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12 May 2016

Vedanta Resources plc
Preliminary Results for the Year Ended 31 March 2016

Financial Highlights

- Revenue of US$10.7 billion and EBITDA(1) of US$2.3 billion, lower than FY2015 primarily due to lower commodity prices (FY2015 Revenue: US$12.9 billion, FY2015 EBITDA: US$3.7 billion)
- Adjusted EBITDA margin(2) of 28% (FY2015: 38%), driven by low commodity prices
- Free cash flow(3) of US$1.7 billion, up 63% (FY2015 US$1.0 billion), driven by optimisation of operational, capital expenditure and working capital initiatives
- Net debt reduced by US$1.1 billion and gross debt reduced by US$0.4 billion during the year
- Underlying (loss) per share(4) of (131.9) US cents (FY2015: (14.2) US cents)
- Basic loss per share of (665.8) US cents primarily due to a non-cash impairment of US$3.3 billion (net of tax) and lower EBITDA, reflecting lower commodity prices
- Covenant modifications on bank loans at Vedanta Resources plc secured until the period ending 30 September 2018 and complied with as on 31 March 2016
- S&P downgraded issuer credit rating from 'BB' to 'B' and Moody's downgraded its corporate family rating from 'Ba1' to 'B2' due to weak commodity prices
  - S&P subsequently revised the outlook to 'Stable' in April 2016
- Hindustan Zinc Limited announced its highest ever special dividend in Q4 (c. US$1.8 billion including dividend distribution tax)
- Final dividend of 30 US cents per share
- Simplification of the group structure continues to be a priority

Business Highlights

- Record production of zinc, lead and silver at Zinc – India; aluminium, power and copper cathodes at Copper - India
- Commenced ramp-up of capacities at Aluminium, Power and Iron Ore divisions
- Entire power portfolio of 9,000 MW now operational
- Successful implementation of Mangala Enhanced Oil Recovery Program
- Recommenced production at Goa iron ore operations, achieved exit run rate production of 0.8 million tonnes per month
- Strong cost performance, with lower cost of production across all businesses; cost savings of c.US$325 million delivered in the year

Anil Agarwal, Chairman of Vedanta Resources Plc, commented: "*Vedanta demonstrated resilience this year, delivering healthy EBITDA margin, strong free cash flow and lower gross & net debt in a volatile commodities market. We achieved record production in zinc, lead, silver at Zinc India; Aluminium, Power and Copper cathodes. There is a huge opportunity for Vedanta to support India's future resources demand, which we are well placed to seize with our combination of low cost and well-invested assets. We look to the future with cautious optimism.*"

(US$ millions, except as stated)

Consolidated Group Results	**FY2016**	**FY2015**
Revenue	10,737.9	12,878.7
EBITDA(1)	2,336.4	3,741.2
EBITDA(1) margin (%)	21.8%	29.1%
EBITDA margin excluding custom Smelting (2) (%)	27.6%	38.0%
Operating profit before special items	881.2	1,735.5
Loss attributable to equity holders	(1,837.4)	(1,798.6)
Underlying attributable loss(4)	(364.1)	(38.9)
Basic loss per share (US cents)	(665.8)	(654.5)
Loss per share on underlying profit (US cents)	(131.9)	(14.2)
ROCE (excluding project capital work in progress, exploratory assets and impairment charges) (%)	6.2%	8.7%
Total Dividend (US cents per share)	**30.0**	**63.0**

(1) Earnings before interest, taxation, depreciation, amortisation, impairment and other special items.
(2) Excludes custom smelting revenue and EBITDA at Copper and Zinc-India operations as custom smelting has different business economics.
(3) Free cash flow is cash flow arising from EBITDA after net interest, taxation, sustaining and capital expansion expenditure, movements in capital creditors and working capital movements. It is reconciled to EBITDA on page 20 in the Finance review.
(4) Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and non-controlling interest effects (refer to note 11 of condensed financial statements).

There will be a conference call at 9:00a.m. UK time (1:30p.m. India time) on 12 May 2016, where senior management will discuss the results.

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Please allow time to register your name and company, or pre-register online at:

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The results will be webcast and can be accessed via investor relations section of our websitewww.vedantaresources.com

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About Vedanta Resources

Vedanta Resources Plc ("Vedanta") is a London-listed diversified global resources company. The group produces aluminium, copper, zinc, lead, silver, iron ore, oil & gas and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Liberia and Australia. With an empowered talent pool globally, Vedanta places strong emphasis on partnering with all its stakeholders, based on the core values of entrepreneurship, excellence, trust, inclusiveness and growth. For more information, 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 experienced volatile markets and significantly lower commodity prices during the financial year and the entire organisation has met these challenges well.

We have generated strong free cash flow, reduced our net and gross debt and delivered strong EBITDA margins (1) during the year. Our financial performance however has been impacted by low commodity prices with revenues down 17% at $10.7billion.

As we close FY2016, there is a clear sense within Vedanta that we are in a new phase in our development as India forges ahead with economic change. We see a new era dawning, slowly but nonetheless surely, as India takes advantage of its rich human and natural resources to create economic growth and employment to the benefit of its 1.2 billion people, who form part of the largest democracy in the world.

This positive outlook contrasts with what has been a very tough year in the commodities space. We continue to feel the effects of the downward cycle – but we also know that history tells us to be patient. We are optimistic about the longer term and intend to be in the right place for when the upturn begins.

FY2016: HOW WE PERFORMED

In FY2016, we commenced ramp-up of capacities at Aluminium, Power and Iron Ore operations while maintaining a disciplined approach to capital expenditure and focused on optimisation of costs across our operations enabling delivery of strong results.

We had already set in train initiatives to reduce costs, optimise assets and address operational issues, and these continued to gain ground throughout the year. These steps, together with minimal additional capex requirements, helped to mitigate the effects of a depressed world market for commodities.

Our results show that this disciplined approach and careful balance sheet management has delivered robust results. Despite lower revenues of US$10.7 billion and EBITDA of US$2.3 billion, driven primarily by lower commodity prices, we generated EBITDA margins of 28%. Strong free cash flow (2) of US$1.7 billion enabled us to reduce net debt by US$1.1 billion and gross debt by US$0.4 billion.

The Board has recommended a dividend of 30 US cents per share this year. Given the on-going volatility in the global commodity markets and our commitment towards deleveraging the balance sheet, this is a prudent decision which supports our efforts to weather the current commodities cycle and create shareholder value over the longer term. I would like to thank the Board for their continued guidance.

INDIA: WE STAND READY

With India forecasted to be the world's fastest growing major economy this year, Vedanta stands ready to work with the Government and communities to support the development of India.

Key to this growth is the development of the nation's infrastructure. Roads, rail, energy telecommunications, water, sanitation will be top of the agenda, all requiring materials and commodities. As the only diversified natural resource producer in the country, Vedanta is uniquely positioned to support India's needs.

We see encouraging signs. Oil cess, a tax on production of crude oil has effectively been lowered at current price levels and export duty on low grade iron ore has been removed completely. The government has encouraged increased mining activity, by commencing auctioning of coal and other mineral blocks. Vedanta's iron ore operations in Goa have resumed production, we have gained approvals to use the power generated from three units of the Jharsuguda power plant for captive use and received environmental clearance for expansion of

Lanjigarh alumina refinery capacity to 4mtpa. All are important steps towards increasing our capacity from our well-invested assets.

We are strong supporters of the government-led 'Make in India' campaign, as the country encourages the manufacture of everything from smartphones and textiles to cars and shipping. At Vedanta we are building on this by promoting a 'Find in India, Mine in India, and Make in India' mentality, to make India self-sufficient in the resources it needs for manufacturing activity, and generating vital employment opportunities in the process.

BALANCING DEVELOPMENT WITH RESPONSIBILITY

Vedanta is committed to growing sustainably and creating value for all our stakeholders.

In India, alleviating climate change sits alongside the huge challenges of economic and social development. At Vedanta, we're determined to play our part in the solution. We signed the Paris Pledge for action and are currently updating our carbon strategy, looking for innovative ways to reduce carbon emissions in our power plants. I was particularly proud of the Guinness Book of Records entry we achieved for planting over 200,000 saplings in one hour at our Talwandi Sabo power plant.

Indeed, this is part of a much wider CSR programme – one of the largest in India - that touches the lives of more than two million people. In many cases, the Company is a community's only source of education, healthcare, food and general well-being.

In India and all over the world, the rights and expectations of communities are rightly gaining much more attention. Our philosophy is that Vedanta will only operate where a community gives its consent and support.

PEOPLE AND GENDER-DIVERSITY

At the close of a demanding year I would like to record my thanks to the 70,000 people who work with us at Vedanta. As markets have become challenging, their commitment, dedication and sheer hard work have been ever-more important, and we again saw those qualities in every corner of the business. I am personally driving a work programme for early career development and innovation across the group.

We take our responsibility to our people very seriously. I am deeply saddened by the 12 fatalities this year and it is imperative that we bring about a considerable improvement in the area of safety; both Tom and I share this determination absolutely, and he expands on this in his statement.

On a personal note I would like to thank my fellow directors for their constant guidance and wisdom. We are committed to advancing gender diversity across the organisation, and have made significant progress in the last couple of years, increasing gender diversity on our board, the executive committee, and across the broader organisation. We remain very committed to increasing the representation of women throughout the company.

LOOKING FORWARD

Like any well-run business, we continue to focus on every area that is within our control, while being prepared for what is beyond our control. We have made great strides in improving our operations and optimising our assets, but this is a journey with no final destination; continuous improvement is business as usual.

We will continue to simplify our corporate structure, building on the proposed merger of Vedanta Limited and Cairn India. This will result in improved financial flexibility to allocate capital to the highest return projects and sustain strong dividends, marking a significant step forward towards achieving our stated long term vision of alignment of interests between all shareholders for the creation of long term sustainable value.

Naturally, we now hope for an improvement in the dynamics of the global commodity markets. Indeed, we are cautiously optimistic for 2017; based on the visibility we have now, we believe a recovery may be emerging, led by zinc.

Meanwhile, in a country where GDP may double in the decade ahead, we look forward to playing our part in unlocking India's wealth of world-class energy and mineral resources.

ANIL AGARWAL

Chairman

12 May 2016

(1) Margin excluding custom smelting revenue and EBITDA at Copper and Zinc India operations.
(2) Free cash flow is cash flow arising from EBITDA after net interest, taxation, sustaining and capital expansion expenditure, movements in capital creditors and working capital movements.

CEO Statement

In FY2016, Vedanta demonstrated resilience in the face of exceptionally challenging commodities markets around the world.

The true measure of a company is how it performs in adverse conditions so whilst the commodities sector came under considerable pressure in FY2016, impacting our financial performance and resulting in impairment charges, our diverse portfolio, and ethos as a low-cost-producer served us well. Our employees rose to the challenge, and the momentum they generated in the previous year came through, ensuring a good set of results.

HEALTH & SAFETY

Starting with safety, I remain unequivocal on the subject of safety: there is no greater priority, and no commercial or operational consideration may ever override it. When I joined the company two years ago as CEO, safety was the area that I identified as needing the most improvement.

No personal injury – much less, a fatality – is ever acceptable and we have been leading a 'zero harm' campaign to bring about a new culture of safety across the company.

It was therefore with deep regret that we recorded 12 fatalities during FY 2016. Zero-incidents on our sites is the only acceptable outcome, and we are redoubling our efforts to instil safety awareness, driven by every leader at every site.

RESILIENCE IN A CHALLENGING CLIMATE

In my 40 years in the mining business I have seen the commodity cycle turn many times, although the severity of this torrid year was something no one foresaw.

However, we mobilised around the challenge, aided by three primary factors. The first was the resilience of our portfolio, with assets mainly on first- or second-quartile of the global cost curve and minimal capital requirements.

Secondly, our major capex programme was largely completed within the last two years. Our current requirements are low with FY2017 capex expected to be around $1 billion, 50% of which would be across the high return zinc projects at Gamsberg and Zinc India. In turn, this allows us to focus our efforts on reducing net debt.

This also plays to our third strength: our businesses. Our Tier 1 assets with long mine lives and continued strong cash flows, provides us a buffer against economic impact, helping us to differentiate us from many of our peers.

Furthermore, underpinning all of our activities has been an aggressive cost reduction programme. I announced this time a year ago with the ambitious goal of delivering savings of US$1.3 billion over the next four years. Through a combination of new business programmes, operational excellence, modernisation of the supply chain and innovative ideas from our 10,000 professionals, we delivered US$325 million against that target in the first year.

These programmes have been strongest where we've needed them most. At Konkola Copper Mines (KCM) in Zambia for example, we conducted a wholesale review, analysing every contract and every contractor, applying the disciplines we needed to become more commercially competitive.

Similarly, as we increased capacity at our Aluminium operations, we systematically drove down the cost of coal, carbon and conversion, delivering a 10% lower cost of production to $1,572 per tonne in FY2016. Benefits also came through from some very difficult decisions that we took during the year regarding over capacity reductions and shutdowns while we were mindful of the impact these decisions would have on employees and communities.

FOCUS ON DELIVERY

During the year, Vedanta saw measurable improvements in operational delivery. We advanced production considerably, ramping up our aluminium business, restarting our iron ore business, operationalizing the entire 9000 MW of power portfolio and making progress in our Zambian copper facility.

In our Aluminium business, where markets were particularly weak, we were already well-placed with re-engineering and cost reductions. We received the required approvals to use power from the 2,400MW Jharsuguda power plant for captive purposes and we therefore commenced the ramp-up at the 1.25 mtpa Jharsuguda smelter. During the year, we also progressed the commissioning of our power plants at BALCO and Talwandi Sabo. This means the entire 9000MW capacity power portfolio is now fully operational.

In addition to this, we were able to resume iron ore production in Goa after working effectively with the government and local stakeholders. I am pleased to report that operations were resumed in FY2016, and the ramp-up efforts are continuing.

At KCM, which had previously posed a number of operational issues, we saw volume ramp-ups alongside cost reductions.

Our other businesses continued to build on good performances in FY2016, including the delivery of cost reductions and the advancement of key projects such as the underground development at HZL, and the first excavation at Gamsberg, the site of one of the world's largest zinc deposits.

At Cairn, we successfully implemented our enhanced oil recovery project - the world's largest polymer injection oil project.

PROGRESS AGAINST OUR OPERATIONAL PRIORITIES

Two years ago we identified four operational areas requiring particular focus in order to achieve the strategic priorities we had identified for the company. I am pleased to report good progress on three of these, whilst there is still work to be done on the fourth.

We received approvals to use power for captive purposes and commenced ramp-up of the world-class Jharsuguda smelter. This has advanced well and we expect to increase capacity to around 50% by the end of FY2017.

Secondly, I reported last year that we were focusing on a turnaround plan for KCM, which has been losing money even when copper prices were much higher. Over the last two years, we delivered strong volumes at KCM and stabilised operating costs. This has protected our cash flows, despite copper currently trading at US$1,000 per tonne less than it was a year ago. I am also greatly encouraged that further benefits of this corrective action are continuing to materialise and we expect to deliver positive cash flows next year.

Our third priority was to restart iron ore mining in Goa, and we enjoyed the full support of state and government authorities to bring this about. Indeed, we were the first in the industry to resume activities there, and the ramp-up continues.

Unfortunately, the remaining priority – to secure a stable local source of bauxite for our alumina refinery – was not accomplished during the reporting year. We believe that Odisha is blessed with some of the best bauxite resources in the world, both in terms of quality and quantity; however we continue to explore a number of other options. Our vision is to operate a fully integrated aluminium facility, with world-class technology, and the full consent of the local communities.

I can, however, report excellent progress in serving our key facilities with power. A year ago we were in the pre-commissioning phase of two new power plants, at BALCO and at Talwandi Sabo in Punjab. Both are now fully online and have added nearly 2500MW of new capacity. Indeed, with total generating capacity of 9000MW, Vedanta is now a larger generator than many power utilities. We use around two-thirds of the power we generate ourselves, and sell the remainder to state utilities under long term arrangements or via retail contracts.

OUR FOCUS NOW

The five strategic priorities we identified in 2014 remain as valid now as they were then: to improve our operations: optimise our assets, build our reserves and resources, simplify our business structure and protect and preserve our license to operate.

As mentioned previously, our portfolio is very resilient and will only become more so as we drive further improvements across our business. This will leave us well positioned to take advantage of the upturn in the cycle when it comes.

One thing you learn in a downturn is that investments made in good times need to be carefully managed when the climate deteriorates. I am proud of how the company has responded, gaining a firmer grip on costs, driving up efficiencies and adapting to the world as it is now.

I have heard people say that this turbulence is the 'new normal', but throughout my four decades of mining experience, this has always been the case. Volatility is a continual 'normal'. We have seen it many times and we know that low prices serve as a self-correcting mechanism for markets, by adjusting supply and demand – we see this happening now.

Naturally we hope that the worst is behind us and cautiously believe that it may be.

Indeed, we are seeing macroeconomics which suggest that FY2017 could end with some welcome positive momentum. At Vedanta, we now look forward to FY 2017 as a very exciting year ahead, with the ramp-up of capacities at our Aluminium, Iron Ore and Power businesses which should deliver us over 60% growth in copper equivalent terms and ramping up capacities at KCM, which would drive strong free cash flows.

TOM ALBANESE

Chief Executive Officer,

12 May2016

Strategic Overview

Disciplined

During this period of weak commodity prices, Vedanta has maintained a disciplined approach to capital allocation, prioritising high-return low-risk projects to maximise cash flows. The Group's well-invested assets are on track to deliver near-term growth with marginal incremental capital expenditure. We retain the option to fund further growth projects such as EOR and Gas projects at Oil & Gas business, Lanjigarh alumina refinery expansion and the additional 400kt copper smelter at Copper India.

In FY2016 capex was optmised to reduced levels of US$0.6 billion, with most of this invested in high-return projects such as expansion at Zinc India, the Mangala EOR program at Oil & Gas and smaller amounts to complete the Aluminium and Power projects.

Capital investment in Gamsberg, one of the largest zinc deposits in the world was rephased and only US$16 million was invested in FY2016. We have also made significant progress in reducing Gamsberg capex over the life of the project, reducing capex by $200 million primarily through re-engineering and re-negotiation of contracts taking advantage of the current commodity environment. The project comprises a 250ktpa mine, propelling Southern Africa into a leading supplier of zinc globally. First ground was broken in July 2015, with initial production expected in early 2018.

Efficient

A relentless focus on operational efficiency has driven down the cost of production (CoP) across our businesses, mitigating the impact of falling commodity prices throughout the year.

Record full year aluminium production reflected the impact of the Jharsuguda-II and Korba-II smelters ramping up well, delivering a record aluminium production of 923kt and a reduction in CoP of 10 % for the year. Robust production at the Lanjigarh alumina refinery achieved a record operating level at 97% of permitted capacity of 1 million tonnes.

