall water saving for H1 FY2018 was reported at 1,490,111m3.

Production performance

Production (kt)	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Total mined metal	**45**	**58**	**(22)%**	**94**
Konkola	17	24	(27)%	36
Nchanga	7	7	-	12
Tailings Leach Plant	21	27	(23)%	46
Finished copper	**101**	**92**	**11%**	**180**
Integrated	43	55	(22)%	96
Custom	58	36	60%	84

Operations

In H1 FY2018, mined metal production decreased to 45,000 tonnes, down 22% y-o-y. The decrease was primarily driven by lower equipment availability at the Konkola mine and the Tailings Leach Plant.

Konkola

Konkola production decreased to 17,000 tonnes, down 27% y-o-y due to lower equipment availability. However, with improvements on this front through engagement with original equipment manufacturers (OEMs) for on-site equipment maintenance, focus on experts' supervision on dewatering and a review of the current business partnering model, we expect improved production in H2 FY2018.

Nchanga

In H1 FY2018, Nchanga production remained stable at 7,000 tonnes compared to H1 FY2017. Output from Nchanga open pit improved during the period compared to H2 FY2017 because of equipment maintenance with expert supervision from OEM. Accelerated waste excavation, by engaging an external contractor, is expected to result in improved production from open pits in the coming quarters.

The Nchanga underground mine was under care and maintenance from November 2015. The asset was restarted in June 2017 with an ore production of 0.5 million tonnes for Q2 FY2018.

Tailings Leach Plant (TLP)

In H1 FY2018, TLP production decreased to 21,000 tonnes, down 23% y-o-y. However, production increased in Q2 FY2018 to 12,000 tonnes from 9,000 tonnes in Q1 FY2018, due to substantially improved pumps and plant availability. External expertise in operation and maintenance is being introduced to ensure further improvement.

Smelter and refinery

Finished copper (excluding TLP) increased to 80,000 tonnes in H1 FY2018, compared to 65,000 tonnes in H1 FY2017. This was primarily driven by increased sourcing of third party concentrate and higher throughput. Custom (third party) refining reached levels of 58,000 tonnes in H1 FY2018. During the period, the plant was successfully tested for higher throughputs, demonstrating a higher capability than current levels.

Others

Phase 2 of the elevated temperature-leaching project is progressing well and finalisation of an engineering consultant is underway. The appointment of an EPC partner and order placement for key packages is targeted in Q3 FY2018. Construction of the Heap Leach pilot test pads is under way and commissioning is expected in Q3 FY2018.

On the cobalt separation project, the process of identifying a technology partner is currently under way with an appointment expected in Q3 FY2018.

Unit costs (integrated production)

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March2017
Unit costs (US cents per lb) excluding royalty	248.8	183.9	35%	208.6
Unit costs (US cents per lb) including royalty[1]	317.8	240.4	32%	278.9

1. *Including sustaining capex and interest cost.*

The unit cost of production (excluding royalty) increased to US cents 248.8 per lb, 35% higher y-o-y. This was primarily due to lower volumes and costs related to programmes for improvements in plant reliabilities and fleet availabilities, but partially offset by power tariff improvement and slag credit.

Water levels at Kariba Dam have improved and are expected to improve further after the monsoon season. Power cuts in Zambia have been stopped but the force majeure declared by ZESCO and CEC continues.

Financial performance

(in US$ million, unless stated)

	H1 FY2018	H1 FY2017	% change	Year Ended 31 March 2017
Revenue	622	405	54%	874
EBITDA◊	18	17	2%	6
EBITDA margin	3%	4%	-	1%
Depreciation and amortisation	56	60	(6)%	113
Operating loss before special items	(38)	(42)	(10)%	(107)
Share in Group EBITDA (%)	1%	1%		0%
Capital expenditure	11	13	(18)%	28
Sustaining	11	13	(18)%	28
Growth	-	-	-	–

Revenue in H1 FY2018 increased to US$622 million, 54% higher y-o-y, mainly due to higher metal prices and increased custom sales volumes. However, EBITDA for the period was marginally higher at US$18 million as the benefits from improved copper and cobalt prices were largely offset by lower integrated volume and incremental process improvement costs.

Outlook

Full-year production is expected at around 100-110kt of integrated production and 100-110kt of custom production. An integrated C1 cost for H2 FY2018 is expected at US cents 200-220 per pound.

Konkola

The Konkola underground mine remains a key priority. Numerous initiatives are under way for targeted dewatering, sustained fleet availability, a revamped contractor business partnering model and productivity enhancing mining methods.

A feasibility study on prioritisation strategies to progress on a deeper horizontal development level is underway on the dry mine initiative, alongside process re-engineering options for cost and efficiency improvement opportunities.

Nchanga

At Nchanga, the focus is on sustained and improved Tailings Leach Plant operations. A contract partnering model for effective maintenance operations and better equipment reliability is in place, delivering high quality maintenance standards.

The Nchanga underground operations are stabilising and are expected to produce at targeted levels for Q3 FY2018.

Smelter and refinery

We are targeting improved smelter reliability and the ability to process feed rates above 80 tonnes per hour (tph) as we step up production.

We continue to focus on the refinery ramp up and gaining greater cost efficiencies by installing oil-fired boilers for electrolyte heating which is commissioned now.

ALUMINIUM

Safety

Our performance in terms of LTIFR has improved marginally from 0.38 to 0.37. We conducted a thorough risk assessment of all our facilities including bauxite mines at Chhattisgarh.

Environment

Controlling emissions has been a key focus during the year. We have conducted workshops on high PM emissions and pot line Fume Treatment Plant (FTP) stack emissions. We also recorded an improvement in our overall water recycling rate by 27% y-o-y, and we continue to seek continuous improvement in our waste management.

Last year, we had conducted an ash dyke risk assessment by a reputed external agency and had initiated the required corrective actions. However, at end of the monsoon season in August, there was a breach in the wall of one of our ash dykes resulting in spillage of fly ash in the adjacent land; 70% of the land belongs to the Group with remainder as agricultural land. There was no injuries from the incident for which we have completed a thorough investigation. Immediate remedial actions have been initiated in conjunction with the regulatory agencies, communities and a re-verification audit is planned from an external agency. .

Production performance

Production (kt)	H1 FY2018	H1 FY2017	% change	FY2017
Alumina – Lanjigarh	572	567	1%	1,208
Total aluminium production	753	541	39%	1,213
Jharsuguda I	191	261	(27)%	525
Jharsuguda II[1]	277	77	-	261
BALCO I	128	126	2%	256
BALCO II[2]	156	77	-	171
Jharsuguda 1800MW (surplus power sales in million units)[3]	-	511	-	511

1. *Including trial run production of 34kt in H1 FY2018 vs. 29kt in H1 FY2017.*
2. *Including trial run production of 16kt in H1 FY2018 vs. 28kt in H1 FY2017.*
3. *1,800 MW out of 2,400MW of the Jharsuguda power plant and BALCO 270 MW were moved from the Power to the Aluminium segment from 1 April 2016, being CPP, whereas Jharsuguda 600 MW continues to be IPP.*

Operations

Alumina refinery: Lanjigarh

At Lanjigarh, production increased to 572,000 tonnes, up 1% y-o-y. While production was expected to be higher, lower bauxite availability from our mines at Chhattisgarh due to transport bottlenecks adversely impacted Alumina. The refinery currently has a capacity of 1.7-2.0 million tonnes per annum. We continue to evaluate Lanjigarh Refinery expansion, subject to bauxite availability.

Aluminium smelters

We achieved record half-yearly production (excluding trial run) of 0.7 million tonnes of aluminium in H1 FY2018, with an exit run-rate of 1.6 million tonnes per annum (excluding trial run production) in September 2017.

Jharsuguda I Smelter

Jharsuguda I smelter production was 27% lower y-o-y at 191,000 tonnes, but with the continuing revival of pots, the smelter should revert to its normal capacity in H2 FY2018. Out of the total 228 pots which were affected in the April 2017 outage, 121 pots are operational by September 2017 and the balance will be operational by Q3 FY2018.

Jharsuguda II Smelter

The commissioning of previously damaged pots at the first line of the 1.25 mtpa Jharsuguda II aluminium smelter is currently under way, with 301 of 336 pots restarted by end of September 2017. The plant will be fully ramped up during Q4 FY2018. The second line is fully complete with 336 pots operational. The ramp-up of the third line is progressing well, and currently 156 pots are operational with full ramp-up expected by Q4 FY2018. Line 4 continues to be under evaluation for future development.

BALCO I & II smelters

BALCO-I production increased to 128,000 tonnes during H1 FY2018, 2% up y-o-y. BALCO-II production stood at 156,000 tonnes, in line with ramp-ups which were completed in Q1 FY2018. Production at the rolled product facility at BALCO was 14,530 tonnes in H1 FY2018, which restarted operations during Q2 FY2017 following optimisation of its cost structure.

Jharsuguda – 1,800MW Captive power plant (CPP)

During H1 FY2018, there were no external sales from the 1,800MW Jharsuguda power plant due to a ramp-up of capacities and a weak short-term power market. However, the plant loading factor (PLF) will continue to increase as we ramp up the Jharsuguda-II smelter.

As a result of the ash dyke incident at Jharsuguda, the Pollution Board had shut down five units of the power plant, of which three units were subsequently restarted. The remaining two units (135MW*2) are scheduled to be inspected by the Pollution Board later this month before being approved to be restarted. As a result of the brief shutdown, we imported power at higher prices during the month of September for the intervening period.

Coal linkages

For coal supplies, entitlement from domestic linkages contributes to the long-term security of our coal requirements at a competitive price. We experienced temporary disruptions in the domestic coal supply from Coal India during the first half of the year. This resulted in an increase in captive power cost.

From the coal linkages of 6mtpa, which were secured through auctions in Q2 FY2017 for the captive power plants at BALCO and Jharsuguda, 2.9 million tonnes of coal were received.

We also secured linkages of 2 mtpa in July 2017 and the supply will start from Q3 FY2018. In addition to this, we recently secured further 2 Mt in Tranche III coal linkage auction.

However, the demand-supply imbalance on domestic coal supplies and the lower quality of coal provided via linkages resulted in an increase in coal prices, and caused continuing disruptions in domestic coal availability for the captive power plants during the quarter.

Prices

	H1 FY2018	H1 FY2017	% change	FY2017
Average LME cash settlement prices (US$ per tonne)	**1,962**	1,596	23%	1,688

Average LME prices for aluminium increased to US$1,962 per tonne, up 23% y-o-y. During the year, aluminium traded at a two-year high of US$ 2,164 per tonne. Prices were boosted by an anti-pollution drive and smelter curtailments in China. According to the National Chinese Bureau of Statistics, primary output fell by 3.7% y-o-y in August-2017. This also suggests that large Chinese producers have already begun trimming output as they gear up for steeper reductions over the winter period.

Unit costs

	H1 FY2018	H1 FY2017	% change	FY2017
Alumina cost (ex-Lanjigarh)	**324**	276	17%	282
Aluminium hot metal production cost	**1,798**	1,473	22%	1,463
Jharsuguda	**1,781**	1,435	24%	1,440
BALCO	**1,825**	1,541	18%	1,506

During H1 FY2018, the alumina cost of production (CoP) was US$324 per tonne, up 17% on H1 FY2017. The increase was mainly due to higher raw material cost and rupee appreciation.

In H1 FY2018, the total bauxite requirement of about 1.7 million tonnes was met from three sources: captive mines (32%), domestic sources (45%) and imports (23%). In comparison, our H1 FY2017 bauxite requirement was about 1.5 million tonnes, supplied by captive mines (31%), domestic sources (17%) and imports (52%). The other key raw material – coal – was secured from a combination of secured coal linkages, e-auctions, ad-hoc allocation and imports.

The hot metal CoP at Jharsuguda increased to US$1,781 per tonne, up 24% y-o-y. The increase was primarily due to input commodity inflation, higher domestic coal costs due to temporary coal shortages, lower quality of coal via linkages, and rupee appreciation. In addition, one-off costs such as the revival cost of 228 pots of Jharsuguda-I, and temporary power imports due to the ash dyke breach, adversely impacted CoP.

The hot metal CoP at BALCO increased to US$1,825 per tonne, up 18% y-o-y. The increase was primarily due to input commodity inflation, higher power costs due to temporary coal shortages, and rupee appreciation.

Financial performance

(in US$ million, unless stated)

	H1 FY2018	H1 FY2017	% change	FY2017
Revenue	**1,468**	864	70%	2,040
EBITDA◊	**153**	102	50%	344
EBITDA margin	**10%**	12%	-	17%
Depreciation and amortisation	**87**	71	24%	141
Operating profit before special items	**66**	31	-	203
Share in Group EBITDA (%)	**9%**	8%	-	11%
Capital expenditure	**77**	175	(56)%	291
Sustaining	**11**	2	-	28
Growth	**66**	173	(62)%	263

EBITDA increased to US$153 million, 50% higher y-o-y, driven mainly by volume ramp up and increased LME, partially offset by a higher cost of production.

Outlook

Volume and cost

In FY2018, aluminium volume is expected to be in the range of 1.5 to 1.6 million tonnes (excluding trial run) with the fully ramped-up BALCO II smelter and ramp-up of the remaining Jharsuguda-II smelter lines.

Hot metal cost is expected to be in the range of US$1,850 to US$1,900 per tonne in Q3 FY2018 due to challenges related to coal and other input-commodity inflation. We expect Q4 CoP will be substantially lower with improvement in domestic coal situation and production ramp-up.

We expect to exit FY 2018 at a run rate of 2 million tonnes per annum.

Alumina

Alumina production is expected to reach around 1.3-1.4 million tonnes for FY2018. Bauxite from Chhattisgarh mines is expected to produce around 1.3 - 1.4 million tonnes.

Coal

Regarding domestic coal challenges, the Group is engaging with the associated coal mines and government agencies. We expect the coal availability to improve in Q3 FY 2018 as coal production ramps up post the monsoon season.

POWER

Safety

In H1 FY2018, we reported zero LTIs. Unfortunately, there was a fire incident in the conveyor belt of the TSPL Coal Handling Plant (CHP) in April 2017 due to the spontaneous ignition of the coal dust and severely impacting our operation for some time. Full operation has now been restored with fully operational fire detection systems and a fire protection and suppression system with dust extraction and dust suppression capabilities.

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

Environment

Fly ash utilisation in the current year was 40.37% (to Sept 2017) compared to FY2017 of 32.78%. This was achieved through long-term and short-term agreements with cement and brick manufacturing units.

Production performance

	H1 FY2018	H1 FY2017	% change	FY2017
Total power sales (MU)	**4,787**	6,039	(21)%	12,916
Jharsuguda 600MW*	**657**	1,497	(56)%	3,328
BALCO 600MW	**682**	1,156	(41)%	2,609
MALCO	**4**	115	(97)%	190
HZL wind power	**299**	320	(7)%	448
TSPL	**3,145**	2,951	7%	6,339
TSPL – availability	**54%**	75%	-	79%

* *1,800 MW out of 2,400MW of the Jharsuguda power plant and BALCO 270 MW were moved from the Power to the Aluminium segment from 1 April 2016, being CPP, whereas Jharsuguda 600 MW continues to be IPP.*

Operations

In H1 FY2018, power sales decreased to 4,787 million units, 21% lower y-o-y, mainly due to the TSPL plant being out of operation for most of the period following the fire incident in April.

The TSPL plant was shut for around 65 days during H1 FY2018. It was restarted at the end of June 2017 and consequently the Q1 availability of the plant was low at 20%. However, this improved to 87% in Q2 FY2018. The Power Purchase Agreement with the Punjab State Power Corporation Limited (PSPCL) compensates TSPL based on the availability of the plant.

The Jharsuguda 600MW power plant operated at a lower plant load factor (PLF) of 26% in H1 FY2018 (H1 FY2017: 62%). Power sales were impacted due to the ash dyke breach in August 2017 and a temporary coal shortage.

The 600MW BALCO IPP units (2x300MW) operated at a PLF of 47% in H1 FY2018 compared to 59% in H1 FY2017, due to the weaker external power demand.

The 100MW MALCO power plant operated at a lower PLF of 2% in Q1 FY2018. It was put under care and maintenance, effective from 26 May 2017, due to low demand in Southern India.

Sales and unit costs

	H1 FY2018	H1 FY2017	% change	FY2017
Sales realisation (US cent/kwh)[1]	4.3	4.4	(2)%	4.2
Cost of production (US cent/kwh)[1]	3.0	3.0	0%	3.1
TSPL sales realisation (US cent/kwh)[2]	5.6	5.3	6%	7.0
TSPL cost of production (US cent/kwh)[2]	4.4	3.7	18%	5.6

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

Average power sales prices, excluding TSPL, were lower in H1 FY2018 at US cents 4.3 per kwh (H1 FY2017: US cents 4.4 per kwh), primarily due to softening rates in the open access power market.

During H1 FY2017, average power generation costs excluding TSPL remained stable at US cents 3.0 per kwh (H1 FY2017: US cents 3.0 per kwh).

TSPL's average sales price was increased to US cents 5.6 per kwh, up 6% y-o-y (H1 FY2017: US cents 5.3 per kwh). The power generation cost was higher at US cents 4.4 per kwh compared to US cents 3.7 per kwh in H1 FY2017, driven by increased coal prices.

Financial performance

(in US$ million, unless stated)

	H1 FY2018	H1 FY2017	% change	FY2017
Revenue	336	383	(12)%	836
EBITDA◊	74	108	(31)%	245
EBITDA margin	22%	28%	-	29%
Depreciation and amortisation	38	36	5%	88
Operating profit before special items	36	72	(50)%	157
Share in Group EBITDA %	4%	9%	-	8%
Capital expenditure	1	63	-	60
Sustaining	1	-	-	–
Project	0	63	-	60

EBITDA decreased to US$ 74 million, down 31% y-o-y, due mainly to temporary operational outages and weaker external power demand.

Outlook

During FY2018, we will remain focused on increasing the plant availability and increased sales at BALCO and Jharsuguda IPP, and on maintaining TSPL's plant availability at around 75%.

PORT BUSINESS

Vizag General Cargo Berth (VGCB)

During H1 FY2017, VGCB operations showed a decrease of 19% in discharge and 26% in dispatch, y-o-y. This was mainly due to restrictions in handling road-bound cargo imposed by a High Court order in April 2017. However, the restriction was removed, effective from September 2017.

Mormugao Port, Goa

Sterlite Ports has been awarded the project to design, build and operate a multi-cargo port terminal in Mormugao Port, Goa, with 19 million tonnes per annum capacity, to handle iron ore, coal and other commodities. The concession agreement has been entered between Mormugao Port Trust and Goa Sea Port Private Limited, a 100% subsidiary of Sterlite Ports.

Visakhapatnam and Goa together will place Vedanta Limited in the major league of port infrastructure operators, with combined handling capacity of 29 million tonnes.

SUSTAINABILITY

Our Sustainable Development Model comprises four pillars: Responsible Stewardship, Building Strong Relationships, Adding and Sharing Value and Strategic Communications. These pillars form a sound base from which we can build a successful future for our business, while we strive for our strategic goals of growth, long-term value and sustainable development.

Responsible stewardship

Our Sustainable Development Model encapsulates Vedanta's approach to managing risk and how we conduct our business ethically. It also guides us in ensuring the health and safety of our workforce and minimising our environmental footprint.

Health and Safety

Safeguarding the well-being of our workforce is of paramount importance. We fiercely advocate a zero-harm culture at Vedanta. In H1 FY2018, we continued to focus on implementing our six group-wide key Safety Performance Standards, along with our new cranes and lifting safety performance standards.

We have designed and launched a Lead Assessor programme which is aimed at enhancing the effectiveness of gap assessment and audit against Vedanta Safety Standards across the Vedanta businesses. This programme has been well-received and we continue to roll it out across the Group. In order to prevent repeat incidents, we actively share high-potential incidents through safety alerts and work to ensure that controls are being implemented effectively. In institutionalising a zero-harm culture, we have rolled out 12 HSE performance-improvement and enabling work streams, involving leaders from line functions and supporting workforces across the business.

During H1 FY2018, our LTIFR (lost time injury frequency rate) was 0.33 (FY2017: 0.39). During H1 FY2018, it is our sincere regret that we had two fatalities at Konkola Copper Mines (KCM), one at Zinc International and one at our Iron Ore business. We offer our deepest condolence to their friends and family. Each of these cases has been investigated in detail and the outcomes have been shared throughout the businesses to avoid such incidents in future. We have further planned to review HSE related critical risks for the Group to strengthen critical control measures as required.

Environment Management

Environmental management is a material issue for the Vedanta companies as some of the processes and operational hazards of the company can result in high-impact environmental incidents.

Water availability and quality is a significant area of focus for our business. Most of our operations lie in India and Africa and certain parts of these continents are expected to experience significant water stress in the future. This year we have initiated water risk assessments for all our businesses to understand the potential physical, regulatory and social risks related water. We will then develop business-specific mitigation plans to manage them.

In H1 FY18, we achieved 88 % of our annual water target, while energy saving achieved stood at 55 % of target. Water recycling was achieved at 25% of the total water used, while recycling stood at 52% of waste generation.

Building strong relationships

Identifying and actively managing all our stakeholder relationships – including our employees, our host communities and our shareholders and lenders – is vital if we are to maintain our licence to operate. Our subsidiary businesses across the Group formally record all stakeholder expectations and outcomes through multiple levels of engagements. During H1 FY2018, we drafted performance standards on stakeholder engagement and grievance mechanisms to mirror those already in place on safety and environment, and to guide our businesses in the application of this critical area.

Further, all our corporate social responsibility (CSR) projects are designed to align business needs with community wants, defined through base assessment exercises. We also evaluate and realign our initiatives towards community requirements through comprehensive need and impact assessments, conducted both internally and externally.

All Vedanta Group companies continue to implement action plans relating to corporate assessment in the UN's guiding principles on Business and Human Rights. We continue to implement the World Business Council for Sustainable Development's Water, Sanitation and Hygiene pledge (WBCSD – WASH pledge) for the entire workforce. We also fully support the United Nations' Women Empowerment Principles and Sustainable Development Goals.

Adding and sharing value

We believe Vedanta's role is to create value for all stakeholders, and that the communities in and around the areas in which we operate should share that value. Only by working in partnership with communities will our business grow. Together with shared financial, economic and social values, this will help us maintain our licence to operate. Vedanta makes significant contributions to partner with local governments and to help them achieve their developmental goals; to strengthen national and local economies; and to build infrastructure and facilities for local education and healthcare. Our flagship CSR initiative, 'Project Nand Ghar' is on track with over 100 Nand Ghars built so far. These act as a catalyst for all-round social development, with the centres providing interactive learning facilities for children and entrepreneurial training for women.

RISKS AND UNCERTAINTIES

Vedanta is a globally diversified natural resources company with low cost operations. Vedanta operates across the value chain, undertaking exploration, asset development, extraction, processing and value addition. We demonstrate world-class standards of governance, safety, sustainability and social responsibility.

Our businesses are exposed to a variety of risks which are inherent to a global natural resources organisation. It is therefore essential to have necessary systems in place to manage these risks, while balancing the relative risk and reward equation demanded by our stakeholders. Our risk management framework is designed to help the organisation meet its objectives through the alignment of operating controls to the mission and vision of the group.

Good liquidity and an improved credit profile from stronger operating performance and improved commodity prices, has significantly improved the Company's ability to access the loan and capital markets, supporting its initiatives to proactively manage its debt refinancing. The treasury team also actively tracks the markets for opportunities to refinance the near-term maturing debt. The Company recently carried out a $1.84 billion liability management exercise in August 2017 to address proactively our debt maturing in FY2019 and beyond. The transaction, comprising of both a bond and loan transaction, significantly increased the average maturity of the debt to over 4 years.

On safety, our focus continues to be on bringing in a culture of zero-harm. In particular, this means implementing the safety standards that are designed to eliminate fatalities and injuries by ensuring effective control of hazardous activities. A structured HSE programme of 'Leadership in Action' is being rolled out across businesses. This will further help in formally identifying critical HSE and sustainability risks, critical controls to be implemented, and the process to measure, monitor and report on control effectiveness. A full review of all tailings dams facilities in the Group is being organised to structurally address their specific risks.

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

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

The Audit Committee is supported by Group Risk Management Committee which meets every quarter to discuss risks and mitigating measures. The risk committee reviews the robustness of the framework at individual businesses and their progress against actions planned for key risks. The Audit Committee assists the Board in the risk management process.

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

- The CFO Committee, which has an oversight on treasury-related risks. This committee comprises the Group CFO, business CFOs, Group Head Treasury and BU Treasury Heads
- The Board level Sustainability Committee which reviews sustainability related risks
- The Group Capex Sub-Committee which evaluates risks while reviewing any capital investment decisions, and institutes a risk management framework into projects.

Over the last few years, volatile conditions had been challenging resource companies seeking to maintain a strong balance sheet and develop plans for long-term profitability. The uplift in global economic activity has increased demand for commodities. With stronger commodity prices emerging, a positive uptick is now clearly reflected in the market and the level of certain risks is gradually reducing.

Principal risks and uncertainties, detailed information on the impact of these risks and the mitigation measures adopted by management have been documented in Vedanta's Annual Report. These risks are reflective of an updated assessment of the Group's risk profile conducted during H1 FY2018.

Listing of principal risks includes:

- Challenges in operationalisation of investment in Aluminium and Power businesses
- Fluctuations in commodity prices (including oil)
- Health, safety and environment (HSE) risk
- Operational turnaround at KCM
- Discovery risk
- Currency exchange rate fluctuation
- Extension of the Production Sharing Contract of Cairn at less favourable terms
- Political, legal and regulatory risk
- Tailings dams failure
- Impact of climate change and associated matters
- Tax related matters
- Breaches in IT / cybersecurity
- Access to capital
- Community relations
- Talent / skill shortage risk
- Achievement of projects' stated objectives
- Loss of assets or profit due to natural calamities.