Good progress on the mine expansion in Rampura Agucha and the Sindesar Khurd mine and continued higher volumes from Rampura Agucha open pit resulted in record zinc production, alongside higher volumes of integrated lead and silver at the Sindesar Khurd mine. We are now one of the top 20 silver producers in the world at our current volumes.

The turnaround plan for KCM in Zambia is starting to bear fruit. Cost reduction initiatives are now yielding results, driving down the cost of production, and with a focus on safe production build up, volumes are now rising. Production of mined metal at Konkola Deeps is up by 23% as compared with last year due to improved efficiency, equipment availability and better copper grades.

Focused

In line with the Group's long-term strategic priority to de-lever and increase cash flow, Vedanta continued to make good progress against these objectives. The focus on optimising operating and capital expenditure and working capital management contributed to strong free cash flow of US$1.7 billion after capital expenditure, during FY2016. This enabled a reduction of US$1.1 billion in net debt, as compared to March 2015.

An ambitious target to deliver cost and marketing savings of US$1.3 billion was set and these initiatives across the business delivered US$325 million in FY2016, through over 900 initiatives across the business including consolidation of spend and reduction of vendors, contract renegotiation and efficient logistic solutions.

Several operations have been restructured to protect free cash flow. These include the temporary shutdown of the BALCO rolled product facility, the temporary shutdown of one line at the Lanjigarh alumina refinery that drove down aluminium costs and closure of the Nchanga underground operations at Copper Zambia.

Responsible

A key strategic priority and critical to its licence to operate, Vedanta continues to focus on embedding a culture of sustainability across the Group, allocating resources, skills and financial contributions to support its people and the communities where it operates whilst minimising its environmental impact.

Health and safety

Whilst our injury rates have declined over the years, the 12 fatalities recorded during FY2016 have heightened Vedanta's resolve to create a zero-harm culture across the organisation and raise the profile of health and safety by reviewing safety incidents at Board, Business and Operational levels. The business units have implemented and put forward behavioural based and technical programmes to avoid the reoccurrence of these incidents. Further safety investigations and follow-ups have been improved and quantitative risk assessments have been introduced for all critical areas.

Working with local communities

Making a positive contribution to local communities in India and Africa remains a high priority for Vedanta with around 2.25 million beneficiaries of community development programmes during FY2016, supported by over 250 partnerships with NGOs, local governments, academia and private hospitals. The Group's social investment reached US$37 million and is aligned with its social vision and community need based approach.

Minimising environmental impact

Vedanta is committed to managing its environmental footprint seeking to control pollution, reduce water and energy consumption and protect bio-diversity around its operating sites. During FY2016 there were zero higher category environmental incidents and all subsidiary businesses have been assessed with environmental gaps identified in energy, water management, greenhouse gas emissions and biodiversity. The significant improvements and adoption of best practices in resource management, biodiversity and site closure practices along with awards like CII- Sustainable Plus platinum label, National Energy Conservation Award and Global IOD Awards for Excellence in Corporate Governance and Sustainability are testament to the focus and improvement, Vedanta has made towards environment sustainability.

Finance review

Key financial priorities: Leading to a stronger balance sheet

1) Focus on cost savings and operational efficiency:

The Company deployed several measures to optimize cost spends. These included clean-sheet-costing for negotiations, alternate material, new sources of supply, tightening efficiency in logistics and quality control. Strong operational efficiencies, together with cost saving and marketing initiatives, delivered US$325million during FY2016.

2) Generate and preserve cash; optimize capex:

In addition to opex and capex optimisation, the Company remains focused on generating cash across businesses by reducing working capital through efficient initiatives. This resulted in the delivery of Free Cash Flow (FCF) of c.US$1.7 billion during FY2016, amounting to FCF yield of 73% of EBITDA during FY2016 (FCF US$1.0 billion, FCF yield 28% in FY2015). Our priority is to deliver positive FCF at each segment.

3) Deleveraging, Refinancing and Covenant protection:

The Company has made progress by completing refinancing of US$0.9 billion of the US$1.5 billion due to mature at Plc level during FY2017. The Company successfully completed two rounds of bond buybacks amounting to US$556 million through tenders and market purchase routes to enhance investor confidence. Furthermore, the Company has commenced a third bond buyback programme during April 2016 through a market purchase route. As at 11 May 2016, US$130 million worth of bonds have been re-purchased under this programme.

The Company approached lenders and secured covenant modifications on bank loans at Vedanta Resources plc, to ensure compliance as on 31 March 2016 in this weak commodity price environment.

4) Robust capital allocation:

The Company has prioritised capital for high return, low risk projects to preserve cash. The cash outflow on capex excluding capital creditors was US$566 million during FY2016 compared with US$1,531 million during FY2015.

5) Group Structure simplification:

A potential merger between Vedanta Limited and Cairn India was announced during the year which, if successfully completed, would simplify the group structure.

Executive Summary: Stable performance in a challenging price scenario

Total revenue for the year was US$10.7 billion, compared with US$12.9 billion in the previous year. The decrease was primarily driven by lower Brent prices, and lower LME prices and premia across the metal businesses.

The Company delivered EBITDA of US$2.3 billion, a decrease of 38% due to the negative impact of commodity and Brent prices, lower premium and higher profit petroleum. However, some of the downside was mitigated by a strong operational performance at Zinc India, ramp-up in power units, cost saving and marketing initiatives across the businesses, and helped by depreciation of the operating currencies against the US dollar. Average adjusted EBITDA margin for the year continues to remain strong at 28%.

The special items primarily relates to asset impairments of US$3.3 billion net of tax (US$5.2 billion gross of tax) in FY2016. This largely relates to the oil & gas business which was adversely impacted by the lower Brent price, down 28% during the year.

Excluding special items, profit before tax was lower at US$226 million, largely due to lower EBITDA, loss after tax was US$29 million with attributable loss after tax US$393 million.

Consolidated operating profit summary before special items

(in US$ million, except as stated)

Consolidated operating profit before special items	FY2016	FY 2015	% Change
Oil &gas	(255.9)	206.5	-
Zinc	886.8	1,129.0	(21.5)%
India	875.1	1,059.3	(17.4)%
International	11.7	69.7	(83.2)%
Iron ore	10.9	(10.9)	-
Copper	106.9	38.4	178.4%
India/Australia	304.3	229.4	32.7%
Zambia	(197.4)	(191.0)	-
Aluminium	4.9	275.3	(98.2)%
Power	122.2	88.0	38.9%
Others	5.4	9.2	(41.3)%
Total Group operating profit before special items	**881.2**	**1,735.5**	**(49.2)%**

Consolidated operating profit bridge before special items

(In US$ million)

Operating profit before special items for FY2015		**1,735.5**
Market &regulatory: US($2,167.8) million		
a) Prices		(1,926.4)
LME	(777.2)	
Brent	(736.5)	
Premium	(379.2)	
Power rates	(33.5)	
b) Direct Raw Material deflation/(inflation)		123.0
c) Foreign exchange movement		36.6
Rupee depreciation	167.4	
ZAR & NAD depreciation	41.2	
Kwacha depreciation on local spend	29.6	
Kwacha depreciation on VAT receivable	(62.0)	
EBITDA Translation(1)	(139.6)	
d) Profit petroleum to GoI at Cairn		(186.9)
e) Regulatory changes		(214.1)
Operational: US$1,313.5million		
f) Volume		186.5
g) Cost saving initiatives		264.9
Marketing initiatives		29.8
h) Depreciation& Amortisation		550.5
i) Others including one-off expenses, technology & base change and allied businesses		281.8
Operating profit before special items for FY2016		**881.2**

(1) Base year impact due to local functional currency depreciation.
(2) In addition to the savings indicated in 'g' above, further c.US$30 million on account of eliminated capex was also delivered.

a) Prices

Operating profit before special items has been significantly impacted by the downturn in commodity prices across Vedanta's businesses. The Company considers exposure to commodity price fluctuations to be an integral part group's business and its usual policy is to sell its products at prevailing market prices, and not to enter into price hedging arrangements other than for businesses of custom smelting and purchased Alumina, where back-to-back hedging is used to mitigate pricing risks.

- **Oil & Gas**: Average Brent price for the year was US$47/bbl down by 44%, compared with US$85/bbl during FY2015, reducing operating profit by US$737 million.
- **Zinc, lead &silver**: Average zinc LME prices during FY2016 were down 16% to US$1,829/tonne. Lead LME prices were down 13% to US$1,768/tonne, and silver was down 16% to US$15.2/ounce. Together, these reduced operating profits by US$367 million.
- **Aluminium:** Average aluminium LME prices were down 16% to US$1,590/tonne in FY2016, adversely affecting operating profit by US$225 million.
- **Copper**: Average copper LME prices were down 21% to US$5,211/tonne in FY2016, adversely affecting Zambian operating profit by US$146 million.
- **Others:** Pig iron realisation was lower by 27% in FY2016, adversely affecting operating profit by US$40 million. Lower energy prices on the back of a weaker power market had an adverse effect of US$34 million.

These negative impacts totalled US$1,547 million, with a further US$379 million decrease due to lower premiums across zinc, aluminium and copper, and a higher discount at the oil &gas business. The combined fall in prices and premiums resulted in an adverse net price reduction of US$1,926 million.

b) Direct raw material deflation

Key input commodity prices, including alumina, coal, fuel and iron ore, softened significantly during FY 2016, contributing US$123 million to operating profits on our purchases.

Alumina Price Index (API) reduced from US$334/Mt in FY2015 to US$271/Mt in FY2016.

Import Coal Index (New Castle) reduced from US$68/Mt in FY2015 to US$55/Mt in FY2016

c) Foreign exchange fluctuation

Most of our operating currencies depreciated against the US$ during FY2016. Weaker currencies are favourable to Vedanta, given the local cost base and US dollar-linked pricing in all our domestic markets. Together, net of translation, these increased operating profit by US$69 million.

The sharp depreciation of the Zambian kwacha adversely impacted operating profits by US$32 million, since our VAT receivable from the Zambian Government is designated in local currency.

Net of all currency movements against the US dollar, operating profits increased by US$37 million.

Information regarding exchange rates against the US dollar:

	Average FY2016	Average FY2015	% Change (FY16 vs FY15)	As at 31.3.16	As at 31.3.15
Indian rupee	65.46	61.15	7%	66.33	62.59
South African rand	13.78	11.06	25%	14.83	12.10
Zambian kwacha	9.71	6.45	51%	11.24	7.59

d) Profit petroleum to GOI at Cairn

Profit petroleum outflow increased by US$187 million driven by

- US$142 million was due to lower capex and opex spend during the period;
- US$45 million was due to provision against past costs

e) Regulatory

A Renewable Purchase Obligation (RPO) was introduced in 2010 by various state electricity regulation commissions. This made it mandatory for distribution companies, open access consumers and captive power producers to meet at least 5% of their total annual consumption of energy through renewable energy sources. Many companies in India had previously appealed against the order. Ultimately, the RPO regulations were appealed against in the Supreme Court. The Apex court, upheld the validity of the regulations including captive power producers by an order dated 13 May 2015. Consequently, a provision of US$63 million has been made for the period FY2013-FY2015 for Vedanta's aluminium, Zinc India and Copper India businesses. In addition, RPO impact for current period was US$16 million.

Other regulatory levies such as the increase in the clean energy cess on coal (US$32 million), electricity duties on captive power (US$22 million), increases in royalty rates including contributions towards the District Mineral Foundation (DMF) (US$70 million), increase in Profit Petroleum tranche in Rajasthan at DA2 block (US$8 million) and others together impacted the operating profit adversely by US$214 million during FY2016 compared to FY2015.

f) Volumes

There were higher production volumes across the businesses, primarily at Zinc India due to improved smelter efficiency and liquidation of inventories, and record annual production from Aluminium, Power, and Copper India. These contributed to increased operating profit, which was partially offset by lower volumes in oil &gas and Zinc International.

- **Zinc India (Positive US$154 million):** Integrated zinc, lead and silver metal production increased year-on-year by 5%, 33% and 58% respectively, with improved smelter efficiency and liquidation of mined-metal inventories. There was a record refined integrated silver production of 13.6 million ounces due to higher volumes from the Sindesar Khurd mine.
- **Iron Ore (Positive US$39 million):** Production and sales restarted in Goa during the year, after a suspension of over three years.
- **Power (Positive US$49 million):** With commissioning of the remaining units at Talwandi Sabo and BALCO during 2016, our entire power portfolio of 9000 MW (commercial and captive) is now operational.
- **Cairn India (Positive US$2 million):** Production remains stable, primarily as a result of volume loss due to natural declines, which was almost offset by the successful EOR project at Mangala.
- **Zinc International (Negative US$84 million):** Production was affected by the planned closure of the Lisheen mine in November 2015, a planned maintenance shutdown and partial industrial action at Skorpion.

Together, the above factors impacted operating profit before special items by US$187 million.

g) Cost saving and marketing initiatives

Company-wide cost saving initiatives and realisation improvements were launched during FY2016. An idea bank of 900+ initiatives across cost and price realization in our businesses is being implemented in various areas including:

- Clean sheet based renegotiations – operations & maintenance contracts, mining contracts, capex contracts
- Optimizing sourcing mix in key raw materials
- Logistics: multi axle trucks, turnaround time, route optimization
- Enhanced use of modern tendering methods like e-auction
- Consolidation of spend and reduction of vendors

- Developing go-to-market strategies around value added products, customer base, new geography, long term vs. short term contract mix and expanding demand and usage of certain base metals with alternative usage.

These initiatives are on-going and have yielded results in FY2016 with expectations for these initiatives to yield similar results in future.

The reported savings are on a Total Cost of Ownership (TCO) methodology and do not include the benefits or extra spend due to input commodity inflation/deflation, regulatory or technology changes.

Unit costs across our businesses have been cut by various cost-saving initiatives and these contributed US$265 million. Various marketing initiatives to improve domestic market share, realisation of up-charge over benchmark premiums, and our product mix all increased operating profit by US$30 million. (In addition to the savings above, further c.US$30 million savings on account of eliminated capex was also delivered)

h) Depreciation & Amortisation

Depreciation reduced by US$146 million during FY2016 compared to FY2015. Of the total reduction, US$80 million was due to a full year impact of change in the useful life of assets across Vedanta's businesses effective H2 FY2015. This was in accordance with Group's accounting policy and was based on technical studies performed by an independent external agency. A lower depreciation charge of US$28 million in the oil & gas business was primarily due to reduction in planned capex spend due to the optimization efforts. A depreciation charge lower by US$26 million in Skorpion Zinc was due to increase in reserves and lower volumes.

The capitalisation of power units at Talwandi Sabo and BALCO, and aluminium pot ramp-ups at Korba-II (84 Pots) and Jharsuguda-II (82 Pots) have contributed to an increase in depreciation of c.US$25 million.

Amortisation charges were reduced by US$404 million during FY2016 compared to FY2015, driven by impairment in the oil & gas business in March FY2015.

i) Others

Current year items includes export income on the target plus scheme recognized pursuant to a favourable Supreme Court Order in India(US$33 million) and a provision write-back at Copper Zambia (US$29 million), which contributed US$62 million to operating profit during FY2016.

Prior year items which did not recur in FY2016 includes an unsuccessful exploration expense of US$122 million at Oil & Gas, provision for Power receivable by US$46 million and higher spend at Copper Australia by US$21 million, which contributed US$189 million to operating profit bridge over FY2015.

Together with above one off items & other cost deferments not listed above, partially offset by higher spend on Enhanced Oil Recovery (EOR) by US$57 million during FY2017, contributed operating profit by US$282 million over base year.

Income statement

(in US$ million, except as stated)

	FY2016	FY2015	%Change
Revenue	10,737.9	12,878.7	(16.6)%
EBITDA	2,336.4	3,741.2	(37.5)%
EBITDA margin (%)	21.8%	29.1%	-
EBITDA margin without custom smelting (%)	27.6%	38.0%	-
Special items	(5,210.1)	(6,744.2)	(22.7)%
Depreciation	(1,108.4)	(1,254.6)	(11.7)%
Amortisation	(346.8)	(751.1)	(53.8)%
Operating loss	(4,328.9)	(5,008.7)	(13.6)%
Operating profit without special items	881.2	1,735.5	(49.2)%
Net interest expense	(582.6)	(554.6)	5.0%
Other gains and (losses)	(72.5)	(76.9)	(5.7)%
Loss before taxation	(4,984.0)	(5,640.2)	(11.6)%
Profit before taxation without special items	226.1	1,104.0	(79.5)%
Income tax expense-others	(255.5)	(352.6)	(27.5)%
Income tax credit (special items)	1,737.4	2,205.1	(21.2)%
Effective tax rate without special items (%)(1)	113.0%	31.9%	
Loss for the year	(3,502.1)	(3,787.7)	(7.5)%
Profit for the year without special items	(29.4)	751.4	-
Non-controlling interest	(1,664.7)	(1,989.1)	(16.3)%
Non-controlling interest without special items	363.5	826.1	(56.0)%
Attributable loss	(1,837.4)	(1,798.6)	2.2%
Attributable loss without special items	(392.9)	(74.7)	-
Underlying attributable (loss)/profit	(364.1)	(38.9)	-
Basic (Loss)/Earnings per share (US cents per share)	(665.8)	(654.5)	-
(Loss)/Earnings per share without special items (US cents per share)	(142.4)	(27.2)	-
Underlying (Loss)/Earnings per share (US cents per share)	(131.9)	(14.2)	-

(1) Effective Tax Rate 22.4% in FY2016 excluding HZL special dividend declared in Mar-16

Revenue

Overall revenue, as explained earlier, was down 17 % to US$10,738 million compared with US$12,879 million in FY2015. The table below indicates the movement by segment.

Consolidated revenue - detail

(in US$ million, except as stated)

	FY2016	FY2015	Net Revenue % Change
Zinc	2,502.5	2,943.9	(15.0)%
— India	2,111.0	2,357.0	(10.4)%
— International	391.5	586.9	(33.3)%
Oil &gas	1,322.3	2,397.5	(44.8)%
Iron ore	350.0	326.5	7.2%
Copper	4,169.7	4,777.8	(12.7)%
— India/Australia	3,197.2	3,700.7	(13.6)%
— Zambia	972.5	1,077.1	(9.7)%
Aluminium	1,694.3	2,081.9	(18.6)%
Power	707.5	588.1	20.3%
Others (1)	(8.4)	(237.0)	(96.5)%
Revenue	10,737.9	12,878.7	(16.6)%

(1) Includes port business & eliminations of inter segment sales which were lower in the current period.

The impact of LME, Premia & Currency movement was 21.9% y-o-y, which was partly offset by improved operational performance by 5.3% resulted in an overall revenue reduction by 16.6% y-o-y.

Consolidated EBITDA

The consolidated EBITDA(1) by sector is set out in the table below:

(in US$ million, except as stated)

	FY2016	FY2015	% Change	Key Drivers	EBITDA Margin % FY2016	EBITDA Margin % FY2015
Oil &gas	570.4	1,476.8	(61.4)%	Brent	43.1%	61.6%
Zinc	1,063.1	1,373.3	(22.6)%		42.5%	46.6%
— India	995.0	1,192.5	(16.6)%	LME	47.1%	50.6%
— International	68.1	180.8	(62.3)%	LME & Volume	17.4%	30.8%
Iron ore	73.4	31.4	133.7%	Ramp-up	21.0%	9.6%
Copper	318.7	277.2	15.0%		7.6%	5.8%
— India/Australia	336.6	281.0	19.8%	Volume	10.5%	7.6%
— Zambia	(17.9)	(3.8)	-	-	(1.8)%	(0.4)%
Aluminium	106.7	415.5	(74.3)%	LME	6.3%	20.0%
Power	196.3	153.8	27.6%	Ramp-up	27.7%	26.2%
Others(2)	7.8	13.2	(40.9)%		-	-
Total	**2,336.4**	**3,741.2**	**(37.5)%**		**21.8%**	**29.1%**

(1) Earnings before interest, taxation, depreciation, amortisation/impairment and special items.
(2) Includes port business & elimination of inter segment transactions.

EBITDA & EBITDA margin

EBITDA for FY2016 was down by 38% at US$2,336million. This was primarily due to the reduction in Brent and LME prices (see the 'operating profit bridge before special items' for more details).

In FY2016 EBITDA margin was 22%, compared to 29% in FY2015. Adjusted EBITDA margin - excluding custom smelting operations – was 28% compared to 38% in FY2015.

The main margin contributors across key businesses were:

- Oil &gas (62% to 43%) –driven by lower Brent, marginally offset by cost savings.
- Zinc International (31% to 17%) – lower LME prices and lower volumes.
- Copper Zambia (0% to -2%) – lower LME prices and local currency depreciation impact on VAT receivable, offset by improved volume and lower costs.
- Aluminium (20% to 6%) – lower LME prices and premiums, partially offset by cost savings and input commodity deflation.
- Power (26% to 28%) – volume ramp up, partially offset by weaker power rates.
- Zinc India (51% to 47%) – higher volumes impacted by lower LME, Premia & regulatory headwinds such as Electricity Duty, water cess, Renewable Power Obligation and the District Mineral Foundation.
- Improvement in smelting margins in Copper India with higher TC/RCs, reduced cost per tonne and improved volumes

Special items

Special items of US$5,210 million include a non-cash impairment charge of US$4,934 million ($3,031million net of tax) relating to the oil &gas business; US$228 million in the iron ore business relating to Liberian assets, US$18 million relating to Bellary assets in the iron ore business, US$8 million relating to Copper mine of Tasmania and a $23 million charge for the Voluntary Retirement Scheme across the businesses.

The impairment in oil & gas was triggered by a further weakness in Brent price. The non-cash charge includes US$4,801 million (US$2,932 million net of tax) on the Rajasthan Cash Generating Unit, which includes both producing and exploratory assets and US$133 million (US$99 million net of tax) on the other exploratory blocks. Key assumptions include the short term oil price of US$41 per barrel gradually going up to long term nominal price of US$70 per barrel in four years' time, increasing at 2.5% per annum. The assumptions selected were consistent with the various available analysts' pricing.

The iron ore business impairment charge of US$228 million arose on the Liberian assets in view of uncertainty in the iron ore price.

Other special items include a charge of US$23 million for the Voluntary Retirement Scheme across businesses and US$26 million on impairment of old idle assets at Bellary & Copper Mines of Tasmania.

Net interest

Finance costs decreased by 8% to US$1,280 million in FY2016 (FY2015: US$1,387 million). This is due to the benefits of lower cost refinancing, the previous year impact of unamortized costs written off and using cash to repay convertible bonds in the copper business during H2 FY2015. The average borrowing cost of the Group was 7.3% (7.5% in FY2015).The cost of rupee borrowing decreased by c.50 bps during FY2016 compared with FY2015 while the rates on foreign borrowings largely remained the same.

Investment revenue in FY2016 decreased to US$698 million (FY2015: US$833 million), mainly at Zinc India and Cairn India. This was driven by significant mark-to-market (MTM) gains accruing in the previous year in a falling interest rate environment in India, where most of the Group's cash and investments reside. The average post-tax return on investment of the Group was 7.2% (9.3% in FY2015).

The combination of lower finance costs and lower investment revenues led to an increase of US$28 million in net interest expense during FY2016.

Other gains and losses

Other gains and losses include the impact of mark-to-market (MTM) on foreign currency borrowings, primarily at Vedanta's Indian rupee denominated businesses and the restatement of MAT credit at the oil & gas business. Depreciation of the Indian rupee against the US Dollar during FY2016 was 6% (62.59 to 66.33), against a 4% fall in FY2015 (60.10 to 62.59).

The resulting MTM cost in FY2016 was US$73 million (FY2015: US$77 million).

Taxation

The Effective Tax Rate (ETR) in FY2016 (excluding special items) was 113% compared to 32% during FY2015 driven by significantly higher Dividend Distribution Tax (DDT) owing to the special dividend declared by Zinc India in March 2016. Excluding incremental DDT, the effective tax rate was 33% during FY2016. This is driven by lower tax rate in Zinc India due to tax efficient investment income partly offset by higher ETR in Cairn India driven by lower deferred tax liability creation given significantly lower exploration and development spend.

Special items - tax

Tax special items include a credit of US $1,903 million relating to the corresponding non-cash impairment charge as explained above. In addition, the tax special items in FY2016 of US$174 million charge arose in Copper Zambia on restoration of deferred tax liabilities on mining operations at 30%; mineral processing activities at 35%; and changes in legislation restricting the use of past losses.

Attributable (loss)/profit

The attributable loss before special items was US$393million compared with a US$75 million loss in the previous year, mainly due to weak commodity prices and premiums, which resulted in lower EBITDA.

Higher tax and net interest expense, were more than offset by lower depreciation and amortisation, partly mitigating attributable losses. The attributable loss (including special items) of US$1,837 million during FY2016 (FY2015: US$(1,799) million) was marginally higher, due to lower EBITDA driven by weak commodity prices partially offset by improved operational performance and the non-cash impairment in oil &gas and the iron ore business.

Earnings per share

Basic EPS for the period was a loss of 665.8 US cents (FY2015: (654.5) US cents). Excluding the impact of special items and other gains and losses, the underlying EPS was a loss of 131.9 US cents per share (FY2015: (14.2) US cents).

Fund flow

The Group generated Free Cash Flow of US$1.7 billion, Net Debt reduced by US$1.1 billion & Gross Debt reduced by US$0.4 billion during FY2016. This was driven by temporary and sustainable working capital initiatives, optimisation of opex and capex.

The movement in fund flow in FY2016 is set out below.

(in US$ million, except as stated)

Fund flow	H1 FY2016	H2 FY2016	FY2016		FY2015
EBITDA	1,286	1,050	2,336		3,741
Operating exceptional items	0	(23)	(23)		(50)
Working capital movements	1,029	136	1,165	(a)	131
Changes in non-cash items	13	10	23		203
Sustaining capital expenditure	(87)	(98)	(185)	(c)	(221)
Movements in capital creditors	(132)	(78)	(210)		(288)
Sale of tangible fixed assets	3	7	10		26
Net interest	(245)	(245)	(490)		(362)
Tax paid	(140)	(215)	(355)	(b)	(602)
Expansion capital expenditure (1)	(432)	(134)	(566)	(c)	(1,531)
Free cash flow	**1,295**	**410**	**1,705**		**1,047**
Acquisition of additional interest in subsidiaries	0	0	0		(819)
Dividend paid to equity shareholders	(111)	0	(111)		(171)
Dividend paid to non-controlling interests	(166)	(159)	(325)		(340)
Sale/(Purchase) of fixed assets investments	0	0	0		-
Other movements (2)	(95)	(42)	(137)		(258)
Movement in net debt	**923**	**209**	**1,132**		**(541)**

(1) On an accrual basis.
(2) Includes foreign exchange movements.

Despite a reduction in EBITDA, free cash flow post-capex improved during FY2016 compared to FY2015. Key drivers were:

(a) Working capital movements: Temporary (US$902 million) and sustainable (US$263 million) working capital initiatives helped generate cash. The temporary initiatives included Advance from Customer, Debtor Non-recourse Discounting and creditor payment cycle; part of these is expected to unwind in FY2017.

(b) Tax outflow: lower Minimum Alternate Tax (MAT) outflow, primarily at the oil &gas business, driven by lower book profits.

(c) Growth and sustaining capex including capital creditors: Efficient capital allocation by prioritisation of capital to high return, low risk projects, primarily mining capex at Zinc

India, EOR and Gas related projects in oil & gas, and a ramp-up at the aluminium and power businesses.

These positive effects were partly offset with higher net interest due to significant MTM income on bond investments which was recognized in the prior year. These gains accumulated due to softening interest rates and hence higher bond prices.

Net debt

We remain focused on optimising our opex and capex, increasing free cash flow and reducing net debt. The increased FCF, as above, together with cost saving resulted in reduced net debt amounting to US$7,329 million (31 March 2015: US$8,460 million). The Group's net gearing has increased from 41% to 52% with c.9% of this change relating to the non-cash impairments in the year and their corresponding effect on net assets.

Debt maturity profile & refinancing

Gross debt as at 31 March 2016 was US$16,263 million (31 March 2015: US$16,668 million). The decrease in borrowings, used primarily to fund capital expenditure in aluminium and power projects, was more than offset by the reduction in borrowing at our copper and iron ore businesses, and the devaluation of rupee-denominated borrowing.

Of our total gross debt of US$16.3 billion (excluding working capital loans of US$0.4 billion), debt at our subsidiaries is US$8.5 billion, with the balance in the holding company. The total undrawn credit limit was c.US$1.1 billion (including US$0.5 billion undrawn committed term facility) as at 31 March 2016. The future maturity profile of debt (in US$ billion) of Vedanta Resources plc is as follows:

As at 31 March 2015	Particulars	As at 31 March 2016	FY2017	FY 2018	FY2019	FY2020	FY2021	Beyond FY 2021
7.8	Debt at Vedanta Resources plc	7.5	1.5	1.0	2.6	0.4	0.1	1.9
8.4	Debt at subsidiaries	8.5	2.3	1.7	1.8	0.8	0.8	1.0
16.2	**Total Debt**	**16.0**	**3.8**	**2.7**	**4.4**	**1.3**	**0.9**	**2.9**

We have been successful in refinancing our maturing debt through rollovers, new debt and repayments from internal accruals during the year, both at Vedanta plc and its subsidiaries.

Vedanta Plc: The upcoming US$1.5 billion debt maturing at Vedanta plc is to be met through repayment of the intercompany loan by Vedanta Limited to Vedanta Resources plc (outstanding as on 31 March 2016: US$1.9 billion). Of this, US$950 million has already been repaid in April 2016. The remaining balance will be settled in early FY2017.

Subsidiary: Of the US$2.3 billion debt maturing during FY2017 (includes short term loan of US$1.2 billion which will be rolled over in the normal process as in the past), we have already refinanced US$0.2 billion in April 2016, committed term loan of US$0.5 billion and the remaining balance US$0.4 billion will be met through a mix of various sources including cash & liquid investment of US$0.2 billion and other facilities which are in process of being tied up and cash generation from operations.

Cash and liquid investments were US$8,937 million at 31 March 2016 (31 March 2015: US$8,210 million). Our cash and liquid investments 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 twelve months period from the date of signing of the financial statements ending 31March 2016. Net debt has decreased by US$1,132 million in the financial year to US$7,329 million, with US$1,087 million of undrawn facilities at the balance sheet date. Further analysis of net debt is set out in note 16 of the condensed financial statements and details of borrowings and facilities are set out on page 81. The Board is satisfied that the Group's forecasts and projections, taking into account reasonably possible changes in trading performance on cash flows and forecast covenant compliance, the transferability of cash within the Group, the flexibility the Group has over the timings of its capital expenditure and other uncertainties, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For these reasons the Group continues to adopt the going concern basis in preparing its financial statements. Management has recently renegotiated certain financial covenants, which have been modified until September 2018.

Longer term viability statement

In accordance with paragraph C2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group's viability over a longer period than the 12 months required by the Going Concern assessment.

At Vedanta, the business planning process covers a one year detailed plan with capital allocation and refinancing plans covering a longer period of up to three years. The planning process takes into consideration key assumptions, around commodity prices and exchange rates, cost and supply parameters for major inputs such as raw materials, labour and fuel; refinancing and a range of assumptions regarding volume ramp up, regulatory matters and the Group's cost saving programme. To align with our internal financial modeling period and taking into account the current volatility in commodity markets, Vedanta has considered a three-year period of assessment appropriate for the longer term viability statement.

To assess the Group's longer term viability additional robust stress-testing has been undertaken, utilizing the models used for the going concern exercise. The principal risks which were considered for stress testing, individually and in combination, are commodity price movements, delays in ramping up production and refinancing risks. These are considered severe but plausible and well beyond those expected in the normal course of business.

The viability of the Group under these severe but plausible scenarios remained sound taking into consideration the availability of mitigating actions within management's control, in particular flexibility in capital allocation, access to lines of credit and alternative sources of finance.

While it is impossible to foresee all risks, and the combinations in which they could manifest, based on the results of this assessment and taking into account the Group's current position and principal risks, the Directors have assessed the prospects of the Group, over the next three years, and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over a period of three years from 1 April 2016.

Covenants

The lending banks of Vedanta Resources plc have consented to certain changes requested by the Company to its covenants under the terms of the relevant debt facilities effective from 31 March 2016 until the period ending 30 September 2018. With this, the Company is in compliance with its covenants relating to all facilities for the testing period ending 31 March 2016.

Credit rating

The downward pressure on metal and oil prices has impacted the Company's credit rating.

The rating agency S&P downgraded the Company's rating by three notches to 'B' from 'BB' during the year, with negative credit watch. Recently, following the special dividend declaration by Hindustan Zinc Limited, S&P removed the Company rating from 'Watch Negative', mainly on the removal of the refinancing risk. The Company rating was affirmed at 'B' with 'Stable' outlook.

During the year, the rating agency Moody's downgraded the Company's corporate family rating by four notches to 'B2' from 'Ba1', with outlook negative.

Balance sheet

(In US$ million, except as stated)

	31 March 2016	31 March 2015
Goodwill	16.6	16.6
Intangible assets	92.2	101.9
Tangible fixed assets	16,647.8	23,352.0
Other non-current assets	1,862.3	1,807.0
Cash and liquid investments	8,936.5	8,209.8
Other current assets	2,763.9	3,501.6
Total Assets	**30,319.3**	**36,988.9**
Gross debt	16,263.3	16,667.8
Other current and non-current liabilities	7,203.5	8,063.7
Shareholders'(deficit)/ equity	(712.8)	1,603.1
Non-controlling interests	7,565.3	10,654.3
Total equity	**6,852.5**	**12,257.4**
Total Liabilities	**30,319.3**	**36,988.9**

Shareholders' (deficit)/equity was US$(713) million at 31 March 2016 compared with US$1,603 million at 31 March 2015. This largely reflected the impact of the impairments and other special items of US$3,473 million; adverse currency translation impact due to depreciation of the operating currencies against US dollar (mainly, the Indian rupee) of US$379 million; the FY2015 dividend payment of US$111 million by Vedanta plc; and attributable loss before special items of US$393 million.

Non-controlling interests decreased to US$7,565 million at 31 March 2016 from US$10,654 million at 31 March 2015, due to the attributable loss to minority shareholders during the year, impact of the impairments, foreign currency movements and dividend payments to minorities.

Tangible fixed assets

During the year, we invested US$751 million in property, plant and equipment, comprising US$566 million on our expansion and improvement projects and US$185 million spent on sustaining capital expenditure. Expansion project expenses were US$198 million in our oil &gas business at Cairn India; US$188 million at Zinc India; US$43 million in the power business (mainly at Talwandi Sabo); US$108 million in our aluminium business; and US$23 million at Zinc International.

Project capex

Capex in Progress	Status	Capex (US$mm)	Spent up to March 2015	Spent in FY2016	Unspent as at 31 March 2016
Cairn India	Flexibility in capex dependent on oil price & project return	1,378	1,080	198	100
Total Capex in Progress - Oil & Gas		**1,378**	**1,080**	**198**	**100**
Aluminium Sector					
BALCO – Korba-II 325ktpa Smelter and 1200MW power plant (4x300MW)	Smelter: 84 post capitalised in Sep'14 & further ramp up commenced from 22nd April Power: All 4 units operational	1,872	1818	71	(17)*
Jharsuguda 1.25mtpa smelter	Ramp up commenced: 82 post capitalised in Dec'15 & further ramp up commenced from 1st Apri	2,920	2,535	34	351
Aluminium Sector Total		**4,792**	**4,353**	**105**	**334**
Power Sector					
Talwandi 1980MW IPP	All 3 units commissioned	2,150	2,011	43	96
Zinc Sector					
Zinc India (Mines Expansion)	Phase wise by FY 2019	1,500	602	188	710
Zinc International					
Gamsberg Mining & Milling Project	To be completed by FY 2018-19	400	5	16	379
Total Capex		**10,220**	**8,051**	**550**	**1,619**
Capex Flexibility	**Status**	**Capex (US$mm)**	**Spent up to March 2015**	**Spent in FY2016**	**Unspent as at 31 March 2016**
Aluminium Sector					
Lanjigarh Refinery (Phase II) – 4mtpa		**1,570**	**809**	**3**	**758**
Copper Sector					
Tuticorin Smelter 400ktpa	EC awaited	367	129	3	235
Iron Ore					
Iron Ore Liberia(2)		228	225	3	0
Zinc International					
Skorpion Refinery Conversion	To be completed by FY 2018-19	156	4	7	145
Total Flexibility Capex		**2,321**	**1,167**	**16**	**1,138**

*(1) *Overrun due to foreign currency variance.*
(2) This exploratory asset is currently impaired.

Contribution to exchequer:

We contributed US$3.2 billion to the Exchequer in FY2016 (US$4.6 billion in FY2015) through direct and indirect taxes, levies and royalties.