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

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting; and gives a true and fair view of the assets, liabilities, financial position and profit of the undertakings included in the consolidation as a whole by DTR 4.2.4R
- The interim management report includes a fair view of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- The interim management report includes a fair view of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Navin Agarwal
Executive Vice Chairman

9 November 2017

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

(US$ million except as stated)

		Six months ended 30 September 2017 (Unaudited)			Six months ended 30 September 2016 (Unaudited)			Year ended 31 March 2017 (Audited)		
	Note	**Before Special items**	**Special items**	**Total**	**Before Special items**	**Special items**	**Total**	**Before Special items**	**Special items**	**Total**
Revenue		6,766.9	-	6,766.9	4,867.8	-	4,867.8	11,520.1	-	11,520.1
Cost of sales		(5,308.9)	-	(5,308.9)	(3,900.0)	-	(3,900.0)	(8,789.2)	-	(8,789.2)
Gross profit		**1,458.0**	**-**	**1,458.0**	**967.8**	**-**	**967.8**	**2,730.9**	**-**	**2,730.9**
Other operating income		27.7	-	27.7	40.1	-	40.1	73.4	-	73.4
Distribution costs		(129.8)	-	(129.8)	(111.1)	-	(111.1)	(274.9)	-	(274.9)
Administrative expenses		(188.4)	-	(188.4)	(177.0)	-	(177.0)	(368.8)	-	(368.8)
Special items	4	-	29.0	29.0	-	-	-	-	(17.3)	(17.3)
Operating profit / (loss)		**1,167.5**	**29.0**	**1,196.5**	**719.8**	**-**	**719.8**	**2,160.6**	**(17.3)**	**2,143.3**
Investment revenue		276.0	-	276.0	385.6	-	385.6	642.6	-	642.6
Finance costs	4	(689.3)	(90.6)	(779.9)	(652.3)	-	(652.3)	(1,340.6)	(41.6)	(1,382.2)
Other gains and (losses) [net]	5	(17.3)	-	(17.3)	(26.6)	-	(26.6)	(23.8)	-	(23.8)
Profit / (loss) before taxation (a)		**736.9**	**(61.6)**	**675.3**	**426.5**	**-**	**426.5**	**1,438.8**	**(58.9)**	**1,379.9**
Tax (charge) / credit- special items	6	-	(9.8)	(9.8)	-	-	-	-	(4.9)	(4.9)
Net tax expense – others	6	(255.8)	-	(255.8)	(169.2)	-	(169.2)	(495.4)	-	(495.4)
Net tax credit / (expense) (b)	6	**(255.8)**	**(9.8)**	**(265.6)**	**(169.2)**	**-**	**(169.2)**	**(495.4)**	**(4.9)**	**(500.3)**
Profit / (loss) for the period / year (a+b)		**481.1**	**(71.4)**	**409.7**	**257.3**	**-**	**257.3**	**943.4**	**(63.8)**	**879.6**
Attributable to:										
Equity holders of the parent		20.6	(86.3)	(65.7)	(64.2)	-	(64.2)	34.8	(57.5)	(22.7)
Non-controlling interests		460.5	14.9	475.4	321.5	-	321.5	908.6	(6.3)	902.3
Profit / (loss) for the period / year		**481.1**	**(71.4)**	**409.7**	**257.3**	**-**	**257.3**	**943.4**	**(63.8)**	**879.6**
Earnings / (loss) per share (US cents)										
Basic earnings / (loss) per ordinary share	7	7.5	(31.2)	(23.7)	(23.2)	-	(23.2)	12.6	(20.8)	(8.2)
Diluted earnings / (loss) per ordinary share	7	7.2	(31.2)	(23.7)	(23.2)	-	(23.2)	12.3	(20.8)	(8.2)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

(US$ million)

	Six months ended 30 September 2017 (Unaudited)	Six months ended 30 September 2016 (Unaudited)	Year ended 31 March 2017 (Audited)
Profit for the period/ year from continuing operations	**409.7**	**257.3**	**879.6**
Income and expenses recognised directly in equity:			
Items that will not be reclassified subsequently to income statement:			
Remeasurement of net defined benefit plans	(2.7)	(2.6)	(0.8)
Tax effects on net defined benefit plans	1.6	0.6	0.6
Total (a)	**(1.1)**	**(2.0)**	**(0.2)**
Items that may be reclassified subsequently to income statement:			
Exchange differences arising on translation of foreign operations	(80.0)	(29.5)	216.3
Gain in fair value of available-for-sale financial assets	7.4	0.8	4.1
Cumulative Gains/(Losses) of cash flow hedges	(29.5)	(6.9)	9.5
Tax effects arising on cash flow hedges	11.1	0.5	(5.7)
Gain on cash flow hedges recycled to income statement	(3.3)	(3.9)	(12.2)
Tax effects arising on cash flow hedges recycled to income statement	1.1	1.4	4.2
Total (b)	**(93.2)**	**(37.6)**	**216.2**
Other comprehensive income/(loss) for the period / year (a+b)	**(94.3)**	**(39.6)**	**216.0**
Total comprehensive income for the period / year	**315.4**	**217.7**	**1,095.6**
Attributable to:			
Equity holders of the parent	(97.5)	(83.4)	64.5
Non-controlling interests	412.9	301.1	1,031.1
Total comprehensive income for the period / year	**315.4**	**217.7**	**1,095.6**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(US$ million)

	Note	As at 30 September 2017 (Unaudited)	As at 30 September 2016 (Unaudited)	As at 31 March 2017 (Audited)
Assets				
Non-current assets				
Goodwill		16.6	16.6	16.6
Intangible assets		92.1	89.7	95.6
Property, plant and equipment		16,486.5	16,649.2	16,750.8
Leasehold land		53.7	50.6	55.3
Financial asset investment		17.9	7.1	10.7
Non-current tax assets		449.0	381.6	434.6
Other non-current assets		636.9	283.3	544.4
Financial Instruments (derivatives)		0.6	0.6	0.6
Deferred tax assets		1,069.5	1,250.8	1,111.0
		18,822.8	**18,729.5**	**19,019.6**
Current assets				
Inventories		1,982.8	1,550.1	1,670.1
Trade and other receivables		1,202.2	1,516.4	1,084.8
Financial instruments (derivatives)		30.9	2.4	1.6
Current tax assets		0.6	0.0	2.1
Liquid investments	9	5,832.7	7,794.9	8,043.0
Cash and cash equivalents	9	270.4	372.4	1,682.2
		9,319.6	**11,236.2**	**12,483.8**
Total assets		**28,142.4**	**29,965.7**	**31,503.4**
Liabilities				
Current liabilities				
Short-term borrowings	9	(4,792.3)	(4,303.2)	(7,658.5)
Convertible bonds	9	-	(7.7)	-
Trade and other payables		(5,758.5)	(5,343.0)	(6,223.4)
Financial instruments (derivatives)		(42.0)	(53.9)	(126.9)
Retirement benefits		(13.3)	(7.1)	(7.5)
Provisions		(19.5)	(117.4)	(17.5)
Current tax liabilities		(87.7)	(46.2)	(37.8)
		(10,713.3)	**(9,878.5)**	**(14,071.6)**
Net current assets/ (liabilities)		**(1,393.7)**	**1,357.7**	**(1,587.8)**
Non-current liabilities				
Medium and long-term borrowings	9	(10,328.2)	(12,022.4)	(10,570.2)
Trade and other payables		(79.2)	(79.9)	(68.5)
Financial instruments (derivatives)		(14.8)	(3.2)	(8.6)
Deferred tax liabilities		(385.4)	(637.4)	(371.1)
Retirement benefits		(67.1)	(59.2)	(59.6)
Provisions		(332.6)	(320.3)	(327.3)
Non-equity non-controlling interests		(11.9)	(11.9)	(11.9)
		(11,219.2)	**(13,134.3)**	**(11,417.2)**
Total liabilities		**(21,932.5)**	**(23,012.8)**	**(25,488.8)**
Net assets		**6,209.9**	**6,952.9**	**6,014.6**
Equity				
Share capital		30.1	30.1	30.1
Share premium		201.5	201.5	201.5
Treasury shares		(558.4)	(557.9)	(557.9)
Share-based payment reserve		34.8	26.0	28.2
Convertible bond reserve		-	0.4	-
Hedging reserve		(98.5)	(91.4)	(90.9)
Other reserves		143.1	7.0	140.5
Retained earnings		(370.5)	(490.0)	(160.0)
Equity attributable to equity holders of the parent		(617.9)	(874.3)	(408.5)
Non-controlling interests		6,827.8	7,827.2	6,423.1
Total equity		**6,209.9**	**6,952.9**	**6,014.6**

The interim condensed financial statements of Vedanta Resources plc were approved by the Board of Directors on 09 November 2017 and signed on behalf by

Navin Agarwal

Executive Vice Chairman

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2017

(US$ million)

	Note	Six months ended 30 September 2017 (Unaudited)	Six months ended 30 September 2016 (Unaudited)	Year ended 31 March 2017 (Audited)
Operating activities				
Profit / (loss) before taxation		675.3	426.5	1,379.9
Adjustments for:				
Depreciation and amortisation		526.3	513.3	1,030.5
Investment revenues		(276.0)	(385.6)	(642.6)
Finance costs		779.9	652.3	1,382.2
Other gains and (losses)[net]	5	17.3	26.6	23.8
(Profit) /loss on disposal of property, plant and equipment		0.4	(0.7)	5.2
Write-off of unsuccessful exploration costs		0.2	0.5	6.5
Share-based payment charge		7.4	7.0	13.4
Impairment charges		16.9	-	17.3
Other non-cash items		-	-	3.5
Operating cash flows before movements in working capital		**1,747.7**	**1,239.9**	**3,219.7**
(Increase) / decrease in inventories		(327.7)	(187.3)	(266.7)
(Increase) / decrease in receivables		(282.4)	(214.8)	18.8
Increase in payables		108.5	241.0	522.3
Cash generated from operations		**1,246.1**	**1,078.8**	**3,494.1**
Dividend received		0.1	0.6	0.1
Interest income received		108.1	248.5	298.0
Interest paid		(801.4)	(698.9)	(1,417.5)
Income taxes paid		(173.2)	(323.7)	(778.7)
Dividends paid		(96.9)	(82.8)	(138.4)
Net cash inflow from operating activities		**282.8**	**222.5**	**1,457.6**
Cash flows from investing activities				
Purchases of property, plant and equipment and intangibles		(351.8)	(504.4)	(873.9)
Proceeds on disposal of property, plant and equipment		1.8	7.0	25.2
Proceeds from redemption of liquid investments	9	9,444.1	8,155.5	15,284.8
Purchases of liquid investments	9	(7,091.3)	(7,322.2)	(14,363.3)
Net cash from / (used in) investing activities		**2,002.8**	**335.9**	**72.8**
Cash flows from financing activities				
Issue of ordinary shares		-	0.0	0.0
Purchase of shares under DSBP scheme		(2.4)	(0.8)	(2.0)
Dividends paid to non-controlling interests of subsidiaries		(609.8)	(677.6)	(1,393.3)
Acquisition of additional interests in subsidiary/ share purchase by subsidiary		(31.4)	-	(21.4)
Exercise of stock options in subsidiary		1.8	-	2.9
(Repayment of) / Proceeds from working capital loan	9	(359.7)	456.5	46.1
Proceeds from other short-term borrowings	9	2,076.1	3,774.4	11,335.8
Repayment of other short-term borrowings	9	(5,589.1)	(3,307.2)	(10,803.0)
Buyback of non-convertible bond	9	(1,128.5)	(579.9)	(858.5)
Proceeds from medium and long-term borrowings	9	3,020.6	395.7	2,146.4
Repayment of medium and long-term borrowings	9	(1,080.9)	(652.3)	(205.9)
Buyback/repayment of convertible bond		-	-	(590.3)
Net cash from / (used in) financing activities		**(3,703.3)**	**(591.2)**	**(343.2)**
Net increase / (decrease) in cash and cash equivalents		(1,417.7)	(32.8)	1,187.2
Effect of foreign exchange rate changes		5.9	(23.1)	66.7
Cash and cash equivalents at beginning of period / year		1,682.2	428.3	428.3
Cash and cash equivalents at end of period / year		**270.4**	**372.4**	**1,682.2**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017 (Unaudited)

(US$ million)

	Attributable to equity holders of the Company									
	Share capital	**Share premium**	**Treasury Shares**	**Share-based payment reserves**	**Hedging reserve**	**Other reserves[1]**	**Retained earnings**	**Total**	**Non-controlling Interests**	**Total equity**
At 1 April 2017	**30.1**	**201.5**	**(557.9)**	**28.2**	**(90.9)**	**140.5**	**(160.0)**	**(408.5)**	**6,423.1**	**6,014.6**
Profit / (loss) for the period	-	-	-	-	-	-	(65.7)	(65.7)	475.4	409.7
Other comprehensive loss for the period	-	-	-	-	(7.6)	(24.2)	-	(31.8)	(62.5)	(94.3)
Total comprehensive income/ (loss) for the period	**-**	**-**	**-**	**-**	**(7.6)**	**(24.2)**	**(65.7)**	**(97.5)**	**412.9**	**315.4**
Acquisition of shares under DSBP scheme	-	-	(0.9)	-	-	-	(1.5)	(2.4)	-	(2.4)
Transfers	-	-	-	-	-	26.8	(26.8)	-	-	-
Dividends paid/ payable (note 8)	-	-	-	-	-	-	(96.9)	(96.9)	-	(96.9)
Exercise of stock options	-	-	0.4	(0.8)	-	-	0.4	-	-	-
Recognition of share based payment	-	-	-	7.4	-	-	-	7.4	-	7.4
Other changes in non-controlling interests*	-	-	-	-	-	-	(20.0)	(20.0)	(8.2)	(28.2)
At 30 September 2017 (Unaudited)	**30.1**	**201.5**	**(558.4)**	**34.8**	**(98.5)**	**143.1**	**(370.5)**	**(617.9)**	**6,827.8**	**6,209.9**

* *Includes purchase of shares by Vedanta Limited through ESOP trust for its stock options and share based payment charge by subsidiaries.*

For the year ended 31 March 2017 (Audited)