Operational Reviews

Oil & Gas

Production performance

	Unit	FY2016	FY2015	% Change
Gross Production	Boepd	203,703	211,671	(3.8)%
Rajasthan	Boepd	169,609	175,144	(3.2)%
Ravva	Boepd	23,845	25,989	(8.2)%
Cambay	Boepd	10,249	10,538	(2.7)%
Oil	Bopd	196,955	204,761	(3.8)%
Gas	Mmscfd	40.5	41.5	(2.4)%
Net production - working interest	Boepd	128,191	132,663	(3.4)%
Oil	Bopd	125,314	130,050	(3.6)%
Gas	Mmscfd	17.3	15.7	10.2%
Gross Production	Mboe	74.6	77.3	(3.5)%
Working Interest production	Mboe	46.9	48.4	(3.1)%

Operations

Average gross production for FY2016 was 203,703 barrels of oil equivalent per day (boepd), which was 3.8% lower than the previous year. This represents c.25% of the domestic production in India. Lower reservoir performance at Bhagyam and a natural decline in the Mangala and Aishwariya fields in Rajasthan were the key reasons. The decline was partially offset by successful execution of the Enhanced Oil Recovery (EOR) project at Mangala, upside from infill wells at Aishwariya and reservoir management initiatives at Bhagyam. Ravva and Cambay block production declined by 8.2% and 2.7% respectively, due to natural decline.

Mangala EOR project the world's largest polymer flood, has shown an exemplary performance. In February 2016, polymer injection ramped up to our target levels of 400,000 barrels of liquid per day, which along with production performance has reduced the risks significantly from the perspective of surface facilities, reservoir, polymer availability, and polymer mixing and transportation technology. The integrated drilling program was completed for all the 93 new injection wells during the year as per plan. In October 2015, the central polymer facility was fully operational with all the four trains preparing polymer solution.

Gas development in the Raageshwari Deep Gas (RDG) field in Rajasthan continues to be a strategic priority. The company continues to invest capex in the project including further plans in FY2017. During FY2016, average gas production from RDG increased to 27mmscfd higher than guidance provided last year, up 68% year-on-year, with an average Q4 production of 31 mmscfd. This was achieved by a better than expected performance from the fracked well, and stabilized compressor operations that were installed at the Raageshwari and Viramgam terminals. In FY2016, the RDG project has shown robust progress with significantly higher volume than the previous year and will be continued in FY2017 in line with the project plan.

During the year, we commissioned the Salaya Bhogat Pipeline (SBPL), the storage terminal and the marine export facilities at Bhogat which provides an opportunity to expand customer base and realised better pricing.

Prices

	FY2016	FY2015	% Change
Average Brent Prices – US$/barrel	47.5	85.4	(44.4)%

According to the International Energy Agency's Oil Market Report (January 2016), 2015 saw one of the highest volume increases in global oil production this century. For FY2016, the Brent crude oil price averaged US$47.5 per barrel with Q4 FY2016 at US$33.9 per barrel — the lowest level since 2005. Supply continued to grow faster than demand. This has led to a situation where commercial stock levels within the Organisation for Economic Co-operation and Development (OECD) are at a record high. As a result, crude oil prices started falling in late FY2015 and weakened further in FY2016. Lately in April 2016, the prices have recovered from record lows due to the weakening US dollar and improved global growth sentiment.

Key factors adversely affecting the oil & gas market includes the advent and resilience of shale oil production; increased oil production by members of the Organization of the Petroleum Exporting Countries (OPEC); lack of production cuts (volume consensus) by OPEC and non-OPEC countries; and lower gross domestic product (GDP) growth globally. The decline in the benchmark Brent price was also followed by greater incentives for processing light grades. As a result, our crudes attracted higher discounts.

Financial performance

(In US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	1,322.3	2,397.5	(44.8)%
EBITDA	570.4	1,476.8	(61.4)%
EBITDA Margin	43.1%	61.6%	-
Depreciation	544.6	572.7	(4.9)%
Acquisition related amortisation	281.7	697.6	(59.6)%
Operating Profit	(255.9)	206.5	-
Share in group operating profit %	(29.0)%	11.9%	
Capital Expenditure	214.2	1080.1	(80.2)%
Sustaining	15.8	-	-
Projects	198.4	1,080.1	(81.6)%

Revenue for the year was lower at US$1,322 million (after profit and royalty sharing with the Government of India), driven by weaker crude prices. As a result, EBITDA for FY2016 was lower by 61% at US$570 million. The Rajasthan water flood operating cost was reduced to US$5.2 per barrel compared to US$5.8 per barrel in the previous year, which is one of the lowest in the world. An increase in polymer injection volumes lifted blended operating cost to US$6.5 per barrel during FY2016.

In the Union Budget FY2017, Oil cess, a tax on crude oil production, has effectively been reduced at current price level from Rupee 4,500 per tonne to 20% ad-valorem on realized price.

The Company has shown continued tight fiscal discipline and has actively renegotiated its existing contracts to improve prices and contain activities. The Company has realized a c. 20% cost saving on polymer through on going interventions. We have also sourced 10 MW power from the open access markets at 25% lower cost. Efficiencies for instance have improved at RDG gas with reduction in both days per frac and also the per frac cost.

In FY2016, we invested US$214 million in capital expenditure, which primarily included Mangala Polymer Project, Raageswari Deep Gas Project, Aishwariya infill, and exploration (appraisal, testing and seismic activities).

Exploration & development

In FY2016, the Company started with working interest 2P reserves of 242 mmboe and ended with working interest 2P reserves of 175 mmboe. Excluding production, our Working Interest 2P reserves for the year declined by approximately 18 mmboe due to project deferrals in low oil price scenario. We made some additions from reservoir performance and projects in Aishwariya and Offshore fields. This will reverse itself once price levels move up.

Since the recommencement of exploration in the Rajasthan block in 2013, the Company has discovered 1.7 billion boe of drilled and tested HIIP with an additional 0.45 billion boe drilled but yet to be tested. During this period, the Company has discovered 2C resources of 200 million boe in Rajasthan. During FY16, activity continued to be focused upon appraisal of new discoveries and processing of the new 3D seismic data over high priority areas, in-line with our re-phased exploration program. Earlier in the year, oil was discovered in volcanic reservoirs, in three zones in well Raageshwari Deep North and in two zones in well Raageshwari Deep Main. The subsurface data pertaining to the deeper layers within the volcanic reservoirs in the Raageshwari area were analysed during the fourth quarter.

The 3D seismic acquisition programme continued in Rajasthan, with a total of 432 km2 acquired during this year. The processing of newly acquired 3D seismic data is ongoing with a focus on identifying additional prospects that will act to replenish the exploration prospect inventory.

- Krishna-Godavari Basin Onshore - (BLOCK KG-ONN-2003/1)

Our joint venture partner and operator ONGC has submitted the FDP to the management committee for approval, initiating the JV approval process for the block.

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

We continue to engage with the Ministry of Petroleum & Natural Gas for an extension contingent upon full life clearances. Phase-I expired on 8th March 2016. Interpretation of the new seismic volumes has resulted in identification of four prospects and a number of smaller leads over different play types.

Due to the current low oil price environment, the carrying value of Block KG-ONN-2003/1, Block KG-OSN-2009/3, South Africa (Block 1) and Block MB-DWN-2009/1 have been fully impaired as of March 2016.

Outlook

We remain committed to maintaining a healthy cash flow post capex from Oil & Gas business. In FY2017, Rajasthan production volumes will be broadly at FY2016 levels, with natural declines being offset by EOR programme. In line with global peers, capex for FY2017 has been reduced to c.US$100 million, which will be invested 80% on development (primarily RDG Gas and Mangala EOR completion activities) and 20% in exploration.

We will continue investing in pre-development activities of our key projects in Core MBA fields, Barmer Hills and Satellite fields, to ensure project readiness for development with rebound in oil prices. We maintain the flexibility to raise our capital investment as oil price improves.

Strategic priorities

- Generate healthy cash flows post capex
- Consistent cash generation from core assets with focus on operating cost and efficient reservoir management
- Continue investing in Raageshwari Deep gas Project
- Option for growth by capital investment in a pipeline of projects at Barmer Hill, Bhagyam & Aishwariya EOR to take advantage of any upswing in oil price
- Resilience from robust balance sheet and world class resource base
- Capitalize on strengths - geology, technology, talent pool, strong partnerships and financial discipline

Zinc India

Production performance

	FY2016	FY2015	% Change
Production (kt)			
Total Mined metal	889	887	0.2%
Production – Zinc			
Mined metal content	744	774	(3.9)%
Refined metal	759	734	3.4%
- Integrated	759	721	5.3%
- Custom	-	13	
Production– Lead(1)			
Mined metal content	145	113	28.3%
Refined metal	145	127	14.2%
- Integrated	140	105	33.3%
- Custom	5	22	(77.3)%
Production– Silver (m. oz)(2)	13.65	10.53	29.6%
- Integrated	13.56	8.56	58.4%
- Custom	0.09	1.97	(95.4)%

(1) Excluding captive consumption of 7 kt v/s 8 kt in FY2016 v/s FY2015.
(2) Excluding captive consumption of 1,108 thousand ounces v/s 1,293 thousand ounces in FY2016 vs FY2015.

Operations

Mined metal production for the full year was recorded at 889,000 tonnes, in line with the previous year. Production during the second half of FY2016 was lower than the first half of year, due mainly to reduced output from Rampura Agucha (RA) open pit, particularly in Q4 FY2016 as per the mine plan. This was partially offset by record production from all the underground mines, and in particular the Sindesar Khurd (SK) and Kayad mines, which also resulted in higher lead and silver volumes.

Sindesar Khurd has outperformed and achieved the target of 3.0 million tonnes of production in FY2016 ahead of plan. The current mining run rate is 3.75 million tonnes per annum, ahead of schedule. Consequently, silver production has also benefitted from higher volumes from this mine and recorded integrated production of 13.56 ounces, with a 58% increase year-on-year.

Our Kayad mine surpassed the targeted production capacity of 1 million tonnes per annum during the quarter.

Rampura Agucha mine is in the midst of transition from open pit to underground mine production, with the underground project picking up pace after a slower than planned ramp up due to difficult geotech conditions. The main shaft has reached a depth of 860 metres (out of a planned depth of 950 metres) with completion of the north and south vent work. We also achieved a record decline development of 1,425 meters during the month of March 2016. However, to de-risk any potential delay in development of Rampura Agucha underground project, the open cast mine deepening project, referred to as ‘Stage V’, is progressing satisfactorily.

Refined metal production during the year was the highest ever and higher than mined metal production primarily on account of conversion of existing mined metal inventory and enhanced smelter efficiencies. Integrated refined zinc, lead and silver metal production increased by 5%, 33% and 58% respectively over FY2015.

Prices

	FY2016	FY2015	% Change
Average Zinc LME cash settlement prices US$/T	1,829	2,177	(15.9)%
Average Lead LME cash settlement prices US$/T	1,768	2,021	(12.5)%
Average Silver Prices US$/ounce	15.2	18.1	(16.0)%

Commodity prices weakened during FY2016 due to the stronger US dollar and the slowdown in the Chinese economy. However, Zinc prices showed a degree of resilience during the first quarter of the year and recovered back to US$2,400 per tonne in May 2015, backed by better fundamentals – closure of mines and supply constraints. However, in line with global commodity cues, Zinc prices fell below $1,600 per tonne during Q3 FY2016, the lowest in more than six years. LME Zinc prices averaged US$1,829 per tonne during FY2016 compared to US$2,177 per tonne in FY2015, a decrease of 15.9%. Consequently, the spot prices have recovered to above US$1,800 per tonne.

Average prices for lead have weakened by 12.5% due to subdued Chinese consumption and lower demand.

Silver's average price also reduced significantly, by 16% in line with the general weakness in precious metals and on the back of a stronger US dollar.

Zinc Benchmark Premium (the average of Shanghai, Zohar & Singapore) was lower during FY2016 at US$91 per tonne, compared to US$135 per tonne during FY2015.

Unit costs

	FY2016	FY2015	% Change
Unit costs(1)			
Zinc (US$ per tonne)	1045	1093	(4.4)%
Zinc (Excluding Royalty) (US$ per tonne)	804	868	(7.4)%

(1) With IFRIC 20 impact.

The unit cost of zinc production decreased by 4.4% to US$1,045 per tonne compared to FY2015. Excluding royalty, there was a 7.4% decline in cost at US$804 per tonne which is amongst the lowest quartile globally. The decrease was due mainly to higher volumes of integrated production, better smelter efficiencies, reduced coal and commodity prices, higher by-product credit and cost reduction initiatives. In FY2016, the unit cost of zinc production post Silver credit was at c.US$500 per tonne (excluding royalty). The increased royalty rates impacted the unit cost of Zinc production by c. US$57 per tonne. This and other regulatory headwinds, including renewal power obligations and electricity duty by US$36 per tonne, were partly offset by 7% rupee depreciation during FY2016. Zinc India's zinc composite cost of production remains in the first quartile on the global cost curves position, according to the Wood Mackenzie Report for CY2016. Out of the total zinc unit cost of production of US$1,045 per tonne, total government levies were c. US$277 per tonne primarily due to Royalty & District Mineral Fund (DMF).

With a focused objective of cost optimisation, the Company has deployed a clean sheet costing methodology to work on the existing contracts, and has further negotiated the cost spend across the businesses. We have has also optimised the transport routes with faster turnarounds, exploring alternative ports to optimize spend. The cost of production excluding royalty is expected to remain stable during FY2017 even as we transition to a higher share of underground production as a result of various cost & efficiency initiatives.

On 1 September 2014, the Indian royalty rates for zinc rose from 8.4% to 10.0%, while lead royalties increased from 12.7% to 14.5%. These increased rates are among the highest in the world, and beyond other based metals. In addition, an amount equal to 30% of royalties was provided with effect from 12 January 2015 to contribute to the District Mineral Fund (DMF), and an amount equal to 2% of royalties for the National Mineral Exploration Trust (NMET).

Financial performance

(In US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	2,111.0	2,357.0	(10.4)%
EBITDA	995.0	1,192.5	(16.6)%
EBITDA Margin (%)	47.1%	50.6%	
Depreciation and amortisation	119.9	133.2	(10.0)%
Operating (Loss)/Profit before special items	875.1	1,059.3	(17.4)%
Share in group operating profit (%)	99.3%	61.0%	
Capital Expenditure	234.9	222.7	5.5%
Sustaining	46.5	56.1	(17.1)%
Growth	188.4	166.6	13.1%

EBITDA in FY2016 was US$995 million, a decrease of 17% compared to FY2015. This decrease was primarily driven by lower zinc, lead and silver prices, and premia as well as statutory headwinds in FY2016. However, these were partially offset by higher volumes, lower cost of production and rupee depreciation.

The decline phase of both Rampura Agucha and Sindesar Khurd underground mines are in commercial production with their operating results recognised in the income statement

Projects

The announced mining projects, with the objective of reaching 1.2 million tonnes per annum, are progressing well and we expect to achieve the target within the next three years.

Zinc India's transition from open cast to underground mining continues. Open cast contributed 60% of production during FY2016, and historically it has accounted for about 80% of total metal in concentrate (MIC) production. Open cast will now be replaced progressively by underground mines, and by FY2021 all our production will be underground.

At Rampura Agucha open cast mine, work to deepen the pit by an additional 50 metres (referred to as 'Stage V') is progressing satisfactorily and, has contributed towards de-risking any potential delay in development of Rampura Agucha underground project.

At Sindesar Khurd, the shaft sinking project is ahead of schedule and reached the planned depth of 1.05 km with completion of the main shaft sinking work where development of associated infrastructure is also progressing well ahead of its timelines. Production from the shaft is expected to commence during the second half of FY2018.

At Zawar, the debottlenecking of the existing mill is progressing well, and the capacity will increase to 2.7 million tonne per annum by year end.

The Company continues to allocate capex in zinc growth projects.

Exploration

During the year, gross additions of 25.3mt were made to reserves and resources (R&R), prior to a depletion of 10.5mt. As of 31 March 2016, Zinc India's combined mineral resources and ore reserves were estimated to be 389.9 million tonnes, containing 36.1mt of zinc-lead metal and 1,007moz of silver. Overall mine life continues to be over 25 years.

Outlook

In FY2017, mined metal production is expected to be marginally higher than FY2016, while refined integrated zinc metal production will be at similar level of FY2016. Integrated lead and silver production will be higher on account of greater ore volumes from the Sindesar Khurd mine. Significant progress is expected in terms of mine development and ore production from the underground mine projects as we expect about 60% mined metal production from underground mines in FY 2017. Similar to recent years, quarterly variations in production are expected due to waste and ore sequence at Rampura Agucha open cast mine partly offset by ramp up of underground mines. Production during second half of the year will be much higher than the first half; in the first half, Q1 will be much lower than Q2. Volumes will gradually ramp up as the year progresses, as per mine plan.

The cost of production (excluding royalties) is expected to remain stable with various efficiency improvement programmes and cost reduction initiatives aided by a benign commodity environment. This is despite the additional regulatory levies and lower average grades resulting from a change in the mining mix and transitioning to more underground production.

Strategic priorities

- To progress the brownfield expansion of mines to achieve 1.2 million tonnes per annum of mined zinc-lead;
- Manage smooth transition from open-pit to underground mining at Rampura Agucha;
- Achieve the life extension of the Rampura Agucha open cast mine Stage V;
- Achieve cost reductions with various operational and commercial initiatives;
- Ramp up silver production volumes; and
- Continue our focus on adding more reserves and resources than we deplete through exploration.

Zinc International

Production performance

	FY2016	**FY2015**	**% Change**
Total Production (kt)	226	312	(27.6)%
Production– Mined metal (kt)			
BMM	63	59	6.8%
Lisheen	81	150	(46.0)%
Refined metal Skorpion	82	102	(19.6)%

Operations

Total production for FY2016 was 28% lower than in FY2015, due mainly to the closure of the Lisheen mine in Ireland in November 2015 after 17 years in operation, maintenance shutdown and partial industrial action at Skorpion. This was partially offset by higher volumes from Black Mountain Mines production.

At Skorpion in Namibia, production was lower by 20,000 tonnes. The main causes were temporary industrial action during Q2FY2016, the planned refinery maintenance extended shutdown in Q3FY2016, a slower than anticipated ramp-up post the shutdown, and a decline in the mine grade. During Q4FY2016 Skorpion production volumes were back to normal, following a planned maintenance shutdown in Q3 FY2016, and it recorded 27,000 tonnes in Q4 FY2016.

Production at BMM was 7% higher due to a 10% increase in mine volume, supported by a change in mining method from cut-and-fill to the more productive longhole mining.

Unit costs

	FY2016	**FY2015**	**% Change**
Zinc (US$ per tonne) CoP	1,431	1,393	2.7%

The unit cost of production increased to US$1,431 per tonne, 2.7% up from US$1,393 per tonne in FY2015. This was mainly driven by reduced volumes at Skorpion and Lisheen, increased waste stripping at the Skorpion mine and one-off plant maintenance costs at the Skorpion Refinery. The increased cost was largely offset by local currency depreciation against the US dollar.

Financial performance

(In US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	391.5	586.9	(33.3)%
EBITDA	68.1	180.8	(62.3)%
EBITDA Margin	17.4%	30.8%	
Depreciation	54.3	85.7	(36.6)%
Acquisition related amortisation	2.1	25.4	(91.7)%
Operating Profit before special items	11.7	69.7	(83.2)%
Share in group operating profit %	1.3%	4.0%	
Capital Expenditure	54.5	39.7	37.3%
Sustaining	31.4	30.4	3.3%
Growth	23.2	9.3	-

EBITDA reduced by 62% to US$68 million for FY2016, due mainly to lower commodity prices as well as lower volumes.

Projects

With the improved outlook on zinc price and reduction in the project capex envisaged at the Gamsberg mine on account of engineering improvements and renegotiations, we have decided to now accelerate the project. Consequently, the project will see the much higher level of capital allocation in FY2017.

Pre-start activities at the project site began in July 2015, by which stage BMM had obtained all regulatory and environmental permits in line with the relevant South African legislation. Pre-stripping and surface work to access the ore body is progressing in line with the re-phased plan. To date, we have excavated c.6.5 million tonnes of waste rock.

The first phase of the project is expected to have a life of mine of approximately 13 years, and there is significant potential for further expansion at the Gamsberg North deposit.

Gamsberg Phase 1 is expected to partially replace the production lost due to the closure of Lisheen, and restore production to over 300ktpa. The first ore production is planned for 2018 with 9 to 12 month ramp-up to full production. The engineering improvements and renegotiations resulted in lower project capex of US$400 million.

The Skorpion refinery conversion is under Detailed Feasibility Study(DFS). The basis engineering is in the final stage of evaluation and we are currently reviewing the capex and opex.

We continue to develop the project using a modular approach, with project execution carried out in a phased manner. This allows us to adapt the capital expenditure programme and increase the ramp-up as market conditions improve. The project IRR remains in mid-teens despite the current commodity price scenario therefore developing it further remains attractive.

Outlook

In FY2017 production volumes are expected to be c.170 - 190kt.

Cost of production is expected to reduce to c. $1,200 per tonne - $1,300 per tonne, with continued focus on labour and equipment productivity improvements and cost reduction initiatives. Given the current economic climate, the business is in the process of optimising short-time mine plans while re-aligning the fixed cost base.

At Skorpion, the high wall pushback has been deferred in the light of current market conditions, and plans are currently underway to review various future options for mine life extension. Current reserves are at 5.2 million tonne (at 9% grade).

At BMM, our focus continues to be around executing on the Gamsberg project. Further, near-mine resource potential is being explored to extend mine life along with other changes in the mining method.

Strategic priorities

- Execution of the Gamsberg Project (Phase 1) using a modular approach to project execution and development;
- Extending the mine life at Skorpion; and
- Managing a world-class closure at the Lisheen mine site.

IRON ORE

Production performance

	FY2016	FY2015	% Change
Production (dmt)			
Saleable ore	5.2	0.6	-
Goa	2.2	-	-
Karnataka	3.0	0.6	-
Pig Iron (kt)	654	611	7.0%
Sales (dmt)			-
Iron ore	5.3	1.2	-
Goa(1)	2.2	-	-
Karnataka	3.1	1.2	-
Pig iron (kt)	663	605	9.6%

(1) Includes E-Auction sales of 1.4 million tonnes during FY2016 and nil in FY2015.

Operations

During August 2015, production recommenced in Goa after obtaining all necessary approvals to produce 5.4 million tonnes per annum of saleable ore. During the year, production was 2.2 million tonnes with sales of 2.2 million tonnes. Production was impacted by a transportation strike on account of rate negotiations; these were later resolved in March 2016 and we achieved an exit run rate of 0.8 million tonnes per month. Sales include 1.4 million tonnes of traded ore purchased from the e-auction.

At Karnataka, production was 3.0 million tonnes, achieved by fully utilising our environment clearance limit of 2.2 million tonnes and our opening crude ore inventory of 0.8 million tonnes.

A rigorous plan is being implemented, focusing on operational efficiency and commercial spend reduction.

As part of the Company's cost reduction initiatives, logistics contracts have been optimised across transportation routes, modes and rates. Iron ore sourcing from the nearby mines has been maximised along with plant team requirements to reduce the freight cost. Also, a change in the blend and mix of coking coal has contributed to better cost efficiency.

In view of recession in Iron Ore prices and industry wide representation, export duty on less than 58% Fe has been reduced from 10% to NIL effective from 1 March 2016 in the Union Budget FY2017.

During the year, production of pig iron ramped up from 611,000 tonnes last year to a record production of 654,000 tonnes, with available de-bottlenecked capacity of 785,000 tonnes.

Prices

FY2016 witnessed a significant decline in prices on the back of rising supplies from Australia and Brazil, and slackening demand from China. Prices for 62Fe grade per tonne averaged US$42.6 (FOB), down 37% on FY2015. Corresponding 56Fe ore that we produce at Goa averaged US$32 per mt in Q4 FY2016. In April 2016, the price has recovered following lower production forecast from the majors and uptick in China demand scenario.

While global iron ore demand is projected to remain relatively flat, continued substitution in China of domestically produced iron ore with seaborne stocks is expected to result in a modest increase in international trade, some of which is already seen in April 2016 as mentioned above. Reflecting this, global iron ore trade is projected to increase by 1.3% a year between 2015 and 2021, to reach 1.6 billion tonnes.

Because of its logistical proximity to the port, along with inland waterways, Vedanta's iron ore business in Goa caters primarily to the global seaborne iron ore trade. Goan low grade exports are primarily destined for Chinese steel mills that are able to blend the low grades with other high grade expensive ores from Brazil or within China.

By contrast, the iron ore business in Karnataka caters primarily to the domestic steel industry in the state of Karnataka, which is located within a 200 km radius of the mine. While current exports are subject to constraints due to Supreme Court instructions, the iron ore mine in Karnataka is logistically well connected to the port by good rail connections.

While the FOB price for 56Fe grade was US$32 per tonne for Q4 FY2016, the realization for our Goa ore was lower given the 10% export duty for part of the period., Karnataka ex-works realization was at c.US$14 per tonne for Q4 FY2016 as domestic prices are largely determined by the government mining companies and local demand and supply factors.

Financial performance

(In US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	350.0	326.5	7.2%
EBITDA	73.4	31.4	-
EBITDA Margin	21.0%	9.6%	-
Depreciation	26.8	35.8	(25.1)%
Acquisition related amortization	35.7	6.5	-
Operating (Loss) before special items	10.9	(10.9)	-
Share in group operating profit %	1.2%	(0.6)%	
Capital Expenditure	13.2	36.9	(64.2)%
Sustaining	10.3	36.9	(72.0)%
Growth	2.8	-	-

EBITDA in FY2016 increased to US$73 million compared with US$31 million in FY2015, primarily due to the restarting of production at Goa and volume ramp-up.

Due to considerable recession and uncertainties in the Iron Ore price, acquisition and exploration expenses of US$228 million incurred at Liberia, West Africa to date have been impaired in our books. Further, an impairment of US$18 million has been taken towards unused plant & machinery at Bellary, Karnataka.

Outlook

The Company has been engaging with respective state governments to enhance the mining cap in Goa and Karnataka. The Expert Advisory Committee (EAC) at Goa has already recommended to the Supreme Court a higher cap of 30 million tonnes, increasing to 37 million tonnes (conditional on the successful completion of an environmental impact assessment) for future, up from the current level of 20 million tonne applicable to FY2016. Regarding Karnataka, the Company already has the mine plan which will enable a higher production from the current level of 2.3 million tonnes. We will follow the approval process for the same. We are also continuing to work towards resolving the matter of duplication of tax (Goa Permanent Fund & District Mineral Foundation), which is currently being heard by the Honourable Supreme Court.

The Company has signed the MOU with the government of Jharkhand on 6 May 2016 for setting up 1 million tonne pig iron and ductile pipe plant in the state.

Strategic priorities

- To enhance environment clearance limits in Goa (in line with EAC recommendation) and Karnataka and ramp-up to full capacity;
- Focused cost reduction through various operational and commercial initiatives;
- Continue to work with government to remove the duplication of taxes (Goa Permanent Fund and District Mineral Foundation); and

COPPER- INDIA/AUSTRALIA

Production performance

	FY2016	FY2015	% Change
Production (Kt)			
India- Cathode	384	362	6.1%
Australia- Mined Metal content	-	-	-

Operations

FY2016 copper cathode production at Tuticorin was at a record level of 384,000 tonnes, despite a few unplanned outages during the year that included 3-days stoppage of a flood incident due to heavy rains. The smelter is now producing at a normalised plant capacity level. FY2015 production was lower due to the biennial 23-days planned maintenance shutdown in Q1FY2015, therefore the y-o-y performance is not comparable.

The 160MW power plant at Tuticorin operated at a plant load factor of 71% (FY2015: 86%). This was lower than in FY2015 due to less off-take by Tamil Nadu Electricity Board (TNEB) due to higher availability of power from wind generators in the state; however, we were compensated at the rate of 20% of realization, for the off-take below 85% of the contracted quantity. The state government has also imposed restriction on supply of power outside state.

In FY2016, Phosphoric acid production was 199,000 tonnes, 5% higher compared to 189,000 tonnes in FY2015.

Our copper mine in Australia remains under extended care and maintenance since 2013. We continue to evaluate various options for its profitable restart.

Prices

	FY2016	FY2015	% Change
Average LME cash settlement prices (US $ per tonne)	5,211	6,558	(20.5)%
Realised Tc/Rcs (US cents per lb)	24.1	21.4	12.6%

World production of copper is estimated to have risen 3.5% to 19.1mt in CY2015 while refined primary copper production is estimated to have totalled 18.9mt, 1.8% higher than the previous year. World copper usage, however, is essentially static at around 22.8mt, in line with the previous year. The copper market is still in an adjustment phase and remains over-supplied in the near-term. Demand growth for Chinese copper has showed a structural slowdown at 3% in CY2015, compared to 7% growth in CY2014 and weighed on copper prices in CY2015 and at the start of 2016. The average copper price for the year was US$5,211 per tonne, which is lower by 20.5% compared with the previous year.

Treatment & refining charges (TC/RCs) for FY2016 remained strong, due to increase supply from new copper mines and smelting disruptions. The Company realised 24.1 US cents per lb during FY2016, higher by 12.6% (FY2015: 21.4 US cents per lb.).

In concentrates, annual benchmark settlements for the year 2016 concluded at 97.35/9.73 TCs/RCs. This was around a 10% reduction on the previous year, mainly due to uncertainties surrounding mine projects as LME prices continued to fall. However, several new projects commenced full production in 2015 and further expected new mine production/expansion in 2016 will support higher concentrate availability in 2016. Global smelter production increases during the same period are not expected to keep pace with the mine production. This will ensure that the custom concentrate market in 2016 remains well-supplied. The Company expects to realise over 22 US cents per lb for FY2017.

	FY2016	FY2015	% Change
Unit Conversion costs (CoP) - (US cents per lb)	3.2	4.2	(23.8)%

At the Tuticorin smelter, the cost of production decreased from USc 4.2 per lb to 3.2 USc per lb, mainly due to higher volumes, lower input commodity costs (fuel and power) and higher by-product credits. We are positioned in the lowest cost quartile with ever improving smelter recovery rates. These improved credits were due mainly to better sulphuric acids realisation in the domestic markets. The sulphuric acid markets are largely regional and dependent on local demand-supply dynamics. The realization was healthy during the year due to the improved market and customer mix.

Financial performance

(In US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	3,197.2	3,700.7	(13.6)%
EBITDA	336.6	281.0	19.8%
EBITDA Margin	10.5%	7.6%	
Depreciation and Amortisation	32.3	51.6	(37.4)%
Operating profit before special items	304.3	229.4	32.7%
Share in group operating profit %	34.5%	13.2%	
Capital Expenditure	17.6	29.6	(40.5)%
Sustaining	14.4	29.6	(51.4)%
Growth	3.2	-	-

EBITDA for FY2016 was US$337 million, higher than the US$281 million in the previous year. This increase was driven by higher volumes, higher TC/RCs and lower cost of production. In addition, a one-off benefit of US$25 million has been recognized on account of the Target-Plus-Scheme (an export incentive scheme) that was operational in FY2005. This incentive scheme on incremental exports over the previous year was retrospectively withdrawn. After several years of litigation by the exporters, the Supreme Court ruled in their favour and the benefit was restored. This enabled us to recognize the income which will be collected as a refund from the government during FY2017. Operating profit was US$304 million in FY2016, a 33% increase on the previous year's US$229 million.

A non-cash impairment charge of US$8 million on idle assets at Copper Mines of Tasmania was taken as a consequence of its extended care & maintenance.

Outlook

Production is expected to remain above 400kt with over 10 days' planned maintenance activities scheduled in FY2017.

Strategic priorities

- To sustain operating efficiencies, reducing our cost profile;
- Maximizing Tc/Rc; and
- Debottleneck existing capacity to 425 ktpa and additional 400 ktpa capacity expansion.

COPPER – ZAMBIA

Production performance

	FY2016	FY2015	% Change
Production (kt)			
Total Mined Metal	123	116	6.0%
Konkola	49	40	22.5%
Nchanga	18	24	(25.0)%
Tailings Leach Plant	55	52	5.8%
Finished Copper	182	169	7.7%
Integrated	117	117	-
Custom	64	52	23.1%

Operations

In FY 2016, mined metal production of 123,000 tonnes was up 6% year-on-year.

Increased production was seen at the Konkola Deeps underground mine, up 22.5%, driven by improved mining rates on the southern part of the ore body, completion of rehabilitation works on 1-Shaft, and improved grade factor and concentrator recoveries. This improvement was offset by a 25% lower Nchanga production as open-pit waste stripping was carried out for the majority of the year at COP F&D and the underground mine was placed on care and maintenance in Q3 FY 2016 in this low copper price scenario.

At the Tailings Leach Plant (TLP), production at 55,000 tonnes was 5.8% higher as benefits were realised from improved plant reliability and higher throughput of reclaimed dam material.

Integrated Finished Copper Production, year-on-year, was stable at 117,000 tonnes with the difference from mined metal moving to copper concentrate inventories.

Custom copper volumes at 64,000 tonnes was 23.1% higher year-on-year due mainly to higher throughput and availability of third party concentrates.

Unit costs (integrated production)

	FY2016	FY2015	% Change
Unit Costs (US cents per lb) excluding Royalty	197.9	257.7	(23.2)%
Unit Costs (US cents per lb) including Royalty	261.0	329.1	(20.7)%

The unit cost of production, excluding royalty, was down by 23% to 198 US cents per lb in FY 2016 compared to 258 US cents per pound in FY 2015. Excluding the impacts of increased power tariffs, the unrealised loss of a depreciating Kwacha on VAT receivables and other one-off provisions, resulted in a 27% reduction in unit cost (excluding royalty) to 187 US cents per lb unit cost (excluding royalty). This was driven by improved production, sustained cost-saving initiatives including reducing the fixed cost, the suspension of the high-cost underground mine at Nchanga, the continuous renegotiation of commercial contracts and alternate sourcing for major bulk supplies.

On 17 February 2016, the cabinet of the Government of Zambia approved a new slab-based royalty system linked to copper prices. The Bill was approved by the Zambian parliament on 11 May 2016 and awaits approval from The Honourable President of Zambia. With this approval, the royalty rates would be effective from 1 April 2016 as referred below:

- 4% LME copper< US$4,500 per tonne,
- 5% LME copper between US$4,500 and US$6,000 per tonne, and
- 6% LME copper>US$6,000.

This is a progressive step taken by the government of Zambia to support the mining industry during the low commodity prices environment, given high cost structures in Zambia .The proposal will reduce total cash cost by US$120 per tonne, at the spot copper price of c. US$4,800.

Financial performance

(In US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	972.5	1,077.1	(9.7)%
EBITDA	(17.9)	(3.8)	-
EBITDA Margin	(1.8)%	(0.4)%	
Depreciation and amortisation	179.5	187.2	(4.1)%
Operating (Loss)/Profit before special items	(197.4)	(191.0)	3.4%
Share in group operating profit (%)	(22.4)%	(11.0)%	
Capital Expenditure	27.6	57.9	(52.3)%
Sustaining	27.6	57.9	(52.3)%
Growth	-	-	-

Revenue in FY2016 was lower at US$973 million compared with US$1,077 million in the previous year. This was mainly due to lower metal prices with a partial offset from increased volume. The EBITDA loss was reported at US$18 million. Excluding impact of Kwacha depreciation on VAT receivable, EBITDA was US$44 million.

Outlook

Konkola underground mine

The Konkola underground mine remains the focussed priority for KCM. Work is underway to improve operating productivity levels, mobile fleet utilisation and to progress a deeper horizontal development level.

Smelter and refinery

Continuous improvement is seen as we step up production from third-party concentrates. A planned shutdown is scheduled in Q2 FY 2017 with the intention of improving feed-rates by around 25%.

Increase in power price has a major adverse impact on operations at refinery. As an alternative to power, KCM has explored option to put oil fired boilers for electrolyte heating .This would enable the Refinery to ramp up to production capacity and thereby making it viable.

Nchanga operations

At Nchanga, we are focused on sustaining and improving the operations at the Tailings Leach Plant by treating stockpiled refractory ore and old tailings. Restart possibilities are being investigated for the underground mine and these will be dependent on the prevailing copper price.

Full-year production is expected to ramp-up during FY 2017, to around 200,000 – 210,000 tonnes with integrated production of around 130,000 to 140,000 tonnes. Unit cost (excluding royalty) is expected to be in the range of US cents 150 - 170 per pound.

Our strategic priorities

- A highly productive underground mine at Konkola with an additional horizontal development.
- A reliable Tailings Leach facility with potential to increase recoveries through the application of thermos-applications.
- Increased smelter utilisation from the processing of available third-party concentrates sourced from Zambia and the DRC.
- Sustained cost efficiencies through value-focussed initiatives.

ALUMINIUM

Production performance

	FY2016	FY2015	% Change
Production (kt)			
Alumina – Lanjigarh	971	977	(0.6)%
Aluminium – Jharsuguda I	516	534	(3.4)%
Jharsuguda II(1)	76	19	-
Aluminium – Korba I	257	253	1.6%
Korba II(2)	75	71	5.6%
Total Aluminium	923	877	5.2%

(1) Including trial run production of 51kt in FY16 vs. 19kt in FY15.
(2) Including trial run production of 24kt in FY15.

Operations

The Lanjigarh alumina refinery produced 971,000 tonnes in FY2016.

In order to improve cost efficiencies, operations at the refinery were operated for seven months since September 2015 as a single stream operation with an annual capacity of 800,000 tonnes.