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	**Share premium**	**Treasury Shares**	**Share-based payment reserves**	**Convertible bond reserve**	**Hedging reserve**	**Other reserves[1]**	**Retained earnings**	**Total**	**Non-controlling Interests**	**Total equity**
At 1 April 2016	**30.1**	**201.5**	**(557.2)**	**29.9**	**6.0**	**(87.7)**	**(1.4)**	**(334.0)**	**(712.8)**	**7,565.2**	**6,852.4**
Profit for the year	-	-	-	-	-	-	-	(22.7)	(22.7)	902.3	879.6
Other comprehensive income for the year	-	-	-	-	-	(3.2)	90.4	-	87.2	128.8	216.0
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**(3.2)**	**90.4**	**(22.7)**	**64.5**	**1,031.1**	**1,095.6**
Acquisition of shares under DSBP scheme	-	-	(0.8)	-	-	-	-	(1.2)	(2.0)	-	(2.0)
Convertible bond transfer	-	-	-	-	(6.0)	-	-	6.0	-	-	-
Transfers	-	-	-	-	-	-	51.5	(51.5)	-	-	-
Dividends paid/ payable (note 8)	-	-	-	-	-	-	-	(137.5)	(137.5)	(1,340.1)	(1,477.6)
Exercise of stock options	0.0	-	0.1	(15.1)	-	-	-	15.0	-	-	0.0
Recognition of share-based payment	-	-	-	13.4	-	-	-	-	13.4	-	13.4
Change in non-controlling interest- merger	-	-	-	-	-	-	-	368.4	368.4	(817.1)	(448.7)
Other changes in non-controlling interests*	-	-	-	-	-	-	-	(2.5)	(2.5)	(16.0)	(18.5)
At 31 March 2017	**30.1**	**201.5**	**(557.9)**	**28.2**	**-**	**(90.9)**	**140.5**	**(160.0)**	**(408.5)**	**6,423.1**	**6,014.6**

* *Includes purchase of shares by Vedanta Limited through ESOP trust for its stock options and additional stake purchased during the year in erstwhile Cairn India Limited and share based payment charge by subsidiaries.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2016 (Unaudited)

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	**Share premium**	**Treasury Shares**	**Share-based payment reserves**	**Convertible bond reserve**	**Hedging reserve**	**Other reserves[1]**	**Retained earnings**	**Total**	**Non-controlling Interests**	**Total equity**
At 1 April 2016	30.1	201.5	(557.2)	29.9	6.0	(87.7)	(1.4)	(334.0)	(712.8)	7,565.2	6,852.4
Profit / (loss) for the period	-	-	-	-	-	-	-	(64.2)	(64.2)	321.5	257.3
Other comprehensive loss for the period	-	-	-	-	-	(3.7)	(15.5)	-	(19.2)	(20.4)	(39.6)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(3.7)	(15.5)	(64.2)	(83.4)	301.1	217.7
Acquisition of shares under DSBP scheme	-	-	(0.8)	-	-	-	-	-	(0.8)	-	(0.8)
Change in non-controlling interest	-	-	-	-	-	-	-	(1.5)	(1.5)	1.5	-
Convertible bond transfers	-	-	-	-	(5.6)	-	-	5.6	-	-	-
Transfers	-	-	-	-	-	-	23.9	(23.9)	-	-	-
Dividends paid (note 8)	-	-	-	-	-	-	-	(82.8)	(82.8)	(40.6)	(123.4)
Exercise of LTIP awards	0.0	-	0.1	(10.9)	-	-	-	10.8	0.0	-	0.0
Recognition of share-based payment	-	-	-	7.0	-	-	-	-	7.0	-	7.0
At 30 September 2016 (Unaudited)	**30.1**	**201.5**	**(557.9)**	**26.0**	**0.4**	**(91.4)**	**7.0**	**(490.0)**	**(874.3)**	**7,827.2**	**6,952.9**

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 Indian subsidiaries.*

Notes to the financial information

1. Basis of preparation

Vedanta Resources plc (the Company) is a company incorporated and domiciled in the United Kingdom and is a London listed diversified global natural resources major. The interim condensed financial statements for the six months ended 30 September 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union ('EU') and the requirements of the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority ('FCA') in the United Kingdom as applicable to interim financial reporting.

The Condensed financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 March 2017, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim condensed consolidated financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 March 2017. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of an emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

The financial information prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union ('EU') in respect of the six months ended 30 September 2017 is unaudited but has been reviewed by the auditor and their report is set out on pages 83 and 84.

The set of condensed consolidated financial statements included in the interim financial report has been prepared using the going concern basis of accounting for the reasons set out in the Going Concern section of the Financial Review.

Certain comparative figures appearing in these interim condensed consolidated financial statements have been regrouped and/or reclassified to better reflect the nature of those items.

2(a). Accounting policies

The interim condensed consolidated financial statements are prepared using the same accounting policies as applied in the audited 31 March 2017 financial statements except for those mentioned below.

2(b). Application of new and revised standards

1. The Group has adopted, with effect from April 1, 2017, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the interim condensed consolidated financial statements.

- IAS 7 Statement of Cash Flows: Narrow-scope amendments: The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Group will provide information on movements in gross liabilities arising from financing activities in addition to the net debt reconciliation currently provided in the annual financial statements.
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

2. At the date of authorization of these interim condensed consolidated financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 9 – Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9, Financial Instruments. The standard reduces the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39. It eliminates the rule based requirement of segregating embedded derivatives from financial assets and tainting rules pertaining to held to maturity investments. For financial assets which are debt instruments, IFRS 9 establishes a principle based approach for classification based on cash flow characteristics of the asset and the business model in which an asset is held. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by- share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income on such equity investment would ever be reclassified to profit or loss. It requires the entity, which chooses to designate a liability as at fair value through profit or loss, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected credit loss' model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new presentation and disclosure requirements. The effective date for the adoption of IFRS 9 is annual periods beginning on or after 1 January 2018, though early adoption is permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group has substantially completed its assessment of the effects of transition to IFRS 9. The areas impacted on adopting IFRS 9 on the Group are detailed below. The Group does not expect any additional material effects being identified later in the implementation process.

- **Classification and measurement:** IFRS 9 establishes a principle based approach for classification of financial assets based on cash flow characteristics of the asset and the business model in which an asset is held. The fair value changes of some of the Group's financial assets may get recorded in the statement of other comprehensive income leading to changes in the profit after tax with consequent changes to the other comprehensive income.
- **Impairment:** Based on the Group's assessment, under expected credit loss method, the impairment of financial assets held at amortised cost is not expected to have a material impact on the Group's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.
- **Hedge accounting:** The adoption of the new standard would not materially change the amounts recognised in relation to existing hedging arrangements.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new Standard will come into effect for the annual reporting periods beginning on or after 1 January 2018 with early application permitted.

The indicative areas of impact in implementing IFRS 15 on the Group results are detailed below. The work is ongoing and additional impacts may be identified as we progress further in the implementation process.

In order to identify the potential impact of the standard on the Group's consolidated financial statements, the Group is analysing contracts of the relevant revenue streams of the group. Work to date has focused on evaluating the contractual arrangements across the Group's principal revenue streams, particularly key terms and conditions which may impact revenue recognition.

Additional analysis has begun on the key areas identified, in order to estimate the effect of the application of the new standard. On the basis of the analysis conducted as of the date of approval of the half year financial report which would continue in 2nd half of the year, the company is evaluating whether: i) provisional pricing would have impact on measurement of revenue recognition (ii) freight services should be considered a separate performance obligation (iii) transfer of control coincides with transfer of significant risk and rewards in relation to ownership of goods.

The Group continues to further review individual contracts in order to assess the possible impact of the application of IFRS 15 and to identify the approaches for representing the effects upon first time adoption of the new standard, taking due account of available options and ongoing evolution of guidance concerning their adoption.

IFRS 16 - Leases

IFRS 16 - Leases, specifies recognition, measurement and disclosure criteria for leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new Standard will come into effect for annual reporting periods beginning on or after 1 January 2019, subject to EU endorsement. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied.

The Group is currently in the process of determining the potential impact of adopting the above standard.

Amendments resulting from Annual Improvements to IFRSs 2014-2016 Cycle: The amendments, comprising of changes in IFRS 1, IFRS 12 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, although entities are permitted to apply them earlier.

IFRIC 22: Foreign Currency Transactions and Advance Consideration: The Interpretation, which was issued on 8 December 2016, addresses how to determine the date of a transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) when a related non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency is derecognised. The amendments are effective for annual periods beginning on or after 1 January 2018, although entities are permitted to apply them earlier, subject to EU endorsement.

IAS 40 Investment Property: Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list. The amendments are effective for periods beginning on or after 1 January 2018. Earlier application is permitted, subject to EU endorsement.

IFRS 2 Share-based Payment: Amendments have been issued to clarify the classification and measurement of share-based payment transactions have been issued. The amendments are effective for annual periods beginning on or after 1 January 2018, subject to EU endorsement. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application is allowed if this is possible without the use of hindsight.

IFRS 4 Insurance Contracts: Amendments regarding the interaction of IFRS 4 and IFRS 9 has been issued. An entity choosing to apply overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018, subject to EU endorsement.

IAS 28 Investments in Associates and Joint Ventures: Clarify that an entity applies IFRS 9 to long-term interests in associates or joint ventures that form part of the net investment where the equity method is not applied. The amendments are effective for periods beginning on or after 1 January 2019.

IFRIC 23 Uncertainty over Income Tax Treatments: Clarify the application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

IFRS 17 Insurance Contracts: Clarify the measurement and recognition, presentation and disclosure of insurance contracts that will significantly increase the comparability of financial statements. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

The Group is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the interim condensed consolidated financial statements.

Foreign Exchange Rate

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

	Average rate for six months ended 30 September 2017	Average rate for six months ended 30 September 2016	Average rate for year ended 31 March 2017	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
Indian rupee	64.37	66.95	67.09	65.36	66.66	64.84

3. Segmental Reporting

The Group is a diversified natural resources group engaged in exploring, extracting and processing minerals and oil and gas. The Group produces zinc, lead, silver, copper, aluminium, iron ore, oil and gas and commercial power and have presence across India, Zambia, South Africa, Namibia, Ireland, Australia, U.A.E. and Liberia. The Group is also in the business of port operations in India.

Vedanta Resources plc is a company incorporated in the United Kingdom under the Companies Act. The Group’s reportable segments defined in accordance with IFRS 8 are as follows:

- Zinc-India
- Zinc-International
- Oil and Gas
- Iron Ore
- Copper-India / Australia
- Copper-Zambia
- Aluminium

- Power

'Others' segment mainly comprises of port business.

Management monitors the operating results of reportable segments for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on the EBITDA before Special Items of each segment. Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. Intersegment 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 six months ended 30 September 2017 and 30 September 2016 and for the year ended 31 March 2017. Items after operating profit are not allocated by segment.

(a) Reportable segments

Six months ended 30 September 2017

(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Copper-Zambia	Aluminium	Power	Others	Elimination	Total operations
REVENUE											
Sales to external customers	1,502.8	257.0	679.5	189.6	1,753.1	596.1	1,465.9	315.7	7.2	-	6,766.9
Inter-segment sales[3]	-	-	-	1.3	0.0	26.3	1.9	20.5	-	(50.0)	-
Segment revenue	**1,502.8**	**257.0**	**679.5**	**190.9**	**1,753.1**	**622.4**	**1,467.8**	**336.2**	**7.2**	**(50.0)**	**6,766.9**
Segment Result											
EBITDA[1]	833.9	110.2	400.8	(2.8)	93.4	17.6	153.0	74.1	13.6	-	1,693.8
Depreciation and amortisation[2]	(72.7)	(13.1)	(210.3)	(34.8)	(12.4)	(55.9)	(87.0)	(37.8)	(2.3)	-	(526.3)
Special items	45.3		(16.9)				0.6			-	29.0
Operating profit	**806.5**	**97.1**	**173.6**	**(37.6)**	**81.0**	**(38.3)**	**66.6**	**36.3**	**11.3**	**-**	**1,196.5**
Investment revenue											276.0
Finance costs											(779.9)
Other gains and (losses) [net]											(17.3)
PROFIT BEFORE TAXATION											**675.3**
Segments assets	2,493.4	628.8	2,381.8	1,419.2	1,464.9	1,973.0	7,243.2	2,712.1	81.5	-	20,397.9
Financial asset investments											17.9
Deferred tax assets											1,069.5
Liquid investments											5,832.7
Cash and cash equivalents											270.4
Tax assets											449.6
Others											104.4
TOTAL ASSETS											**28,142.4**
Segment liabilities	(474.9)	(127.1)	(680.8)	(245.7)	(1,870.2)	(622.4)	(1,780.2)	(260.8)	(5.7)	-	(6,067.8)
Short-term borrowings											(4,792.3)
Current tax liabilities											(87.7)
Medium and long-term borrowings											(10,328.2)
Deferred tax liabilities											(385.4)
Others											(271.1)
TOTAL LIABILITIES											**(21,932.5)**
Other segment information											
Additions to property, plant and equipment	160.9	91.4	20.7	7.2	10.7	10.6	79.5	0.8	0.2	-	382.0
Impairment losses	-	-	(16.9)	-	-	-	-	-	-	-	(16.9)

Six months ended 30 September 2016

(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Copper-Zambia	Aluminium	Power	Others	Elimination	Total operations
REVENUE											
Sales to external customers	871.2	170.0	585.9	217.1	1,393.3	382.4	863.3	375.4	9.2	-	4,867.8
Inter-segment sales[3]	1.4	-	-	1.0	1.9	22.2	0.8	8.0	0.9	(36.2)	-
Segment revenue	**872.6**	**170.0**	**585.9**	**218.1**	**1,395.2**	**404.6**	**864.1**	**383.4**	**10.1**	**(36.2)**	**4,867.8**
Segment Result											
EBITDA[1]	456.1	88.4	273.9	71.7	126.3	17.2	102.1	107.9	(10.5)	-	1,233.1
Depreciation and amortisation[2]	(52.8)	(14.9)	(234.2)	(27.9)	(14.9)	(59.6)	(70.7)	(35.9)	(2.4)	-	(513.3)
Operating profit	**403.3**	**73.5**	**39.7**	**43.8**	**111.4**	**(42.4)**	**31.4**	**72.0**	**(12.9)**	**-**	**719.8**
Investment revenue											385.6
Finance costs											(652.3)
Other gains and (losses) [net]											(26.6)
PROFIT BEFORE TAXATION											**426.5**
Segments assets[4]	2,266.6	478.7	3,009.3	1,413.4	1,197.2	2,043.1	6,897.7	2,710.4	101.2	-	20,117.6
Financial asset investments											7.1
Deferred tax assets											1,250.8
Liquid investments											7,794.9
Cash and cash equivalents											372.4
Tax assets											381.6
Others[4]											41.3
TOTAL ASSETS											**29,965.7**
Segment liabilities[4]	(456.1)	(104.9)	(899.9)	(153.3)	(1,853.1)	(622.3)	(1,245.1)	(296.2)	(28.4)	-	(5,659.3)
Short-term borrowings											(4,310.9)
Current tax liabilities											(46.2)
Medium and long-term borrowings											(12,022.4)
Deferred tax liabilities											(637.4)
Others[4]											(336.6)
TOTAL LIABILITIES											**(23,012.8)**
Other segment information											
Additions to property, plant and equipment	178.8	14.0	149.0	1.1	9.6	13.1	173.7	64.8	-	-	604.1

Year ended 31 March 2017

(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Copper-Zambia	Aluminium	Power	Others	Elimination	Total operations
REVENUE											
Sales to external customers	2,521.9	332.4	1,222.7	609.3	3,131.4	830.1	2,037.1	822.6	12.6	-	11,520.1
Inter-segment sales[3]	3.1	-	-	6.1	2.3	44.2	2.9	13.3	1.0	(72.9)	-
Segment revenue	**2,525.0**	**332.4**	**1,222.7**	**615.4**	**3,133.7**	**874.3**	**2,040.0**	**835.9**	**13.6**	**(72.9)**	**11,520.1**
Segment Result											
EBITDA[1]	1,423.2	138.3	597.2	194.2	252.2	5.9	344.2	244.8	(8.9)	-	3,191.1
Depreciation and amortisation[2]	(149.2)	(27.5)	(411.0)	(69.9)	(28.9)	(113.3)	(141.0)	(88.2)	(1.5)	-	(1,030.5)
Special items	-	-	12.6	-	-	-	(29.9)	-	-	-	(17.3)
Operating profit	**1,274.0**	**110.8**	**198.8**	**124.3**	**223.3**	**(107.4)**	**173.3**	**156.6**	**(10.4)**	**-**	**2,143.3**
Investment revenue											642.6
Finance costs											(1,382.2)
Other gains and (losses) [net]											(23.8)
PROFIT BEFORE TAXATION											**1,379.9**
Segments assets	2,422.7	553.2	2,548.9	1,409.0	1,183.5	2,006.8	7,103.5	2,837.5	85.6	-	20,150.7
Financial asset investments											10.7
Deferred tax assets											1,111.0
Liquid investments											8,043.0
Cash and cash equivalents											1,682.2
Tax assets											436.7
Others											69.1
TOTAL ASSETS											**31,503.4**
Segment liabilities	(615.7)	(173.7)	(716.7)	(228.2)	(1,708.1)	(570.0)	(1,561.5)	(266.0)	(25.9)	-	(5,865.8)
Short-term borrowings											(7,658.5)
Current tax liabilities											(37.8)
Medium and long-term borrowings											(10,570.2)
Deferred tax liabilities											(371.1)
Others											(985.4)
TOTAL LIABILITIES											**(25,488.8)**
Other segment information											
Additions to property, plant and equipment	324.2	72.3	151.9	10.5	24.2	28.2	285.8	79.0	-	-	976.1
Impairment losses	-	-	12.6	-	-	-	(29.9)	-	-		(17.3)

1. *EBITDA is a non-IFRS measure and represents earnings before special items, depreciation, amortisation, other gains and losses, interest and tax.*
2. *Depreciation and amortisation is also provided to the chief operating decision maker on a regular basis.*
3. *Transfer prices for inter-segment sales are on an arm's length basis in a manner similar to transactions with third parties. However, inter-segment sales at BALCO from its Power segment to Aluminium segment amounting to US$6.4 million for the six months ended 30 September 2017 (30 September 2016: US$3.7 million, 31 March 2017: US$6.2 million), are at cost.*
4. *The allocation of segment assets and liabilities has been revised to more accurately reflect how these are managed. Previous period amounts have been reclassified to ensure consistency.*

4. Special items

(US$ million)

	Six months ended 30 September 2017			Six months ended 30 September 2016			Year ended 31 March 2017		
	Special items	Tax effect of Special items	Special items after tax	Special items	Tax effect of Special items	Special items after tax	Special items	Tax effect of Special items	Special items after tax
Impairment of oil and gas assets[1]	(16.9)	5.9	(11.0)	-	-	-	12.6	(4.9)	7.7
Impairment of Aluminium assets[2]	-	-	-	-	-	-	(29.9)	-	(29.9)
Total impairment charge	**(16.9)**	**5.9**	**(11.0)**	**-**	**-**	**-**	**(17.3)**	**(4.9)**	**(22.2)**
Reversal of provision of DMF[3]	45.9	(15.7)	30.2	-	-	-	-	-	-
Finance costs- Special items[4]	(90.6)	-	(90.6)				(41.6)	-	(41.6)
Special items	**(61.6)**	**(9.8)**	**(71.4)**	**-**	**-**	**-**	**(58.9)**	**(4.9)**	**(63.8)**

1. *During the period ended 30 September 2017, the Group has recognized an impairment charge of US$16.9 million representing the carrying value of assets relating to exploratory wells in Block PR-OSN-2004/1 following commercial assessment of Reserves and Resources. The group is in the process of relinquishment of the said block. The impairment loss relates to the Oil & Gas business reportable segments.*
   During the year ended 31 March 2017, the Group has recognized net impairment reversal of US$12.6 million relating to Rajasthan block net of the charge in relation to change in the decommissioning liability due to change in discount rate. Of this net reversal, US$63.0 million charge has been recorded against oil and gas properties and US$75.6 million reversal has been recorded against exploratory and evaluation assets.
   The recoverable amount of the CGU, US$2,007.0 million, 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 our 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 or 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 current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal discounted cash flow 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 oil price of US$54 per barrel for FY2018 and the long-term nominal price of US$68 per barrel derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2.5% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.2% derived from the post-tax weighted average cost of capital. The impairment loss relates to the Oil & Gas business reportable segments.
2. *During the year ended 31 March 2017, the Group has recognised US $ 29.9 million impairment charge relating to certain old items of capital work-in-progress at the Alumina refinery operations.*
3. *During the period ended 30 September 2017, the Group has recognised the reversal of provisions of US$ 45.9 million relating to contribution to the District Mineral Foundation. Effective 12 January 2015. The Mines and Minerals Development and Regulation Act, 1957 prescribed the establishment of the District Mineral Foundation (DMF) in any district affected by mining related operations. The provisions required contribution of an amount equivalent to a percentage of royalty not exceeding one-third thereof, as may be prescribed by the Central Government of India. The rates were prescribed on 17 September 2015 for minerals other than coal, lignite and sand and on 20 October 2015 for coal, lignite and sand as amended on 31 August 2016. The Supreme Court order dated 13 October 2017 has determined the prospective applicability of the contributions from the date of the notification fixing such rate of contribution and hence DMF would be effective;*
   a) for minerals other than coal, lignite and sand from the date when the rates were prescribed by the Central Government; and;
   b) for coal, lignite and sand, DMF would be effective from the date when the rates were prescribed by the Central Government of India or from the date on which the DMF was established by the State Government by a notification, whichever is later.
   Pursuant to the order, the Group has recognised a reversal of DMF provision for the stated period.
4. *During the period ended 30 September 2017, the Group has recognised US $ 90.6 million loss as financing special items arising on the bond buybacks completed during the period. Similarly, during the year ended 31 March 2017, the Group has reclassified US $ 41.6 million as special item arising on the bond buybacks completed during the year then ended.*

5. Other gains and (losses) [net]

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Gross foreign exchange losses	(19.2)	(28.3)	(16.4)
Qualifying exchange losses capitalised	-	1.5	1.9
Net foreign exchange losses	**(19.2)**	**(26.8)**	**(14.5)**
Change in fair value of financial liabilities measured at fair value	(0.5)	(0.6)	(0.4)
Net gain / (loss) arising on qualifying hedges and non-qualifying hedges	2.4	0.8	(8.9)
	(17.3)	**(26.6)**	**(23.8)**

6. Income tax expense

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Current tax:			
Current Tax on profit for the period/ year	187.5	156.3	589.5
Charge/(credit) in respect of current tax for earlier years	-	-	(1.5)
Charge / (credit) in respect of Special items (note 4)	15.7	-	-
Total current tax	**203.2**	**156.3**	**588.0**
Deferred tax:			
Origination and reversal of temporary differences	68.3	12.9	(83.0)
Charge in respect of deferred tax for earlier years	-	-	(9.6)
Charge / (credit) in respect of Special items (note 4)	(5.9)	-	4.9
Total deferred tax	**62.4**	**12.9**	**(87.7)**
Net tax expense	**265.6**	**169.2**	**500.3**
Effective tax rate	**39.3%**	**39.7%**	**36.2%**

Tax expense

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Tax effect of special items (note 4)	9.8	-	4.9
Tax expense – others	255.8	169.2	495.4
Net tax expense	**265.6**	**169.2**	**500.3**

7. Earnings per share

(a) Basic earnings per share amounts are calculated by dividing net profit / loss for the period / year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the period / year.

Diluted earnings per share amounts are calculated by dividing the net profit / loss attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period / year (adjusted for the effects of dilutive options and convertible bonds).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Net loss attributable to equity holders of the parent	(65.7)	(64.2)	(22.7)

Computation of weighted average number of shares

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Weighted average number of ordinary shares for basic earnings per share (million)	276.9	276.5	277.3
Effect of dilution :			
Potential ordinary shares relating to share option awards	8.8	9.7	5.0
Adjusted weighted average number of shares of the Company in issue (million)	**285.7**	**286.2**	**282.3**

Basic loss per share on the loss for the period / year

(US$ million except as stated)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Net loss attributable to equity holders of the parent	(65.7)	(64.2)	(22.7)
Weighted average number of Ordinary Shares of the Company in issue (million)	276.9	276.5	277.3
Loss per share on loss for the period / year (US cents per share)	**(23.7)**	**(23.2)**	**(8.2)**

Diluted loss per share on the loss for the period / year

(US$ million except as stated)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Net loss attributable to equity holders of the parent	(65.7)	(64.2)	(22.7)
Weighted average number of Ordinary Shares of the Company in issue (million)	276.9	276.5	277.3
Diluted loss per share on loss for the period / year (US cents per share)	**(23.7)**	**(23.2)**	**(8.2)**

The effect of 8.8 million (30 September 2016: 9.7 million, 31 March 2017: 5.0 million) potential ordinary shares, which relate to share option awards under the LTIP scheme, on the attributable loss for the period / year are anti-dilutive and thus these shares are not considered in determining diluted EPS. The loss for the previous period would have decreased if holders of the convertible bonds in Vedanta had exercised their right to convert their bond holdings into Vedanta equity. The impact on profit / loss for the previous period of this conversion would have lowered interest payable on the convertible bond. The adjustment in respect of the convertible bonds had an anti-dilutive impact on the number of shares and earnings / loss and thus diluted EPS is not disclosed.

(b) Earnings / (loss) per share based on underlying profit / (loss) for the period / year (non-GAAP)

The Group's Underlying Profit / loss is the attributable profit/loss for the period / year after adding back special items, other losses / (gains) [net] and their resultant tax and Non-controlling interest effects:

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Loss for the year attributable to equity holders of the parent	(65.7)	(64.2)	(22.7)
Special items	61.6	-	58.9
Other losses / (gains) [net]	17.3	26.6	23.8
Tax and non-controlling interest effect of special items (including taxes classified as special items) and other losses / (gains)	13.0	(14.3)	(15.4)
Underlying Profit / (loss) for the period / year	**26.2**	**(51.9)**	**44.6**

Basic earnings/ (loss) per share on underlying profit/ (loss) for the period / year (non-GAAP)

(US$ million except as stated)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Underlying (loss) / profit for the period / year	26.2	(51.9)	44.6
Weighted average number of Ordinary Shares of the Company in issue (million)	276.9	276.5	277.3
Earnings / (loss) per share on underlying profit / (loss) for the period / year (US cents per share)	**9.5**	**(18.8)**	**16.1**

Diluted earnings / (loss) per share on underlying profit/ (loss) for the period / year (non-GAAP)

(US$ million except as stated)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Underlying (loss) / profit for the period / year	26.2	(51.9)	44.6
Adjusted weighted average number of Ordinary Shares of the Company in issue (million)	285.7	276.5	282.3
Diluted earnings / (loss) per share on underlying profit/ (loss) for the period / year (US cents per share)	**9.2**	**(18.8)**	**15.8**

The effect of 9.7 million potential ordinary shares as at 30 September 2016, which relate to share option awards under the LTIP scheme, on the attributable loss for the period is anti-dilutive and thus these shares are not considered in determining diluted EPS. The loss for the previous period would have decreased if holders of the convertible bonds in Vedanta had exercised their right to convert their bond holdings into Vedanta equity. The impact on profit / loss for the previous period of this conversion would have lowered interest payable on the convertible bond. The adjustment in respect of the convertible bonds had an anti-dilutive impact on the number of shares and earnings / loss and thus diluted EPS is not disclosed.