In FY2016, production was stable at the 500kt Jharsuguda-I and 245kt Korba-I smelters. The 1,250kt Jharsuguda II smelter produced 76,000 tonnes during FY2016 with 82 pots operational. The 325kt Korba-II smelter produced 75,000 tonnes with 84 pots operational during the year.

In FY2016, both 300MW CPP units of the BALCO 600 MW power plant at Korba were commissioned. The first 300MW CPP unit was capitalised on 1 December 2015 and the second 300 MW CPP unit on 31 March 2016.

Prices

	FY2016	FY2015	% Change
Average LME cash settlement prices (US$ per tonne)	1,590	1,890	(15.9)%

Global aluminium consumption rose by 4% to 56mt in CY2015, compared to CY2014. This growth was primarily driven by China where consumption was up 6.7%; in contrast, consumption outside of China grew by only 1.2% to 27.2mt. Supply has grown by 6% to 57.5mt in CY2015; however, production outside China was flat at 26mt, due to production cuts. World-wide, supply has outpaced the demand which continues to put pressure on aluminium price and premium. Specifically, China's consistently high production backed by subsidized power costs and government aided subsidies which resulted into the higher exports to the rest of the world leading to higher stocks across the globe.

Average LME prices for aluminium for the year fell to US$1,590 per tonne, a 15.9% decrease on the previous year's average price level of US$1,890 per tonne.

Aluminium Ingot Benchmark Main Japanese Port (MJP) premium during FY2016 was lower at US$119 per tonne compared to US$392 per tonne during FY2015 thus, resulting in lower realizations for the company.

Unit costs

(US$ per tonne)

	FY2016	FY2015	% Change
Alumina Cost (Ex Lanjigarh)	315	356	(11.5)%
Aluminium hot metal production cost	1,572	1,755	(10.4)%
Jharsuguda CoP	1,519	1,630	(6.8)%
BALCO CoP	1,659	1,961	(15.4)%

The Company has initiated various cost savings projects to increase operational efficiencies and reduce commercial spend. The initiatives include opportunistically procuring the raw materials and using alternative vendors to reduce the spend; changing the specification of raw materials; renegotiating service contracts; and reducing logistics costs by optimising rake movements.

During FY2016, the cost of production of alumina was US$315 per tonne, 11.5% lower than in FY2015. The COP for H2 FY2016 was US$297 per tonne with single-stream operation (US$276 per tonne excluding high cost bauxite inventory).

In FY2016, total bauxite requirements of c. 3.4 million tonnes were met from captive mines at BALCO, domestic sources and imports approximately one third each. Higher volumes in FY2017 will be supported by laterite mining and increased supply from BALCO and domestic sources. The other key raw material being coal was sourced mainly from the combination of linkage coal allocation domestic e-auctions/ad-hoc allocation and imports. This mix was similar to FY2015, will however change in FY2017 due to higher volumes with increased reliance on auction and imports given the fixed quantity of linkage coal allocation.

The cost of production of hot metal at Jharsuguda-I was US$1,511 per tonne, lower by 7.3% (FY2015: US$1,630 per tonne). The decrease was due to lower alumina prices, lower coal prices, rupee depreciation and the implementation of various cost-saving initiatives.

The cost of production at the 245kt Korba-I decreased by 15% to US$1,619 per tonne compared to FY2015. This fall was achieved through reduced coal prices, a lower alumina price, rupee depreciation and by implementing various cost-saving initiatives.

The high-cost rolled product facility at BALCO, which produced approximately 47,000 tonnes in FY2015, has been temporarily suspended resulting in further cost savings. We continue to sell ingots & wire rods from BALCO.

Financial performance

(In US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	1,694.3	2,081.9	(18.6)%
EBITDA	106.7	415.5	(74.3)%
EBITDA Margin	6.3%	20.0%	
Depreciation and amortisation	101.8	140.2	(27.4)%
Operating Profit before special items	4.9	275.3	-
Share in group operating profit (%)	0.6%	15.9%	
Capital Expenditure	118.9	142.0	(16.3)%
Sustaining	11.6	9.5	22.1%
Growth	107.3	132.5	(19.0)%

FY2016 EBITDA was lower by 74% at US$107 million, compared with US$416 million in the previous year. This was primarily due to lower LME prices and premia on metals, and a one-off charge of US$36 million for prior periods' Renewable Power Obligations. These were partially offset by input commodity deflation, rupee depreciation and cost savings initiatives.

Projects

Lanjigarh Refinery

The company has prospecting licences for three laterite mines in Odisha and exploration is in progress. We expect to start production towards end of H1 FY2017.

We have received approvals for expansion of the Lanjigarh refinery to 4 million tonnes per annum. Hence, second stream operation has commenced at the Alumina refinery from April 2016 thus, taking it to the debottlenecked capacity of 1.7 - 2.0 million tonnes per annum (contingent on bauxite quality). Further ramp up to 4 million tonne will be considered when we have further visibility on bauxite sources.

Korba II Smelter

At the 325kt Korba- II smelter, pre-commissioning activities commenced for further ramp-up from 22nd April 2016 with an additional 18 pots commissioned by end April 2016. With commissioning of the new 600 MW CPP units complete, the 270 MW CPP unit will be maintained as a back-up for aluminium smelters.

Jharsuguda II Smelter

On 27 January, we received approval from the regulatory authority (Orissa Electricity Regulatory Commission) to use the power generated from three units of the 2,400 MW (4 x 600 MW) Jharsuguda power plant for captive use. This has enabled ramp-up of the 1.25 million tonnes per annum Jharsuguda-II smelter. Consequently, we have recommenced further ramp-up of the first pot line of 312.5kt since the FY2016 year end with an additional 49 pots commissioned by the end of April 2016.

We have started production at the Chotia coal mine during Q4 FY2016 after securing all the pending approvals.

Outlook

Volume & cost

In FY2017, aluminium volume is expected to be in the range of 1.2 million tonnes, by ramping up the Korba II smelter and the progressive ramp-up of three lines at the 1.25 million tonnes Jharsuguda-II smelter. With continued focus on cost reduction, we expect to achieve hot metal cost below US$1,400 per tonne.

Alumina

During FY2017, the Company has moved to double-stream operation to support the aluminium pot ramp-ups. The main sources of bauxite will be mix of mines at BALCO, and the balance will be met from laterite mines, other domestic sources and imports.

Coal

Numerous initiatives are being taken to meet our coal requirements. We will source our overall coal mix from low-cost imports and auctioned coal to optimise the cost in FY2017. Imported coal prices softened by c.20% during FY2016. We are also looking to optimise our coal mix further by securing linkage coal through the auction route.

Strategic priorities

- Full capacity ramp up at Jharsuguda II &Korba II smelters;
- Laterite mining;
- Hot metal cost reduction by optimising raw material sourcing, and through various cost reduction initiatives;
- Secure the captive alumina refinery feed to realise the full potential of cost efficiencies and to increase capacity utilisation; and
- Lanjigarh refinery expansion to 6mpta.

■

POWER

Production performance

	FY2016	FY2015	% Change
Total Power Sales (MU)	**12,121**	**9,859**	**22.9%**
MALCO and HZL Wind Energy	816	1,341	(39.1)%
BALCO 270 MW	169	89	89.9%
600 MW	1,025	10	-
Talwandi Sabo(TSPL)	2,792	1,213	-
Talwandi Sabo (TSPL) Plant Availability Factor %	80%	46%	
Jharsuguda 2400 MW	7,319	7,206	1.6%

Operations

In FY2016, power sales increased 23% y-o-y, due to the commissioning of additional units at TSPL and BALCO during the year. With these units, our entire 9,000 MW of power capacity became operational as of March 2016.

At the Talwandi Sabo power plant, the second 660MW unit started commercial production in December 2015. The two operating units operated at 80% availability and supplied 2,792 million units to the Punjab State Electricity Board (PSEB). TSPL's Power Purchase Agreement with PSEB compensates according to the availability of the plant. The third 660MW unit was synchronised during March 2016 and is expected to achieve commercial production during Q1 FY2017.

The Jharsuguda 2,400MW power plant operated at a lower Plant Load Factor (PLF) of 39% during FY2016, due to a weak power market and power evacuation constraints for open access power sales. During FY2017, power from one 600MW unit is being supplied to the grid and the remaining 1,800MW (3X600MW) will supply power to the Jharsuguda-II smelter with sales of surplus power on the open market. Accordingly, capacity utilisation is expected to increase significantly.

At BALCO, the first 300MW IPP unit of the 1200MW power plant commenced commercial production in July 2015, and the second 300MW IPP unit achieved commercial production in March 2016.

Unit sales and costs

	FY2016	FY2015	% Change
Sales realisation (US cents/kwh) (1)	4.5	5.3	(15.1)%
Cost of production (US cents/kwh) (1)	3.3	3.5	(5.7)%
TSPL Sales realisation (US cents/kwh) (2)	6.6	7.2	(8.3)%
TSPL Cost of production (US cents/kwh) (2)	5.4	6.4	(15.6)%

(1) Excluding TSPL.
(2) Volume based on Plant Availability Factor (PAF) – FY2016 – 5,751MU & FY2015 – 1,897MU.

Average power sale prices excluding TSPL, were lower in FY2016 at US cents 4.5 per unit compared with US cents 5.3 per unit in the previous year due to lower demand.

During FY2016, average power generation costs excluding TSPL improved, falling to 3.3 US cents per unit compared with 3.5 US cents per unit in the previous year due to a lower coal cost.

Currently, power demand has been supressed due to the financially stretched position of the distribution companies. With the new initiatives taken by government (UJWAL Discom Assurance Yojna – "UDAY") to encourage them to restructure their balance sheets, it is expected to create new demand for the power thereby improving health of power industry. However, TSPL is not affected currently by sluggish power demand due mainly to its Case II business model as compensation is linked to availability of plant.

Financial performance

(US$ million, except as stated)

	FY2016	FY2015	% Change
Revenue	707.5	588.1	20.3%
EBITDA	196.3	153.8	27.6%
EBITDA Margin	27.7%	26.2%	-
Depreciation and amortisation	74.1	65.8	12.6%
Operating Profit before special items	122.2	88.0	38.9%
Share in group operating profit%	13.9%	5.1%	
Capital Expenditure	50.1	142.2	(64.8)%
Sustaining	7.6	-	-
Project	42.5	142.2	(70.1)%

EBITDA improved by 28% compared to FY2015, despite lower demand and softer power rates. This was due to additional power sold from the newly commissioned unit of the Talwandi Sabo power plant and BALCO.

Outlook

During FY2017, we will continue to increase capacity utilisation at Jharsuguda and increase power sales with newly commissioned power units at Talwandi Sabo and Balco.

Strategic priorities

- Tie up all capacities under long or medium-term open access;
- Achieve over 90% availability; and
- Achieve a successful outcome in regulatory matters.

Port business

The Vizag General Cargo Berth (VGCB) operation remains stable. Despite the reduced coal imports driven by the weaker power market, dispatch tonnage increased marginally by 3% to 7.1 million tonnes (FY2015: 6.9 million tonnes) and generated an EBITDA of US$11 million. VGCB is one of the deepest coal terminals on the eastern coast of India, which enables docking of large Cape-size vessels.

Principal Risks and Uncertainties

The resources sector is currently in the midst of correction, with an extended period of lower and volatile commodity prices impacting earnings, balance sheets and investor perceptions. Our businesses are also exposed to a variety of risks which are inherent to a global natural resources organisation. It is therefore essential to have in place necessary systems to manage these risks, while balancing the relative risk reward equation demanded by our stakeholders.

Our management systems, organisational structures, processes, standards, code of conduct together form the system of internal control that governs how we conduct the Group's business and manage the associated risks. Our risk management framework is designed to be simple, consistent and clear for managing and reporting risks from the Group's businesses to the board.

Risk management is embedded in our critical business activities, functions and processes. It helps Vedanta meet its objectives through aligning operating controls with mission and vision. The effective management of risk is critical to support the delivery of the Group's strategic objectives. The framework helps the organization meet its objectives through alignment of operating controls to the mission and vision of the group.

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 ongoing projects through a consistently applied methodology.

Formal discussion on risk management happens in business level review meetings at least once in a quarter. The respective businesses review the risks, change in the nature and extent of the major risks since the last assessment, control measures established for the risk and further action plans. The control measures stated in the risk matrix are also periodically reviewed by the business management teams to verify their effectiveness.

Ensuring effective tone at the top is vital for the risk management process to function effectively. These meetings are chaired by business CEOs and attended by CXOs, senior management and concerned functional heads. Risk officers have been formally nominated at all operating businesses as well as Group level whose role is to create awareness on risks at senior management level and to develop and nurture a risk management culture within the businesses. Risk mitigation plans form an integral part of performance management process. Structured discussion on risk management also happens at SBU levels on their respective risk matrix and mitigation plans. Governance of risk management framework in the businesses is anchored with their leadership team.

The Board of Directors has the ultimate responsibility for management of risks and for ensuring the effectiveness of internal control systems. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee aids the Board in this process by identification and assessment of any changes in risk exposure, review of risk control measures and by approval of remedial actions, where appropriate.

The Audit Committee is in turn supported by the Group Level Risk Management Committee which helps the Audit Committee in evaluating the design and operating effectiveness of the risk mitigation program and the control systems. Group Risk Management Committee (GRMC) comprising of Group CEO, Group CFO, Director Finance, Director - Management Assurance and Group Head – HSE meets every quarter. GRMC discusses key events impacting the risk profile, emerging risks and progress against the planned actions apart from other things.

Materiality and tolerance for risk are key considerations in our decision-making. The responsibility for identifying and managing risk lies with all the managers and business leaders in the group.

The Group's approach to risk management, elaborated on its risk policy and the risk charter is aimed at embedding a risk aware culture in all decision making process. Accountability for risk management is clear throughout the group and is a key performance area for line managers.

Our approach to risk management and systems of internal control is aligned to the recommendations in the FRC's revised guidance 'Risk management, internal control and related financial and business reporting' (the Risk Guidance) issued in September 2014.

The Board level risk appetite has been defined taking into consideration the Group risk tolerance level and with clear link to its strategic priorities. The risk appetite forms the basis of the Board's assessment and prioritization of each risk based on its impact on the business operations. A risk scale consisting of qualitative and quantitative factors has been defined to facilitate a consistent assessment of the risk exposure across the Group. This scale is also aligned to the Board's overall risk appetite.

As stated above, every business division in the Group has developed its own risk matrix of Top 20 risks which gets reviewed at business management committee/business ExCo chaired by CEO. In addition, business divisions have also developed their own risk registers depending on size of operations and number of SBUs/locations. These risks get reviewed in SBU level meetings.

The principal risks and uncertainties listed in the sections below may threaten the group in the following respects.

Terminology	Description
Business model (BM)	A business model is the plan implemented by a company to generate revenue and make a profit from operations.
Future performance (FP)	Ability to deliver financial plan in short/medium term.
Solvency (S)	Solvency is the ability of a company to meet all its financial obligations.
Liquidity (L)	Liquidity is a company's ability to meet its short-term obligations/liabilities as they fall due.
Health, safety, environment and communities (HSEC)	Group's ability to send our employees and contractors home safe and healthy every day and work with our communities and partners to achieve Group's sustainable development goals.
Reputation (R)	Ability to maintain investor confidence and our social licence to operate.

The order in which these risks appear in the section below does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on our business. Risk direction of each risk was reviewed based on events, economic conditions, changes in business environment and regulatory changes. While our risk management framework is designed to help the organisation meet its objectives, there can be no guarantee that our risk management activities will mitigate or prevent these or other risks from occurring.

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

- ***CFO Committee*** has an oversight on the treasury related risks. This committee comprises of Group CFO, Deputy CFO, business CFOs, Group Treasury Head and Treasury Heads at respective businesses
- ***Group Capex Sub-Committee*** which evaluates the risks while reviewing any capital investment decisions as well as institutes a risk management framework in expansion projects
- ***Vedanta Board Level Sustainability Committee*** which looks at sustainability relates risks. This committee is headed by a non-Executive Director and has Group CEO and other business leaders as its members

- The board with the assistance of management has carried out a robust assessment of the principal risks and uncertainties of the group (including those that threaten the business model, future performance, solvency or liquidity) and tested the financial plans for the group for each of the principal risks and uncertainties mentioned below.

Risk and Impact	Risk direction	Impact criteria	Mitigation
Access to capital			
The Group may not be able to meet its payment obligations when due or be unable to borrow funds in the market at an acceptable price to fund actual or proposed commitments. A sustained adverse economic downturn and/or suspension of its operation in any business, effecting revenue and free cash flow generation, may cause stress on the Company's financing and covenant compliance and its ability to raise financing at competitive terms. Any constraints on upstreaming of funds from the subsidiaries to the Group may affect the liquidity position at the Group level.		Future performance Solvency Liquidity Reputation	■ The team is working on completing the near term refinancing, reducing cost of borrowing, extending maturity profile & deleveraging the balance sheet. The group also has a track record of good relations with banks and of raising borrowings in last few years. ■ Structured ramp-up of facilities will give better margins and help in loan repayments/interest servicing. ■ Regular discussions are going on with rating agencies. ■ The lending banks at Vedanta have consented to certain changes requested by the Company to its covenants under the terms of the relevant debt facilities effective from 31 March 2016 until the period ending 30 September 2018. ■ The Group also generates healthy cash flows from its current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide liquidity both in the short term as well as in the long-term.
Operational turnaround at KCM			
Lower production and higher cost at KCM may impact our profitability.		Business Model Future performance Liquidity Reputation	■ We are reviewing our operations and engaging with all stakeholders in light of operating challenges. ■ Several cost-saving initiatives and restructuring reviews are also under way at KCM to preserve cash. At Nchanga, the underground operations (NUG) were put under care & maintenance during Q3 FY2016. ■ To mitigate the impact of power tariff hike, the company is exploring a range of possible solutions and is in continued dialogue with the relevant stakeholders. ■ Issues of VAT refunds are being addressed. ■ Our focus at Konkola is to improve efficiency, equipment availability, dewatering and enhance volumes. We are committed to improving KCM operating performance. ■ We are engaging with all stakeholders, Government authorities for resolution of pending matters.