8. Dividends

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Amounts paid as distributions to equity holders:			
Equity dividends on ordinary shares :			
Final dividend 2015-16 : 30 US cents per share	-	82.8	82.8
Interim dividend 2016-17 : 20 US cents per share		-	55.6
Final dividend 2016-17: 35 US cents per share	97.6	-	-
Total	**97.6**	**82.8**	**138.4**

The proposed interim dividend for the six months ended 30 September 2017 was 24 US cents per share (30 September 2016: 20 US cents). This was approved by the Board of Directors on 9 November 2017 (30 September 2016: 9 November 2016) and has not been included as a liability as at 30 September 2017 (30 September 2016).

9. Movement in net debt[1]

(US$ million)

				Debt due within one year	Debt due after one year		
	Cash and cash equivalents[2]	Liquid investments	Total cash and liquid investments	Debt carrying value	Debt carrying value	Debt-related derivatives[3]	Total Net Debt
At 1 April 2017	**1,682.2**	**8,043.0**	**9,725.2**	**(7,658.5)**	**(10,570.2)**	**-**	**(8,503.5)**
Cash flow	(1,417.7)	(2,352.8)	(3,770.5)	3,872.7	(811.2)	-	(709.0)
Other non-cash changes[4]	-	167.8	167.8	(1,027.4)	1,007.9	-	148.3
Foreign exchange differences	5.9	(25.3)	(19.4)	20.9	45.3	-	46.8
At 30 September 2017	**270.4**	**5,832.7**	**6,103.1**	**(4,792.3)**	**(10,328.2)**		**(9,017.4)**

(US$ million)

				Debt due within one year	Debt due after one year		
	Cash and cash equivalents(2)	Liquid investments	Total cash and liquid investments	Debt carrying value	Debt carrying value	Debt-related derivatives[3]	Total Net Debt
At 1 April 2016	**428.3**	**8,508.2**	**8,936.5**	**(4,313.8)**	**(11,949.5)**	**(2.0)**	**(7,328.8)**
Cash flow	1,187.2	(921.5)	265.7	74.1	(1,144.6)	-	(804.8)
Other non-cash changes[4]	-	321.0	321.0	(3,266.6)	2,643.4	2.0	(300.2)
Foreign exchange differences	66.7	135.3	202.0	(152.2)	(119.5)	-	(69.7)
At 31 March 2017	**1,682.2**	**8,043.0**	**9,725.2**	**(7,658.5)**	**(10,570.2)**	**-**	**(8,503.5)**

(US$ million)

				Debt due within one year	Debt due after one year		
	Cash and cash equivalents(2)	Liquid investments	Total cash and liquid investments	Debt carrying value	Debt carrying value	Debt-related derivatives[3]	Total Net Debt
At 1 April 2016	**428.3**	**8,508.2**	**8,936.5**	**(4,313.8)**	**(11,949.5)**	**(2.0)**	**(7,328.8)**
Cash flow	(32.8)	(833.3)	(866.1)	(923.7)	836.5	-	(953.3)
Other non-cash changes[4]	-	136.6	136.6	905.0	(936.3)	2.0	107.3
Foreign exchange differences	(23.1)	(16.6)	(39.7)	21.6	26.9	-	8.8
At 30 September 2016	**372.4**	**7,794.9**	**8,167.3**	**(4,310.9)**	**(12,022.4)**	**-**	**(8,166.0)**

1. *Net debt being total debt and debt related derivatives reduced by cash and cash equivalents and liquid investments, as carried at fair value under IAS 32 and 39.*
2. *Includes US$6.4 million (31 March 2017: US$156.0 million, 30 September 2016: US$55.5 million) of cash held in short-term deposit accounts that is restricted in use as it relates to unclaimed dividends, closure costs and future redundancy payments.*
3. *Debt-related derivatives exclude commodity-related derivative financial assets and liabilities.*
4. *Other non-cash changes comprises of mark to market of embedded derivatives, interest accretion on convertible bonds, amortisation of borrowing costs, foreign exchange difference on net debt and preference shares to be issued on merger, for which there is no cash movement and reclassification between debt due within one year and debt due after one year. It also includes US$130.7 million (31 March 2017: US$312.1 million, 30 September 2016: US$136.6 million) of fair value movement in investments.*

Debt securities issued/repaid during the period

In June 2013, the Company issued US$ 1,200.0 million bonds bearing a coupon rate of 6.0 % due for repayment in January 2019. The bonds were prepaid to the extent of US$425.0 million in January 2017 and have been further prepaid to the extent of US$522.5 million in August 2017. As at 30 September 2017 the carrying value is US$ 220.4 million.

In July 2011, the Company issued US$ 900.0 million bonds bearing a coupon rate of 8.25 % due for repayment in June 2021. The bonds were prepaid to the extent of US$229.8 million in August 2017. As at 30 September 2017 the carrying value is US$ 636.8 million.

In July 2008, the Company issued US$ 750.0 million bonds bearing a coupon rate of 9.50 % due for repayment in July 2018. The bonds were partly prepaid to the extent of US$ 370.9 million in January 2017 and have been fully prepaid in May 2017.

In August 2017, the Company issued US$ 1,000.0 million bonds bearing a coupon rate of 6.125%. The bonds are due for repayment in August 2024. As at 30 September 2017 the carrying value is US$ 991.8 million.

In August 2017, TSPL issued non-convertible debentures (NCDs) of US$76.5 million with an interest rate of 7.85%. These NCDs are secured by first pari-passu charge on the assets of TSPL both present and future with a minimum asset cover of 1 times during the tenure of NCD (including the debt service reserve account) and an unconditional and irrevocable corporate guarantee by Vedanta Limited. The NCDs are due for repayment in August 2020. As at 30 September 2017 the carrying value is US$ 76.5 million.

In August 2017, BALCO issued NCDs of US$30.6 million and US$45.9 million at an interest rate of 8.00% and 7.90% respectively. These NCDs are secured and have the first pari-passu charge on the property, plant and equipment of BALCO. NCDs of US$30.6 million have a put and call option in March 2020. The NCDs are due for repayment in June 2020 and July 2020 respectively. As at 30 September 2017 the carrying value is US$ 76.4 million.

In May 2017, Vedanta Limited issued NCDs of US$53.6 million at an interest rate of 7.6%. These NCDs are secured by way of a first pari-passu charge on the movable property, plant and equipment of the Lanjigarh Refinery Expansion Project including 210 MW Power Project for the Lanjigarh Refinery Expansion Project of Vedanta Limited. The Lanjigarh Refinery Expansion Project shall specifically exclude the 1 MTPA alumina refinery of Vedanta Limited along with the 90 MW power plant in Lanjigarh and all its related expansions. The NCDs are due for repayment in May 2019. As at 30 September 2017 the carrying value is US$ 53.5 million.

In May 2017, VGCB issued NCDs of US$65.0 million at an interest rate of 8.25%. These NCDs are secured by way of a first pari-passu charge on the specific movable and/or immovable property, plant and equipment, as may be identified and notified by the Issuer to the Security Trustee from time to time, with minimum asset coverage of 1 time of the aggregate face value of NCDs outstanding at any point of time. The NCDs are due for repayment in September 2020. As at 30 September 2017 the carrying value is US$ 65.0 million.

In September 2014, TSPL issued NCDs of US$ 27.8 million with an interest rate of 9.70%. These NCDs are secured by a first pari-passu charge on the assets of TSPL both present and future with a minimum asset cover of 1.1 times during the tenure of the NCDs (including the debt service reserve account) and an unconditional and irrevocable corporate guarantee by Vedanta Limited. The NCDs were repaid in September 2017.

In August 2014, BALCO issued NCDs of US$75.4 million at an interest rate of 10.25%. These NCDs are secured and have a first pari-passu charge on the fixed assets of BALCO. The NCDs were repaid in August 2017.

10. Other disclosures

A. Capital commitments

Contractual commitments to acquire fixed assets were US$1,223.9 million at 30 September 2017 (31 March 2017: US$1,351.5 million, 30 September 2016: US$1,151.3 million).

B. Guarantees

Companies within the Group provide guarantees within the normal course of business.

A summary of the most significant guarantees is set out below:

As at 30 September 2017, guarantees of US$305.2 million were advanced to suppliers in the normal course of business (31 March 2017: US$281.0 million, 30 September 2016: US$317.8 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US$227.2 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (31 March 2017: US$326.3 million, 30 September 2016: US$109.0 million).

Cairn PSC guarantee to Government

The Group has provided a parent company guarantee for the Cairn India Group's obligation under the Production Sharing Contract ('PSC').

Cairn India has provided various other guarantees under the Cairn India Group's bank facilities for its share of minimum work programme commitments of US$27.5 million outstanding as of 30 September 2017 (31 March 2017: US$19.9 million, 30 September 2016: US$13.8 million).

C. Export Obligations

The Indian entities of the Group have export obligations of US$2,692.0 million (31 March 2017: US$2,647.3 million, 30 September 2016: US$2,992.9 million) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under the Advance Licence Scheme for the import of raw material laid down by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US$219.5 million (31 March 2017: US$261.7 million, 30 September 2016: US$324.3 million) reduced in proportion to actual exports, plus applicable interest.

D. Contingencies

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

Richter and Westglobe: Income Tax

The Group through its subsidiaries Richter Holdings Limited and Westglobe Limited in 2007 acquired the entire stake in Finsider International Company Limited (FICL) based in the United Kingdom which held 51 percent shares of Sesa Goa Ltd, an Indian Company. In October 2013, the Indian Tax Authorities (Tax Authorities) have served an order on Richter and Westglobe for alleged failure to deduct withholding tax on capital gains on the indirect acquisition of shares in April 2007.

The Tax Authorities determined the liability for such non-deduction of tax as US$133.9 million in the case of Richter and US$89.2 million in the case of Westglobe, comprising tax and interest. Richter and Westglobe filed appeals before the first appellate authority. Appeals (writ petitions) were filed in the High Court of Karnataka challenging the constitutional validity of retrospective amendments made by the Finance Act 2012 and in particular the imposition of obligations to deduct tax on payments made against an already concluded transaction. The Karnataka High Court passed interim orders and directed that the adjudication of liability (TDS quantum and interest) shall no longer remain in force since the tax department passed the orders on merits travelling beyond the limited issue of jurisdiction. The jurisdiction issue will be heard by the High Court. The next hearing is scheduled for 14th November 2017.

Cairn India Limited: Income Tax

In March 2014, Cairn India Limited (now Vedanta Limited) received a show cause notice from the Indian Tax Authorities ("Tax Authorities") for not deducting withholding tax on the payments made to Cairn UK Holdings Limited ("CUHL"), for acquiring shares of Cairn India Holdings Limited ("CIHL"), as part of their internal reorganisation. Tax Authorities have stated in the notice that a short-term capital gain has accrued to CUHL on transfer of the shares of CIHL to Cairn India Limited, in the financial year 2006-2007, on which tax should have been withheld by the Company. Pursuant to this various replies were filed with the tax authorities.

After hearings, the Income Tax Authority, during March 2015, issued an order by holding Cairn India Limited as 'assessee in default' and asked for payment, such demand totalling US$ 3,135.9 million(including interest of US$ 1,567.9 million). Cairn India Limited had filed appeal before the Appellate Authority Commissioner of Income Tax (Appeals) which via order dated July 3, 2017 confirmed the tax demand against Cairn India Limited. Cairn India Limited challenged the Commissioner of Income Tax (Appeals) order before Income Tax Appellate Tribunal (ITAT). Separately, Cairn India Limited had also filed a fresh appeal (writ petition) before Delhi High Court wherein it raised several points for assailing the aforementioned Income tax Authority's order. The matter is listed for hearing on 18 January 2018 before Delhi High Court.

Vedanta Resources Plc had filed a Notice of Claim against the Government of India ('GOI') under the UK India Bilateral Investment Treaty (the "BIT"). Matters were heard before the Arbitration Tribunal on 25th -26th May 2017 on the jurisdictional issue and now the tribunal's order is awaited.

Vedanta Limited: Contractor claim

Shenzhen Shandong Nuclear Power Construction Co. Limited ('SSNP') subsequent to terminating the EPC contract invoked arbitration as per the contract alleging non-payment of their dues towards construction of a 210 MW co-generation power plant for the 6 MTPA expansion project, and filed a claim of US$229.6 million. Based on the assessment, Vedanta Limited has booked a liability of US$30.8 million. SSNP also filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996 before the Bombay High Court requesting for interim relief. The Bombay High Court initially dismissed their petition, but on a further appeal by SSNP, the Division Bench of the Bombay High Court directed Vedanta Limited to deposit a bank guarantee for an amount of US$28.6 million as a security, being a prima facie representation of the claim, until arbitration proceedings are completed. Vedanta Limited has deposited a bank guarantee of an equivalent amount. Management is of the opinion that this claim is not valid under the terms of the contract with SSNP and it is unlikely that SSNP can legally sustain the claim and accordingly, no further provision is considered necessary. The arbitration has concluded and the proceedings have now been reserved for the pronouncement of the final award.

Ravva Joint Venture arbitration proceedings: ONGC Carry

Cairn India Limited (now merged into Vedanta Limited) is involved in a dispute against the Government of India relating to the recovery of contractual costs in terms of calculation of payments that the contractor party were required to make in connection with the Ravva field.

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 whereas four other issues were decided in favour of GOI in October 2004 ("Partial Award"). However, the Arbitral Tribunal retained the jurisdiction for determination of remaining issues between the parties, including costs quantification.

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 which adjudicated the matter on October 11, 2011, upheld the Partial Award. Per the decision of the Arbitral Tribunal, the contractor parties and GOI were required to arrive at a quantification of the sums relatable to each of the issues under the Partial Award.

Pursuant to the decision of the Federal Court, the contractor parties approached the Ministry of Petroleum and Natural Gas ("MoPNG") to implement the Partial Award while reconciling the statement of accounts as outlined in the Partial Award.

However, MoPNG on July 10, 2014 proceeded to issue a Show Cause Notice alleging that since the partial award has not been enforced, the profit petroleum share of GOI has been short-paid.

MoPNG threatened to recover the amount from the sale proceeds payable by the oil marketing companies to the contractor parties.

As the Partial Award did not quantify the sums, therefore, contractor parties approached the same Arbitral 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 Cairn India Limited's favour. GOI has challenged the Final Award in the Malaysian courts. The matter is scheduled for continued oral hearing on 13 December 2017. Further, the Group has also filed for the enforcement of the Partial Award and Final Award with Delhi High Court which is scheduled to be heard on 7 December 2017. While Cairn India Limited does not believe the GOI will be successful in its challenge, if the Arbitral Award is reversed and such reversal is binding, Cairn India Limited could be liable for approximately US$64.3 million plus interest.

Proceedings related to the Imposition of Entry Tax

Vedanta Limited and other group companies i.e. Bharat Aluminium Company Limited (BALCO), HZL and Cairn India Limited (now merged with Vedanta Limited) 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 states from outside. Post some contradictory orders of High Courts across India adjudicating on similar challenges, the Supreme Court referred the matters to a nine judge bench. Post a detailed hearing, although the bench rejected the compensatory nature of tax as a ground of challenge, it maintained status quo with respect to other issues which have been left open for adjudication by regular benches hearing the matters. The total claims against Vedanta Limited and its subsidiaries are US$ 191.5 million (31 March 2017: US$165.0 million and 30 September 2016: US$ 112.5 million).

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

On October 9, 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 parri-passu with domestic goods for the purpose of levy of Entry tax. Vedanta Limited and its subsidiaries are in the process of amending their appeals (writ petitions) in Orissa and Chattisgarh to include imported goods as well. With respect to Rajasthan, the State Government has filed a counter petition in the Rajasthan High Court, whereby it has admitted that it does not intend to levy the entry tax on imported goods. The issue of discrimination has been remanded back to the High Courts for final adjudication.

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 an SEZ based on the definition of 'local area' under the Odisha Entry Tax Act which is very clear and does not include an 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.

TSPL: Proceedings related to claim for Liquidated Damages

TSPL entered into a long term PPA with PSPCL for the supply of power. Due to delays in the fulfilment of certain obligations by PSPCL as per the PPA and force majeure events, there was a delay in completion of the project as per the PPA timelines. TSPL has received notices of claims from PSPCL seeking payment of Liquidated damages (LD) for delay in commissioning of Unit I, II and III totalling to US$ 147.0 million.

During the financial year 2014-15, PSPCL had invoked the Performance Bank Guarantee (PBG) of US$22.9 million to recover the LD on account of delay in Commercial Operation Date (COD). Against the PBG invocation stay was granted by PSERC and this was later upheld by APTEL as well. The matter was referred to Arbitration by a panel of three Arbitrators. The arbitration proceedings have concluded and the order has been passed on September 18, 2017 in TSPL's favour. The said claim of $ 147.0 million was part of contingent liability as on March 31, 2017 however pursuant to the order passed, the claim has been considered to be resolved with no exposure remaining for the company.

HZL: Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totalling to US$51.5 million. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim being successful is not probable and thus no provision has been made in the financial statements. HZL had filed appeals (writ petitions) in the High Court of Rajasthan in Jodhpur and had obtained a stay in respect of these demands. The High Court restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court issued another order granting the Department of Mines and Geology additional time to file their reply and also ordered the Department of Mines and Geology not to issue any orders cancelling the lease.

BALCO: Challenge against imposition of Energy Development Cess

BALCO challenged the imposition of Energy Development Cess levied on generators and distributors of electrical energy at 10 paise per unit on the electrical energy sold or supplied before the High Court on the grounds that the Cess is effectively levied on production and not on consumption or sale since the figures of consumption are not taken into account and the Cess is discriminatory since CPPs are required to pay at 10 paise while the State Electricity Board is required to pay at 5 paise. The High Court of Chhattisgarh, by an order dated December 15, 2006, declared the provisions imposing ED Cess on CPPs as discriminatory and therefore ultra vires the Constitution. The Group has sought a refund of ED Cess paid up until March 2006 amounting to US$5.3 million.

The State of Chhattisgarh moved a special leave petition in the Supreme Court and whilst issuing notice has withheld the refund of the Cess already deposited. The matter is to be heard by a larger bench of the Supreme Court and will be listed in due course for final hearing. In case the Supreme Court overturns the decision of the High Court, BALCO would be liable to pay an additional amount of US$94.1 million and the Group may have to bear a charge of US$99.9 million.

South Africa Carry Cost

As part of the farm-in agreement for Block 1, the Group was required to carry its joint venture partner, Petro SA, up to a gross expenditure of US$100.0 million for a work program including 3D and 2D seismic studies and at least one exploration well. The group has spent approximately US$37.7 million towards exploration expenditure and a minimum carry of approximately US$63.3 million (including drilling one well) was outstanding at the end of the initial exploration period. Considering the prevailing situation the Group has sought an extension for entry into the second renewal phase of the exploration period. However, after assessing past judicial precedents supported by independent legal advice, the Group has provided for the requisite damages and an obligation for the aforesaid carry cost has been assessed as possible and disclosed as a contingency.

Cairn India: Tax Holiday

In case of Cairn India, Section 80-IB (9) of the Income Tax Act, 1961 allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term 'mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively. The 2008 Indian Finance Bill appeared to remove this deduction by stating (without amending section 80-IB (9)) that "for the purpose of section 80-IB (9), the term 'mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Finance Minister and the Ministry of Petroleum and Natural Gas have confirmed that a tax holiday would be available on production of crude oil but have continued to exclude gas. Cairn India Limited filed an appeal (writ petition) to the Gujarat High Court in December 2008 challenging the restriction of section 80-IB to the production of oil. Gujarat High Court did not admit the appeal (writ petition) on the ground that the matter needs to be first decided by lower tax authorities. A Special Leave Petition has been filed before the Supreme Court against the decision of the Gujarat High court. However in a similar case, the Gujarat High Court has held that the tax holiday benefit would extend to the production of gas. In the event this challenge is unsuccessful, the potential liability for tax and related interest on the tax holiday claimed on gas is US$53.4 million.

Class actions against KCM on behalf of Zambian nationals

Vedanta and KCM had challenged the jurisdiction of the English courts to hear and adjudicate the claims by Zambian residents in relation to KCM's operations in Zambia. The allegations relate to claims of personal injury, significant pollution, environmental damage and claims for aggravated and exemplary damages and for injunctive relief. These allegations are currently being investigated by KCM. On 27 May 2016, the English High Court of Justice, Queen's Bench Division, Technology and Construction Court ruled that the English courts have jurisdiction to hear and adjudicate the claims. Vedanta and KCM appealed this ruling.

The English Court of Appeal released a judgment on 13 October 2017, dismissing this appeal and ruling that the English courts have jurisdiction to hear and adjudicate the claims. This judgment relates solely to the jurisdiction of the English courts to hear these claims.

Vedanta and KCM will seek permission to appeal the Court's decision. There has been no hearing or proceeding in any court on the merits of any of these claims to date, none has been scheduled, and the amount of the claims has not been specified. Given the stage of proceedings the amount is presently not quantifiable.

Miscellaneous Disputes

The Group is subject to various claims and exposures which arise in the ordinary course of conducting and financing its business from the income tax, 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$1,425.5 million (31 March 2017: US$1,738.4 million, 30 September 2016: US$1,163.4 million) of which US$101.6 million (31 March 2017: US$148.7 million, 30 September 2016: US$26.3 million) is included as a provision in the Statement of financial position as at 30 September 2017. These claims also include claims of US$731.6 million (31 March 2017: US$989.6 million, 30 September 2016: US$581.5 million) in respect of Income tax assessments out of which US$ 22.8 million (31 March 2017: US$23.3 million, 30 September 2016: US$22.6 million) is included as a provision in the Statement of financial position as at 30 September 2017.

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

E. Other Matters

In July 2017, the Appellate Tribunal for Electricity dismissed the appeal(s) filed by one of the Group's subsidiaries, Talwandi Sabo Power Limited (TSPL), engaged in power generation, in respect of certain disputes with its customer relating to (a) the interpretation of how calorific value of coal and costs associated with it should be determined; and (b) whether there has been a change in law following the execution of the Power Purchase Agreement. Both these matters effect the computation of the tariff to be charged by TSPL to its customer and TSPL has filed appeals before the Honourable Supreme Court to seek relief. The outstanding trade receivables in relation to these disputes as at 30 September 2017 were US$ 139.4 million (US$ 115.5 million as at 31 March 2017 and US$ 59.4 million as at 30 September 2016). The Group, based on external legal opinions 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, at Vedanta Limited US$ 84.3 million (US$ 85.0 million as 31 March 2017 and US$ 82.7 million as at 30 September 2016) as at 30 September 2017 were outstanding on account of certain disputes with another customer relating to computation of tariffs and differential revenues recognised with respect to tariffs pending finalization by the state regulatory commission.

These amounts are included under other non-current assets as at 30 September 2017 and as at 31 March 2017.

11. Financial instruments

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below

(US$ million)

As at 30 September 2017	Held for trading	Loans and receivables	Available for sale	Derivatives	Total carrying value	Total fair value
Financial Assets						
Financial instruments (derivatives)	-	-	-	31.5	**31.5**	**31.5**
Financial asset investments held at fair value	-	-	17.9	-	**17.9**	**17.9**
Liquid investments						
- Bank deposits	-	608.0	-	-	**608.0**	**608.0**
- Other investments	5,224.7		-	-	**5,224.7**	**5,224.7**
Cash and cash equivalents	-	270.4	-	-	**270.4**	**270.4**
Trade and other receivables	-	619.6	-	-	**619.6**	**619.6**
Other non-current assets	-	374.2	-	-	**374.2**	**374.2**
Total	**5,224.7**	**1,872.2**	**17.9**	**31.5**	**7,146.3**	**7,146.3**

As at 30 September 2017	Amortized cost	Derivatives	Total carrying value	Total fair value
Financial Liabilities				
Financial instruments (derivatives)	-	56.8	**56.8**	**56.8**
Trade and other payables	5,003.6	-	**5,003.6**	**5,003.6**
Borrowings	15,120.5	-	**15,120.5**	**15,356.1**
Total	**20,124.1**	**56.8**	**20,180.9**	**20,416.5**

(US$ million)

As at 30 September 2016	Held for trading	Loans and receivables	Available for sale	Derivatives	Total carrying value	Total fair value
Financial Assets						
Financial instruments (derivatives)	-	-	-	3.0	**3.0**	**3.0**
Financial asset investments held at fair value	-	-	7.1	-	**7.1**	**7.1**
Liquid investments						
- Bank deposits	-	739.4	-	-	**739.4**	**739.4**
- Other investments	7,055.5	-	-	-	**7,055.5**	**7,055.5**
Cash and cash equivalents	-	372.4	-	-	**372.4**	**372.4**
Trade and other receivables	-	1,008.0	-	-	**1,008.0**	**1,008.0**
Other non-current assets	-	102.7	-	-	**102.7**	**102.7**
Total	**7,055.5**	**2,222.5**	**7.1**	**3.0**	**9,288.1**	**9,288.1**

(US$ million)

As at 30 September 2016	Amortized cost	Derivatives	Total carrying value	Total fair value
Financial Liabilities				
Financial instruments (derivatives)	-	(57.1)	**(57.1)**	**(57.1)**
Trade and other payables	(4,352.1)	-	**(4,352.1)**	**(4,352.1)**
Borrowings	(16,333.3)	-	**(16,333.3)**	**(16,336.7)**
Total	**(20,685.4)**	**(57.1)**	**(20,742.5)**	**(20.745.9)**

(US$ million)

As at 31 March 2017	Held for trading	Loans and receivables	Available for sale	Derivatives	Total carrying value	Total fair value
Financial Assets						
Financial instruments (derivatives)	-	-	-	2.2	**2.2**	**2.2**
Financial asset investments held at fair value	-	-	10.7	-	**10.7**	**10.7**
Liquid investments						
- Bank deposits	-	882.6	-	-	**882.6**	**882.6**
- Other investments	7,160.4	-	-	-	**7,160.4**	**7,160.4**
Cash and cash equivalents	-	1,682.2	-	-	**1,682.2**	**1,682.2**
Trade and other receivables	-	553.6	-	-	**553.6**	**553.6**
Other non-current assets	-	299.2	-	-	**299.2**	**299.2**
Total	**7,160.4**	**3,417.6**	**10.7**	**2.2**	**10,590.9**	**10,590.9**