Challenges to operationalize investments in aluminium business			
Some of our projects have been completed (pending commissioning) or are nearing completion and may be subject to number of challenges during operationalization phase. These may include challenges around sourcing raw materials.		Business Model Future performance Liquidity Reputation	■ We are in the process of commencing operationalization of these facilities. We have received approval to convert 3 units at Jharsuguda from IPP to CPP effective April 2016. Ramp-up of the first line of 1.25 million tonnes Jharsuguda-II smelter commenced from April 2016. The remaining two units of BALCO power plant have been commissioned recently. Third unit of TSPL was also synchronized in Q4 FY2016. Pot ramp up activities commenced at Korba II smelter in April 2016. ■ We continue our efforts to secure key raw material linkages for our alumina/aluminium business. Various infrastructures related challenges are being addressed. ■ A strong management team is in place and continues to work towards sustainable low cost of production, operational excellence and securing key raw material linkages. ■ Further details in this connection are included in the Aluminium business section.
Challenges in production growth of Iron Ore business			
While Goa iron ore production resumed in FY2016, risk around the lifting of existing mining caps remains.		Business Model Future performance Liquidity Reputation	■ We have resumed operations at our major mines. All mining plans have been approved by Indian Bureau of Mines and the state government allocations of mining cap is in line with Supreme Court directive. ■ We continue to actively pursue the lifting of mining caps and additional allocation of production from the state government.
Extension of Production Sharing Contract of Cairn beyond 2020 or extension at less favourable terms			
Cairn India has 70% participating interest in Rajasthan Block. The production sharing contract (PSC) of Rajasthan Block runs till 2020. Challenges in extension of production sharing contract of Cairn (beyond 2020) or extension at less favourable terms may have implications.		Business Model Future performance Liquidity Solvency	■ We are in continuous dialogue with the Indian Government and relevant stakeholders. The Production-Sharing Contract has certain in-built options for extension; Cairn has already applied for an extension and the matter is being pursued with all stakeholders.
Discovery risk			
The increased production rates from our growth oriented operations places demand on exploration and prospecting initiatives to replace reserves and resources at a pace faster than depletion. A failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our prospects. There are numerous uncertainties inherent in estimating ore		Business Model Future performance	■ Our strategic priority is to add to our reserves and resources by extending resources at a faster rate than we deplete them, through continuous focus on drilling and exploration program. ■ In order to achieve this we have developed an appropriate organisation and allocated adequate financial resources for exploration. International technical experts and agencies are working closely with our exploration team

and oil & gas reserves, and geological, technical and economic assumptions that are valid at the time of estimation. These may change significantly when new information becomes available.			to build on this target. ■ We continue to work towards long-term supply contracts with mines to secure sufficient supply where required.
Transitioning of zinc and lead mining operations from open pit to underground mining			
Our zinc and lead mining operations in India are transitioning from an open pit mining operation to an underground mining operation. Difficulties in managing this transition may result in challenges in achieving stated business milestones.	◆	Future performance Liquidity	■ A strong separate empowered organization is working towards ensuring a smooth transition from open pit to under-ground mining. We are working with internationally renowned engineering and technology partners on this project. There is strong focus on safety aspects in the project. ■ Technical audits are being carried out by independent agencies. ■ Reputed contractors have been engaged to ensure completion of the project on indicated time lines. These mines will be developed using best in class technology and equipment and ensuring the highest level of productivity and safety. ■ We have inducted employees/contractors in our system having underground mining expertise. We are also sending our employees to overseas underground mines for skill development. ■ Stage gate process to review risks and remedy at multiple stages on the way. Robust quality control procedures have also been implemented to check safety and quality of services/design/actual physical work. ■ Further, additional output from stage V as well as ramp up from some of the mines is expected to smoothen out this transition.
Fluctuation in commodity prices (including oil)			
Prices and demand for the Group's products are expected to remain volatile/uncertain and strongly influenced by global economic conditions. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves.	◆	Business Model Future performance Solvency Liquidity	■ In order to mitigate the impact of falling commodity prices, a cost reduction program is being pursued. Optimization of operations to drive efficiencies and product mix optimization is also being pursued. Structured cost reduction program delivering transformational improvements will reset our cost base to the lowest possible level. We continue to focus on manpower rationalization and deriving value out of procurement synergies across locations. ■ The Group has a well-diversified portfolio which acts as a hedge against fluctuations in commodities and delivers cash flows through the cycle. Vedanta considers exposure

			to commodity price fluctuations to be an integral part of the Group's business and its usual policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements other than for businesses of custom smelting and purchased alumina, where back-to-back hedging is used to mitigate pricing risks. In exceptional circumstances we may enter into strategic hedging but only with prior approval of the Executive Committee. ■ The Group monitors the commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows. The CFO Committee reviews all commodity-related risks and suggests necessary courses of action as needed by business divisions. Our focus is on cost control and cost reduction.
Currency exchange rate fluctuations			
Our assets, earnings and cash flows are influenced by a variety of currencies due to the diversity of the countries in which we operate. Fluctuations in exchange rates of those currencies may have an impact on our financials. Although the majority of the Group's revenue is tied to commodity prices that are typically priced by reference to the US dollar, a significant part of its expenses are incurred and paid in local currency. Moreover Group borrowings are significantly denominated in US dollars while a large percentage of cash and liquid investments are held in other currencies, mainly in the Indian rupee. Any material fluctuations of these currencies against the US dollar could result in lower profitability or in higher cash outflows towards debt obligations.	◆	Business Model Future performance Solvency Liquidity	■ Vedanta does not speculate in forex. We have developed robust controls in forex management to hedge currency risk liabilities on a back-to-back basis. ■ The CFO Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy. ■ We seek to mitigate the impact of short-term movements in currency on the businesses by hedging short-term exposures progressively based on their maturity. However, large or prolonged movements in exchange rates may have a material adverse effect on the Group's businesses, operating results, financial condition and/or prospects. ■ At the time of borrowing decisions, appropriate sensitivity analysis is carried out for domestic borrowings vis-à-vis overseas borrowings ■ Notes to financial statements in the Annual Report give details of accounting policy followed in computation of currency translation impact. We continue to monitor the currency translation impact and highlight this separately in the financials to give appropriate perspective.
Tax related matters			
Our businesses are in a tax regime and change in any tax structure or any tax	◆	Solvency	■ Vedanta has a robust organisation in place at business and Group

related litigations may impact our profitability.		Liquidity Reputation	level to handle tax-related matters. We engage, consult and take opinion from reputable tax consulting firms. Reliance is placed on appropriate legal opinion and precedence. ■ We continue to take appropriate legal opinions and actions on the tax matters to mitigate the impact of these actions on the Group and its subsidiaries.
Breaches in information/IT security			
Like many other global organisations, our reliance on computers and network technology is increasing. These systems could be subject to security breaches resulting in theft, disclosure or corruption of key/strategic information. Security breaches could also result in misappropriation of funds or disruptions to our business operations. A cyber security breach could have an impact on business operations.		Future performance Reputation	■ Appropriate organisation is in place at respective businesses for information and IT security. ■ At group level, Chief Information Security Officer (CISO) focuses on formulating necessary frameworks, policies, procedures and for leading any agreed group wide initiatives to mitigate risks. Various initiatives have been taken up to beef up IT/cyber security controls. ■ We seek to manage cyber security risk through increased standards, ongoing monitoring of threats and awareness initiatives throughout the organisation. An IT system is in place to monitor logical access controls. We continue to carry out IT security reviews by experts periodically and improve IT security standards.
Political, legal and regulatory risk			
We have operations in many countries around the globe, which have varying degrees of political and commercial stability. The political, legal and regulatory regimes in the countries we operate in may result in higher operating costs, restrictions such as the imposition or increase in royalties or taxation rates, export duty, impact on mining rights/ban and change in legislation pertaining to repatriation of money. We may also be affected by the political acts of governments including resource nationalisation and legal cases in these countries over which we have no control.		Business Model Future performance Reputation	■ The Company and its business divisions monitor regulatory and political developments on continuous basis. Our focus has been to communicate our responsible mining credentials through representations to government and industry associations. ■ We continue to demonstrate the Group's commitment to sustainability by proactive environmental, safety and CSR practices. We continue to actively engage with local community/media/NGOs on these matters. ■ We are SOX and SEC related compliant organizations. We have an online portal for compliance monitoring. Appropriate escalation and review mechanisms are in place. Competent in-house legal organisation exists at all the businesses and the legal teams have been strengthened with induction of senior legal professionals at all businesses. SOP has been implemented across businesses for compliance monitoring. ■ Contract management framework

			has been strengthened with issue of boiler plate clauses across the group which will form part of all contracts. All key contract types standardized. Involvement of legal in decision making process is being reinforced. A Framework for monitoring against Anti Bribery & Corruption guidelines is also in place.
Community relations			
The continued success of our existing operations and future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. Failure to identify and manage local concerns and expectations can have a negative impact on relations with local communities and therefore affect the organisation's reputation and social licence to operate and grow.	◆	Business Model Future performance HSEC Reputation	■ Establishing and maintaining close links with stake holders an essential part of our journey as a sustainable business. ■ CSR approach to community programs is governed by two key considerations: the needs of the local people and the development plan in line with the SDGs and also CSR National Voluntary Guidelines of Ministry of Corporate Affairs, Government of India as well as Section 135 of companies act in India. We integrate CSR objectives with Sustainable Development Goals by UN. ■ Our business leadership teams have periodic engagements with the local communities to establish relations based on trust and mutual benefit. Our businesses seeks to identify and minimise any potentially negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. ■ Establishing and maintaining close links with stakeholders an essential part of our journey as a sustainable business. There are structured programmes on reducing Water, Energy and Carbon consumption. ■ Our focus is on local consent prior to accessing resources. Structured community development programs continue to operate at various locations. ■ Board level Corporate Social Responsibility Committee decides the focus areas of CSR activities, budget and programs to be undertaken by businesses. We help communities identify their priorities through need assessment programmes and then work closely with them to design programmes that seek to make progress towards improvement in quality of life of the local communities. ■ Further details of the Group's CSR activities are included in the Sustainability section.

Health, safety and environment (HSE)			
The resources sector is subject to extensive health, safety, and environmental laws, regulations and standards. Evolving regulations, standards and stakeholder expectations could result in increased cost, litigation or threaten the viability of operations in extreme cases.		HSEC Business Model Reputation	■ Health, Safety and Environment (HSE) is a high priority area for the organisation. Compliance with international and local regulations and standards, protecting our people, communities and the environment from harm and our operations from business interruptions are our key focus areas. ■ Vedanta Board level Sustainability Committee chaired by a non-executive director and includes the CEO as its member meets periodically to discuss HSE performance. ■ We have appropriate policies and standards in place to mitigate and minimise any HSE related occurrences. Structured monitoring and a review mechanism and system of positive compliance reporting is in place. ■ The Company has implemented a set of standards to align its sustainability framework in line with international practices. A structured sustainability assurance programme continues to operate in the business divisions covering environment, health, safety, community relations and human rights aspects and to embed our commitment at the operational level. ■ HSE experts are also inducted from reputed Indian and global organisations to bring in best-in-class practices. ■ The businesses have an appropriate policy in place for occupational health related matters supported by structured processes, controls and technology. Our operations ensure the issue of operational health and consequential potential risk/obligations are carefully handled. Depending on the nature of the exposure and surrounding risk, our operations have different levels of processes, controls and monitoring mechanisms. There is a strong focus on safety during project planning/execution with adequate thrust on contract workmen safety. ■ Fatal accidents and injury rates have declined. We are implementing programs to eliminate fatalities and control injuries. Our leadership remains focused on a Zero-Harm culture across the organization. Consistent application of 'Life-Saving' performance standards,

			introduction of making better risk decisions concept, quantitative risk assessments for critical risks and the formal identification of process safety risks with the focus on the implementation of controls are central to our improvement program. We continue to improve on our safety investigations and follow-up processes. Further details of our HSE related activities are included in the Sustainability section.
Talent/skill shortage risk			
The Company's efforts to continue its growth and efficient operations will place significant demand on its management resources. Our highly skilled workforce and experienced management team is critical to maintaining its current operations, implementing its development projects and achieving longer-term growth. Any significant loss or diminution in the collective pool of Vedanta's executive management or other key team members could have a material effect on its businesses, operating results and future prospects.	◆	Future performance Reputation	■ We continue to invest in initiatives to widen our talent pool. This is a priority area for the group. Our senior leadership is actively involved in development of talent pool. We have a talent management system in place to identify and develop internal candidates for critical management positions and processes to identify suitable external candidates. ■ Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees. A structured program maps critical positions and ensures all such positions are filled with competent resources. ■ Our progressive HR policies and strong HR leadership have ensured that career progression, job rotation and job enrichment are focus areas for our businesses. ■ We have established the Mining Academy in Rajasthan to develop an employee pool with enhanced underground mining skills. We also have a structured program to develop a technically proficient employee pool.
Loss of assets or profit due to natural calamities			
Our operations may be subject to a number of circumstances not wholly within the Group's control. These include damage to or breakdown of equipment or infrastructure, unexpected geological variations or technical issues, extreme weather conditions and natural disasters, any of which could adversely affect production and/or costs.	◆	Future performance Reputation	■ Vedanta has taken appropriate Group insurance cover to mitigate this risk. We have appointed an external agency to review the risk portfolio and adequacy of this cover and to assist us in our insurance portfolio. Our underwriters are reputed institutions and have capacity to underwrite our risk. There is an established mechanism of periodic insurance review in place at all entities. ■ However, any occurrence not fully covered by insurance could have an adverse effect on the Group's business. ■ We continue to focus on the

			capability building within the group.
The Group's reported results could be adversely affected by the impairment of assets			
The change in carrying value of assets depends on various assumptions. The change in any of those assumptions may impact the useful life and its carrying value.	⮟	Reputation	■ We maintain a close watch on various business drivers that could impact impairment assessment. There is continuous focus, monitoring and periodic review of our assets. ■ We also periodically review the assumptions, carry out testing and reassess the useful life of these assets with the help of reputed firms. ■ Vedanta reviews the carrying value of its assets and long-term price assumptions in light of the recent weakness in commodity & oil prices. Any impact of changes to these assumptions on the carrying values will be a non-cash charge reflected in the results for FY2016. This non-cash charge do not affect the cash generation capability of the business. With the completion of this review and subsequent decisions being taken as a fallout of the same, we expect this risk to be mitigated to a large extent.

Financial Statements
for the Year Ended 31 March 2016

CONSOLIDATED INCOME STATEMENT

(US$ million except as stated)

	Note	Year ended 31 March 2016			Year ended 31 March 2015)		
		Before Special items	**Special items**	**Total**	**Before Special items**	**Special items**	**Total**
Revenue	5	10,737.9	-	10,737.9	12,878.7	-	12,878.7
Cost of sales		(9,241.1)	-	(9,241.1)	(10,463.9)	-	(10,463.9)
Gross profit		**1,496.8**	**-**	**1,496.8**	**2,414.8**	**-**	**2,414.8**
Other operating income		101.7	-	101.7	104.0	-	104.0
Distribution costs		(223.8)	-	(223.8)	(245.2)	-	(245.2)
Administrative expenses		(493.5)	-	(493.5)	(538.1)	-	(538.1)
Special items	6	-	(5,210.1)	(5,210.1)	-	(6,744.2)	(6,744.2)
Operating profit/(loss)		**881.2**	**(5,210.1)**	**(4,328.9)**	**1,735.5**	**(6,744.2)**	**(5,008.7)**
Investment revenue	7	697.8	-	697.8	832.6	-	832.6
Finance costs	8	(1,280.4)	-	(1,280.4)	(1,387.2)	-	(1,387.2)
Other gains and (losses) [net]	9	(72.5)	-	(72.5)	(76.9)	-	(76.9)
Profit/(loss) before taxation (a)		**226.1**	**(5,210.1)**	**(4,984.0)**	**1,104.0**	**(6,744.2)**	**(5,640.2)**
Tax credit- special items	10	-	1,737.4	1,737.4	-	2,205.1	2,205.1
Net tax expense– others	10	(255.5)	-	(255.5)	(352.6)	-	(352.6)

Net tax credit/(expense) (b)	10	**(255.5)**	**1,737.4**	**1,481.9**	**(352.6)**	**2,205.1**	**1,852.5**
(Loss)/profit for the year from continuing operations (a+b)		**(29.4)**	**(3,472.7)**	**(3,502.1)**	**751.4**	**(4,539.1)**	**(3,787.7)**
Attributable to:							
Equity holders of the parent		(392.9)	(1,444.5)	(1,837.4)	(74.7)	(1,723.9)	(1,798.6)
Non-controlling interests		363.5	(2,028.2)	(1,664.7)	826.1	(2,815.2)	(1,989.1)
Profit/(loss) for the year from continuing operations		**(29.4)**	**(3,472.7)**	**(3,502.1)**	**751.4**	**(4,539.1)**	**(3,787.7)**
Loss per share (US cents)							
Basic loss per ordinary share	11	(142.4)	(523.4)	(665.8)	(27.2)	(627.3)	(654.5)
Diluted loss per ordinary share	11	(142.4)	(523.4)	(665.8)	(27.2)	(627.3)	(654.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Loss for the year from continuing operations	**(3,502.1)**	**(3,787.7)**
Income and expenses recognised directly in equity:		
Items that will not be reclassified subsequently to income statement:		
Remeasurement of net defined benefit plans	8.0	(14.0)
Tax effects on items recognised directly in equity	(2.5)	4.6
Total (a)	**5.5**	**(9.4)**
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of foreign operations	(810.2)	(582.0)
Gain in fair value of available-for-sale financial assets	2.3	2.1
Loss in fair value of cash flow hedges deferred in reserves	(24.5)	(27.4)
Tax effects arising on cash flow hedges deferred in reserves	(2.8)	0.8
Gain in fair value of cash flow hedges transferred to income statement	(3.0)	(17.8)
Tax effects arising on cash flow hedges transferred to income statement	1.6	6.0
Total (b)	**(836.6)**	**(618.3)**
Other comprehensive loss for the year (a+b)	(831.1)	(627.7)
Total comprehensive loss for the year	**(4,333.2)**	**(4,415.4)**
Attributable to:		
Equity holders of the parent	(2,223.6)	(2,089.8)
Non-controlling interests	(2,109.6)	(2,325.6)
Total comprehensive loss for the year	**(4,333.2)**	**(4,415.4)**

CONSOLIDATED BALANCE SHEET

(US$ million)

	Note	As at Year ended 31 March 2016	As at Year ended 31 March 2015
Assets			
Non-current assets			
Goodwill		16.6	16.6
Intangible assets		92.2	101.9
Property, plant and equipment		16,647.8	23,352.0
Financial asset investments		6.5	4.2
Non-current tax assets		361.7	394.0
Other non-current assets		237.9	156.0
Financial instruments (derivatives)		0.8	0.2
Deferred tax assets		1,255.4	1,252.6
		18,618.9	**25,277.5**
Current assets			
Inventories		1,365.8	1,605.7
Trade and other receivables		1,344.3	1,839.2
Financial instruments (derivatives)		18.3	16.6
Current tax assets		35.5	40.1
Liquid investments	13	8,508.2	7,856.1
Cash and cash equivalents	14	428.3	353.7
		11,700.4	**11,711.4**
Total assets		**30,319.3**	**36,988.9**
Liabilities			
Current liabilities			
Short term borrowings	15	(3,726.6)	(3,179.2)
Convertible bonds		(587.2)	-
Trade and other payables		(5,876.1)	(4,730.0)
Financial instruments (derivatives)		(67.7)	(45.7)
Retirement benefits		(4.9)	(12.7)
Provisions		(132.1)	(140.8)
Current tax liabilities		(17.0)	(74.2)
		(10,411.6)	**(8,182.6)**