(US$ million)

As at 31 March 2017	Amortized cost	Derivatives	Total carrying value	Total fair value
Financial Liabilities				
Financial instruments (derivatives)	-	(135.5)	**(135.5)**	**(135.5)**
Trade and other payables	(5,115.3)	-	**(5,115.3)**	**(5,115.3)**
Borrowings	(18,228.7)	-	**(18,228.7)**	**(17,310.2)**
Total	**(23,344.0)**	**(135.5)**	**(23,479.5)**	**(22,561.0)**

IFRS 13 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The below table summarises the categories of financial assets and liabilities measured at fair value:

(US$ million)

	As at 30 September 2017		
	Level 1	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
- Held for trading	1,991.0	3,233.7	-
- Financial instruments (derivatives)	-	31.5	-
Available-for-sale investments			
- Financial asset investments held at fair value	16.3	-	1.6
Total	**2,007.3**	**3,265.2**	**1.6**
Financial liabilities			
At fair value through profit or loss / designated for hedging			
- Financial instruments (derivatives)	-	56.8	-
Total	**-**	**56.8**	**-**

(US$ million)

	As at 30 September 2016	
	Level 1	**Level 2**
Financial assets		
At fair value through profit or loss		
- Held for trading	2,571.1	4,484.4
- Financial instruments (derivatives)	-	3.0
Available-for-sale investments		
- Financial asset investments held at fair value	7.1	-
Total	**2,578.2**	**4,487.4**
Financial liabilities		
At fair value through profit or loss / designated for hedging		
- Financial instruments (derivatives)	-	(57.1)
Total	**-**	**(57.1)**

(US$ million)

	As at 31 March 2017		
	Level 1	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
- Held for trading investments	2,891.9	4,268.5	-
- Financial instruments (derivatives)	-	2.2	-
Available-for-sale investments			
- Financial asset investments held at fair value	9.2	-	1.5
Total	**2,901.1**	**4,270.7**	**1.5**
Financial liabilities			
At fair value through profit or loss / designated for hedging			
- Financial instruments (derivatives)	-	135.5	-
Total	**-**	**135.5**	**-**

There were no transfers between Level 1, Level 2 and Level 3 during the period.

Short-term marketable securities 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 houses. For other listed securities traded in markets which are not active, the quoted price is used wherever the pricing mechanism is the same as for other marketable securities traded in active markets. Other short term marketable securities are valued on the basis of market trades, poll and primary issuances for securities issued by the same or similar issuer and for similar maturities or based on the applicable spread movement for the security derived based on the aforementioned factor(s).

The fair value of long-term fixed-rate and variable-rate borrowings have been determined by the Group based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project. 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 have 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. For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The fair value of financial asset investments represents the market value of the quoted investments and other traded instruments. For other financials assets the carrying value is considered to approximate fair value.

The fair value of financial liabilities is the market value of the traded instruments, where applicable. Otherwise fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate fair value.

The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs.

12. 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 exercised the first call option on 29 August 2003 and acquired an additional 18.9% of HZL's issued share capital. The Group also acquired an additional 20% of the equity capital in HZL through an open offer, 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 scheduled for 21 April 2018. 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 which is currently pending and sub-judice.

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 2 March 2004. The Group exercised this option on 19 March 2004. However, the Government of India has contested the valuation and validity of the option and contended that the clauses of the SHA violate the (Indian) Companies Act, 1956 by restricting the rights of the Government of India to transfer its shares and that as a result such provisions of the SHA were null and void. In the arbitration filed by the Group, the arbitral tribunal by a majority award rejected the claims of the Group on the grounds that the clauses relating to the call option, the right of first refusal, the "tag-along" rights and the restriction on the transfer of shares violate the (Indian) Companies Act, 1956 and are not enforceable. The Group has challenged the validity of the majority award in the High Court of Delhi and sought for setting aside the arbitration award to the extent that it holds these clauses ineffective and inoperative. The Government of India also filed an application before the High Court of Delhi to partially set aside the arbitral award in respect of certain matters involving valuation. The matter is currently scheduled for hearing by the Delhi High Court on January 9, 2018. 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.

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

13. 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 period ended 30 September 2017.

Sterlite Technologies Limited ('STL')

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
Sales to STL	11.4	41.1	127.8
Recovery of expenses	-	-	0.0
Purchases	0.1	1.5	2.6
Net interest income	-	0.2	1.3
Net amounts receivable at period / year end	1.3	0.0	4.0
Net amounts payable at period / year end	-	1.5	0.2
Outstanding advance received at period / year end	-	-	2.1
Dividend income	0.1	0.1	0.1
Investment in equity Share	16.3	5.5	9.2

Sterlite Technologies Limited is related by virtue of having the same controlling party as the Group, namely Volcan Investments Limited.

Sterlite Power Transmission limited ('SPTL').

(US$ million)

	Six months ended 30 September 17	Six months ended 30 September 16	Year ended 31 March 2017
Sales to SPTL	63.5	28.6	2.6
Purchases	1.0	0.4	0.4
Net Interest Received	-	0.0	-
Net amounts receivable at period/ year end	1.5	0.9	-
Investment in equity Share	1.6	1.6	1.5

Sterlite Power Transmission limited ('SPTL') is related by virtue of having the same controlling party as the Group, namely Volcan Investments Limited.

Volcan Investments Limited ("Volcan")

(US$ million)

	Six months ended 30 September 17	Six months ended 30 September 16	Year ended 31 March 2017
Dividend paid	65.6	56.2	93.7
Net amount receivable at the period / year end	0.4	0.3	0.4
Recovery of expenses	-	0.1	0.2

Volcan is a related party of the Group by virtue of being the ultimate controlling party of the Group.

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$ 17.6 million (30 September 2016: US$ 17.3 million and 31 March 2017: US$ 17.7 million).

Vedanta Medical Research Foundation

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 17
Donation	5.2	2.4	5.2

Vedanta Medical Research Foundation is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

India Grid Trust

(US$ million)

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 17
Investment in units of the trust	18.9	-	-

India Grid Trust is a related party of the Group on the basis that the ultimate controlling party of the Group, Volcan Investments Limited, exercises significant influence

14. Share capital

Share capital as at 30 September 2017 amounted to US$30.1 million. During the Six months ended 30 September 2017, no shares were issued to the employees pursuant to the LTIP scheme and Employee Share Option Plan. As a result, the number of Ordinary shares in issue has remained unchanged from 31 March 2017 as 301,300,825 shares.

15. Subsequent events

Subsequent to the balance sheet date of 30 September 2017, there are no significant events to report.

INDEPENDENT REVIEW REPORT TO VEDANTA RESOURCES PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim results report for the six months ended 30 September 2017 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related notes 1 to 15. We have read the other information contained in the interim results report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

The interim results report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim results report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim results report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London

09 November 2017

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 the 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. APMs 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 impact 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 & Amortisation
EBITDA margin (%)	No direct equivalent	Not applicable
Adjusted revenue	Revenue	Revenue Less: revenue of custom smelting operations at our Copper & Zinc business
Adjusted EBITDA	Operating profit/(loss) before special items	EBITDA Less: EBITDA of custom smelting operations at our Copper & Zinc business
EBITDA margin excluding custom smelting	No direct equivalent	Not applicable
Underlying profit/(loss)	Profit/(loss) for the year before special items	Underlying: Profit/(loss) for the year before special items Add: Other gains/(losses) (net of tax)
Underlying attributable profit/(loss)	Attributable Profit/(loss) before special items	Attributable profit/(loss) before special items Less: NCI share in other gains/(losses) (net of tax)
Underlying earnings per share	Basic earnings per share before special items	Underlying attributable profit/(loss) divided by weighted avg. no. of shares of the company in issue
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 In the current year, dividend distribution tax was excluded from the FCF definition. In the prior year, this was included in FCF. Previous year amounts have been reclassified to ensure consistency.
Net debt	Borrowings and debt related derivatives Less: cash and cash equivalents and liquid investment	No Adjustments
Net gearing	No direct Equivalent	Not Applicable
ROCE	No direct Equivalent	Not Applicable

* *Glossary and definition section includes further description as relevant.*

GLOSSARY AND DEFINITIONS

Allied business

This includes value-added businesses such as pig iron, met-coke, precious metal businesses etc.

Aluminium Business

The aluminium business of the Group, comprising 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

Attributable Profit

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

BALCO

Bharat Aluminium Company Limited, a company incorporated in India.

BMM

Black Mountain Mining Pty

Board

The Board of Directors of the Company

Businesses

The Aluminium Business, the Copper Business, the Zinc, Lead, Silver, Iron Ore, Power and Oil & Gas Business together

Capital Employed

Net assets before Net (Debt)/Cash

Capex

Capital expenditure

Cairn India

Erstwhile Cairn India Limited and its subsidiaries

Cairn India Limited

Erstwhile "Cairn India Limited" now merged into Vedanta limited.

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CHP

Coal Handling Plant

CMT

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

Company or Vedanta

Vedanta Resources plc

Convertible Bonds

$1,250 million 5.5% guaranteed convertible bonds due 2016, issued by a wholly owned subsidiary of the Company, Vedanta Resource Jersey Limited ('VRJL') and guaranteed by the Company, the proceeds of which are to be applied for to support its organic growth pipeline, to increase its ownership interest in its subsidiaries and for general corporate purposes.

$883 million 4.0% guaranteed convertible bonds due 2017, issued by a wholly owned subsidiary of the Company, Vedanta Resource Jersey II Limited ('VRJL-II') and guaranteed by the Company, the proceeds of which are to be applied for to refinance debt redemptions and for general corporate purposes.

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 PLC, a company incorporated in Zambia

Cents per lb

US cents per pound

CSR

Corporate social responsibility

CY

Calendar year

DDT

Dividend distribution tax

Directors

The Directors of the Company

DMF

District Mineral Foundation

DMT

Dry metric tonne

Dollar or $ or US$

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

EC

Environmental Clearance

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

EBITDA Margin excluding custom smelting

EBITDA Margin excluding EBITDA and turnover from custom smelting of Copper India, Copper Zambia and Zinc India businesses

EPS

Earnings per ordinary share

ESOP

Employee share option plan

Executive Committee

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

Executive Directors

The Executive Directors of the Company

Expansion Capital Expenditure

Capital expenditure that increases the Group’s operating capacity

Financial Statements or Group financial statements

The condensed consolidated financial statements for the Company and the Group for the period ended 30 September 2017 as defined in the Independent Review Report to the members of Vedanta Resources plc

FTP

FUME TREATMENT PLANT

FY

Financial year i.e. April to March.

GAAP, including UK GAAP and Indian 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

Government or Indian Government

The Government of the Republic of India

Group

The Company and its subsidiary undertakings and, where appropriate, its associate undertaking

HIIP

Hydrocarbons initially-in place

HSE

Health, safety and environment

HZL

Hindustan Zinc Limited, a company incorporated in India, or Zinc India

IAS

International Accounting Standards

IEI

Institution of Engineers India

IFRIC

IFRS Interpretations Committee

IFRS

International Financial Reporting Standards

IDC

Interest during Construction

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 aluminium refining and smelting facilities at Jharsuguda and Lanjigarh in Odisha in India.

KCM or Konkola Copper Mines

Konkola Copper Mines PLC, a company incorporated in Zambia

KTPA

Thousand Tonne Per Annum

Kwh

Kilo-watt hour

Listing or IPO (Initial Public Offering)

The listing of the Company's ordinary shares on the London Stock Exchange on 10 December 2003

LME

London Metals Exchange

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

MAT

Minimum alternative tax

MBA

Mangala, Bhagyam, Aishwarya

MIC

Metal in concentrate

mt or tonnes

Metric tonnes

MU

million Units

MW

Megawatts of electrical power

Net (Debt)/Cash

Total debt after fair value adjustments under IAS 32 and 39, cash and cash equivalents, liquid investments and debt related derivative

Non-executive Directors

The Non-Executive Directors of the Company

OEM

Original equipment manufacturer

Oil & Gas business or 'O&G'

Oil & Gas Division of Vedanta Limited & its 100% subsidiary, involved in the business of exploration, development and production of oil & gas.

Ordinary Shares

Ordinary shares of 10 US cents each in the Company

ONGC

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

OPEC

Organisation of the Petroleum Exporting Countries

PBT

Profit before tax

PSC

A "production sharing contract" by which the Government of India grants a licence 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.

Recycled water

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

Return on Capital Employed or ROCE

Operating profit before special items after tax as a ratio of capital invested in operations as at the balance sheet date and excludes investments in project capital work in progress and exploration assets.

Sterlite Copper

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

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 (refer Note 2(A) (III) special items of accounting policies)

Sterling, GBP or £

The currency of the United Kingdom

Sustaining Capital Expenditure

Capital expenditure to maintain the Group's operating capacity

Tax Rate

Total Tax charge as a percentage of profit before taxation

TC/RC

Treatment charge/refining charge being the terms used to set the smelting and refining costs

TLP

Tailings Leach Plant

tpa

Metric tonnes per annum

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

Underlying EPS

Underlying earnings per ordinary share

Underlying Profit

Profit for the year after adding back special items and other gains and losses and their resultant tax and non-controlling interest effects

US cents

United States cents

Vedanta Limited

Vedanta Limited, a company incorporated in India engaged in the business of copper smelting, iron ore mining, aluminium mining, refining and smelting, energy generation and in oil & gas

VGCB

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

Volcan

Volcan Investments Limited, a company incorporated in the Bahamas

WBCSD

World Business Council for Sustainable Development