	Note	As at Year ended 31 March 2016	As at Year ended 31 March 2015
Net current assets		**1,288.8**	**3,528.8**
Non-current liabilities			
Medium and long-term borrowings	15	(11,949.5)	(12,385.6)
Convertible bonds		-	(1,103.0)
Trade and other payables		(223.5)	(194.3)
Financial instruments (derivatives)		(1.2)	(0.1)
Deferred tax liabilities		(620.2)	(2,588.7)
Retirement benefits		(61.6)	(61.9)
Provisions		(187.4)	(203.4)
Non equity non-controlling interests		(11.9)	(11.9)
		(13,055.3)	**(16,548.9)**
Total liabilities		**(23,466.9)**	**(24,731.5)**
Net assets		**6,852.4**	**12,257.4**
Equity			
Share capital		30.1	30.0
Share premium		201.5	198.5
Treasury shares		(557.2)	(556.9)
Share-based payment reserve		29.9	27.4
Convertible bond reserve		6.0	38.4
Hedging reserve		(87.7)	(74.7)
Other reserves		(1.4)	339.9
Retained earnings		(334.0)	1,600.5
Equity attributable to equity holders of the parent		(712.8)	1,603.1
Non-controlling interests		7,565.2	10,654.3
Total equity		**6,852.4**	**12,257.4**

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board of Directors on 11th May 2016 and signed on behalf by

Tom Albanese – Chief Executive Officer

CONSOLIDATED CASH FLOW STATEMENT

(US$ million)

	Note	Year ended 31 March 2016	Year ended 31 March 2015
Operating activities			
Loss before taxation		(4,984.0)	(5,640.2)
Adjustments for:			
Depreciation and amortisation		1,455.2	2,005.7
Investment revenue		(697.8)	(832.6)
Finance costs		1,280.4	1,387.2
Other gains and (losses)		72.5	76.9
Loss on disposal of property, plant and equipment		1.5	4.6
Write-off of unsuccessful exploration costs		4.5	128.7
Share-based payment charge		15.6	28.6
Impairment of mining reserves and assets		5,187.0	6,694.4
Other non-cash items		2.7	40.8
Operating cash flows before movements in working capital		**2,337.6**	**3,894.1**
Decrease in inventories		163.7	40.0
(Increase)/Decrease in receivables		343.3	(134.5)
Increase in payables		657.4	225.2
Cash generated from operations		**3,502.0**	**4,024.8**
Dividends received		0.3	0.3
Interest income received		633.1	587.7
Interest paid		(1,268.4)	(1,334.0)
Income taxes paid		(354.7)	(601.7)
Dividends paid		(110.6)	(171.3)
Net cash inflow from operating activities		**2,401.7**	**2,505.8**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(872.4)	(2,289.1)
Proceeds on disposal of property, plant and equipment		10.0	25.7
Sale/(Purchase) of liquid investments	16	(999.9)	671.7
Net cash used in investing activities		**(1,862.3)**	**(1,591.7)**
Cash flows from financing activities			
Issue of ordinary shares		0.1	0.2
Purchase of shares under DSBP scheme		(0.9)	-
Dividends paid to non-controlling interests of subsidiaries		(325.5)	(340.4)
Acquisition of additional interests in subsidiaries/ Share buyback by subsidiary		-	(819.1)
Decrease in short-term borrowings	16	(1,022.1)	(818.8)
Proceeds from long term borrowings	16	2,383.2	3,748.1
Repayment of long term borrowings	16	(958.0)	(2,698.0)
Buy back of Convertible Bond		(523.6)	-
Net cash used in financing activities		**(446.8)**	**(928.0)**
Net increase/(decrease) in cash and cash equivalents	16	92.6	(13.9)
Effect of foreign exchange rate changes	16	(18.0)	(1.8)
Cash and cash equivalents at beginning of year		353.7	369.4
Cash and cash equivalents at end of year	14 & 16	**428.3**	**353.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(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 2015	**30.0**	**198.5**	**(556.9)**	**27.4**	**38.4**	**(74.7)**	**339.9**	**1,600.5**	**1,603.1**	**10,654.3**	**12,257.4**
Loss for the year	-	-	-	-	-	-	-	(1,837.4)	(1,837.4)	(1,664.7)	(3,502.1)
Other comprehensive loss for the year	-	-	-	-	-	(13.0)	(373.2)	-	(386.2)	(444.9)	(831.1)
Total comprehensive loss for the year	-	-	-	-	-	**(13.0)**	**(373.2)**	**(1,837.4)**	**(2,223.6)**	**(2,109.6)**	**(4,333.2)**
Acquisition of shares under DSBP scheme	-	-	(0.3)	-	-	-	-	(0.6)	(0.9)	-	(0.9)
Convertible bond transfer	-	-	-	-	(24.6)	-	-	24.6	-	-	-
Conversion of bond into equity	0.0	3.0	-	-	(0.1)	-	-	-	2.9	-	2.9
Convertible bond buy back	-	-	-	-	(7.7)	-	-	5.1	(2.6)	-	(2.6)
Transfers[1]	-	-	-	-	-	-	31.9	(31.9)			
Dividends paid/ payable (note 12)	-	-	-	-	-	-	-	(110.6)	(110.6)	(979.5)	(1,090.1)
Exercise of LTIP awards	0.1	-	-	(13.1)	-	-	-	13.1	0.1	-	0.1
Recognition of share-based payment	-	-	-	15.6	-	-	-	-	15.6	-	15.6
Others[3]	-	-	-	-		-	-	3.2	3.2		3.2
At 31 March 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**

(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 2014	**29.8**	**198.5**	**(556.9)**	**46.9**	**80.1**	**(50.4)**	**471.6**	**3,790.8**	**4,010.4**	**13,964.4**	**17,974.8**
Loss for the year	-	-	-	-	-	-	-	(1,798.6)	(1,798.6)	(1,989.1)	(3,787.7)
Other comprehensive loss for the year	-	-	-	-	-	(24.3)	(266.9)	-	(291.2)	(336.5)	(627.7)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**(24.3)**	**(266.9)**	**(1,798.6)**	**(2,089.8)**	**(2,325.6)**	**(4,415.4)**
Convertible bond transfer	-	-	-	-	(41.7)	-	-	41.7	-	-	-
Transfers[1]	-	-	-	-	-	-	135.2	(135.2)	-	-	-
Dividends paid (note 12)	-	-	-	-	-	-	-	(171.3)	(171.3)	(340.4)	(511.7)
Additional investment in subsidiary/Share buyback by subsidiary	-	-	-	-	-	-	-	(175.0)	(175.0)	(644.1)	(819.1)
Exercise of LTIP awards	0.2	-	-	(48.1)	-	-	-	48.1	0.2	-	0.2
Recognition of share-based payment	-	-	-	28.6	-	-	-	-	28.6	-	28.6
At 31 March 2015	**30.0**	**198.5**	**(556.9)**	**27.4**	**38.4**	**(74.7)**	**339.9**	**1,600.5**	**1,603.1**	**10,654.3**	**12,257.4**

[1]OTHER RESERVES COMPRISE

(US$ million)

	Currency translation reserve	**Merger reserve[2]**	**Investment revaluation reserve**	**General reserves**	**Total**
At 1 April 2014	**(1,612.7)**	**4.4**	**1.2**	**2,078.7**	**471.6**
Exchange differences on translation of foreign operations	(263.8)	-	-		(263.8)
Gain in fair value of available-for-sale financial assets	-	-	1.4	-	1.4
Remeasurements	-	-	-	(4.5)	(4.5)
Transfer from retained earnings[1]	-	-	-	135.2	135.2
At 1 April 2015	**(1,876.5)**	**4.4**	**2.6**	**2,209.4**	**339.9**
Exchange differences on translation of foreign operations	(378.7)	-	-	-	(378.7)
Gain in fair value of available-for-sale financial assets	-	-	1.5	-	1.5
Remeasurements	-	-	-	4.0	4.0
Transfer from retained earnings[1]	-	-	-	31.9	31.9
At 31 March 2016	**(2,255.2)**	**4.4**	**4.1**	**2,245.3**	**(1.4)**

(1) Transfer to general reserve during the year ended 31 March 2016 and 31 March 2015 includes US$ 31.9 million and US$ 30.0 million of debenture redemption reserve respectively.

(2) The merger reserve arose on incorporation of the Company during the year ended 31 March 2004. The investment in Twin Star had a carrying amount value of US$20.0 million in the accounts of Volcan. As required by the Companies Act 1985, Section 132, upon issue of 156,000,000 Ordinary shares to Volcan, Twin Star's issued share capital and share premium account have been eliminated and a merger reserve of US$4.4 million arose, being the difference between the carrying value of the investment in Twin Star in Volcan's accounts and the nominal value of the shares issued to Volcan.

(3) Others: US$3.2 million of tax refund received on appropriation of reserves in BALCO.

NOTES TO PRELIMINARY ANNOUNCEMENT

1. General information and accounting policies

This preliminary results announcement is for the year ended 31 March 2016. While the financial information contained in this preliminary results announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. For these purposes, IFRS comprise the Standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRIC") that have been endorsed by the European Union. The financial information contained in the preliminary announcement has been prepared on the same basis of accounting policies as set out in the previous financial statements. The Company expects to publish full financial statements that comply with IFRSs in July, 2016.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operational and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 12 to 24.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short term as well as in the long term. Anticipated future cash flows, together with undrawn fund based committed facilities of US$1,087.3 million, and cash and liquid investments of US$8,936.5 million as at 31 March 2016, are expected to be sufficient to meet the liquidity requirement of the Group in the near future.

The Group's current corporate family ratings from Standard & Poor's and Moody's are B and B2 respectively, with Stable outlook from Standard and Poor's and Negative outlook from Moody's. These ratings reflect the rating agencies actions during the year on the companies in the resource sector taking into consideration current market conditions. The Group strives to maintain a healthy liquidity, gearing ratio and retains flexibility in the financing structure to alter the ratio when the need arises

The Board is satisfied that the Group's forecasts and projections, taking into account reasonably possible changes in trading performance on cash flows and forecast covenant compliance, the transferability of cash within the Group, the flexibility the Group has over the timings of its capital expenditure and other uncertainties, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For these reasons the Group continues to adopt the going concern basis in preparing its financial statements. Management has recently renegotiated certain financial covenants, which have been modified until September 2018.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

2. Compliance with applicable law and IFRS

The financial information contained in this preliminary results announcement has been prepared on the going concern basis. This preliminary results announcement does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006(the "Act") but is derived from those accounts. The statutory accounts for the year ended 31

March 2015 have been approved by the Board and will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 5 August 2015. The auditors have reported on those accounts and their report was unqualified, with no matters by way of emphasis, and did not contain statements under section 498(2) of the Act (regarding adequacy of accounting records and returns) or under section 498(3) (regarding provision of necessary information and explanations). The information contained in this announcement for the year ended 31 March 2016 also does not constitute statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, with no matters by way of emphasis, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

3. Critical accounting judgment and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of this announcement and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The Group considers the following areas as the key sources of estimation uncertainty:

(i) Oil & Gas reserves

Oil & Gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques. The estimate is reviewed regularly. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Net entitlement reserves estimates are subsequently calculated using the Group's current oil price and cost recovery assumptions, in line with the relevant agreements.

Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could impact the depreciation rates, carrying value of assets and environmental and restoration provisions.

(ii) Carrying value of exploration and evaluation fixed assets

Where a project is sufficiently advanced the recoverability of IFRS 6 Exploration assets are assessed by comparing the carrying value to higher of fair value less cost of disposal or value in use. Change to the valuation of exploration assets is an area of judgement. Further details on the Group's accounting policies on this are set out in accounting policy above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Details of impairment charge and the assumptions used are disclosed in note 6.

(iii) Carrying value of developing/producing oil and gas assets

Management perform impairment tests on the Group's developing/producing oil and gas assets where indicators of impairment are identified in accordance with IAS 36.

The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions	Basis
Future production	proved and probable reserves, resource estimates and, in certain cases, expansion projects
Commodity prices	management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Discount to price	management's best estimate based on historical prevailing discount
Extension of PSC	assumed that PSC for Rajasthan block would be extended till 2030 on the same commercial terms
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/CGU

Other key assumptions in the impairment models based on management expectations are that government approval will be received for new projects and projects will be successfully implemented as planned.

Any subsequent changes to cash flows due to changes in the above mentioned factors could impact the carrying value of the assets.

Details of impairment charge and the assumptions used are disclosed in note 6.

(iv) Mining properties and leases

The carrying value of mining property and leases is arrived at by depreciating the assets over the life of the mine using the unit of production method based on proved and probable reserves. The estimate of reserves is subject to assumptions relating to life of the mine and may change when new information becomes available. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could thus impact the carrying values of mining properties and leases and environmental and restoration provisions.

Management performs impairment tests when there is an indication of impairment. The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions	Basis
Future production	proved and probable reserves, resource estimates (with an appropriate conversion factor) considering the expected permitted mining volumes and, in certain cases, expansion projects
Commodity prices	management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Exchange rates	management best estimate benchmarked with external sources of information
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/CGU

Details of impairment charge are disclosed in note 6.

(v) Useful economic lives and impairment of other assets

Property, plant and equipment other than mining properties, oil and gas properties, and leases are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values. The Group also reviews its property, plant and equipment, including mining properties and leases, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, the Group's business plans and changes in regulatory environment are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the abovementioned factors could impact the carrying value of the assets.

(vi) Assessment of impairment at Lanjigarh Refinery

During the year, the Group has received the necessary approvals for expansion of the Lanjigarh refinery to 4 million tonnes per annum (MTPA). Approval for expansion from 4 MTPA to 6 MTPA is dependent upon certain conditions.

Accordingly, second stream operation has commenced in Alumina refinery from April 2016 thus, taking it to the debottlenecked capacity of 1.7 - 2.0 MTPA (contingent on bauxite quality). Further ramp up to 4 MTPA will be considered after tying up the local bauxite sources. The Group has considered the delay in tying up local bauxite sources as an indication of impairment. Hence, the Group has reviewed the carrying value of its property, plant and equipments at Lanjigarh as at balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment because the recoverable amount (estimated based on fair value less cost of disposal) exceeded the carrying amounts.

The key assumptions and estimates used in determining the fair value less cost of disposal of these assets were:

- The State of Odisha has abundant bauxite resources and under the terms of the Memorandum of understanding ('MOU') with the Government of Odisha, management is confident that bauxite will be made available in the short to medium term. The company has entered into agreements with various suppliers internationally and domestically to ensure the availability of bauxite to run its refinery. In the initial years, the Company has assumed that bauxite will be purchased from third party suppliers in India and other countries, till the bauxite is sourced from own mines.
- The State of Odisha has taken certain measures including reservation of areas for mining operations or undertaking prospecting and constitution of Ministerial Committee for formulation of policy for supply of ores to Odisha based industries on long term basis. GOI has amended the existing MMDR Act. The major change is in the process of grant of concessions i.e. from First come First serve basis to more transparent process of auction and to expedite the grant process.
- Management expects that the conditions for construction of the alumina refinery beyond 4 MTPA will be fulfilled and it is assumed that the final unconditional approval for the expansion of the refinery would be received for commencement of production by fiscal 2020.
- The government of Odisha has cancelled all the old reservations for mine allotment and has formed a more transparent process of auction of mines under the MMDR Act, which will improve the chances of local bauxite availability.

Management expects that the mining approvals for various local bauxite mines will be received. The Group carries out impairment assessment for carrying value of these assets, every half year and challenges these assumptions.

The Group has carried out a sensitivity analysis on the key variables including delay in obtaining bauxite mining approval, appreciation of rupee against US dollar, discount rate and London Metal Exchange aluminium prices. The most significant variable is the estimated timeframe for obtaining regulatory approval for the mining and/or gaining access to local bauxite.. The sensitivity analysis indicates that even if regulatory approvals for mines/access to local bauxite are delayed by a year, the recoverable amount is still expected to exceed the carrying value and costs. As at March 31, 2016 the carrying amount of property plant and equipment related to alumina refinery operations at Lanjigarh and related mining assets is US$1,079.0 million (31 March 2015 : US$1,165 million).

(vii) Assessment of Impairment of Karnataka and Goa iron ore mines:

Karnataka mining

The mining ban in Karnataka was lifted on 17 April 2013 and the mining operations resumed in December 2013. The mining operations were suspended since August 2014 pending environment clearances. On execution of Mining Lease Deed and final forest clearance, the operations were resumed towards the end of February 2015. Currently the permissible extraction capacity is fixed at 2.29 MTPA which is based on lowest of Reserves and Resources (R & R) capacity, dumping capacity and road capacity as assessed by Indian Council of Forestry Research and Education. Subsequently, based on reassessment of R & R and other factors, the modified mining plan has been submitted to Indian Bureau of Mines in March 2016 for enhancement of production to 6 MTPA. Management has estimated the recoverable amounts of these assets considering the increase in the extraction capacity in FY 2017.

A delay of one year in increase in the allocated capacity would result in reduction in the recoverable amount by approximately 1% and the recoverable amount would continue to be sufficiently in excess of the carrying value.

The carrying value of assets as at 31 March 2016 is US$145.6 million (31 March 2015: US$168.1 million).

Goa mining

The Ministry of Environment and Forest revoked its earlier order which had kept the environment clearances for iron ore mines in Goa in abeyance. The State Government has issued a mining policy and has lifted the ban on Iron ore mining in Goa. The Group has been allocated with an interim annual mining quantity of 6.9 million tonnes per annum (MTPA) (out of the total interim mining cap of 20 MTPA for FY 2016) of saleable ore.

The Expert Committee, constituted by the Supreme Court of India for conducting the Macro-Environmental Impact Assessment study on the ceiling of annual extraction of iron ore mining in Goa has recommended the enhancement of mining cap to 30 MTPA. This has been recommended to be further enhanced to 37 MTPA after the review of Macro Environment Impact Assessment and augmenting the carrying capacity. The report is pending for consideration of Supreme Court. Post the Supreme Court clearance, the State Government will allocate the limits. It has been assumed that the allocation will be made based on the proportionate share of the current EC limits.

The mining operations resumed in October, 2015. Management has estimated the recoverable amounts of these assets considering the mining cap of 30 MTPA in FY 2017 and 37 MTPA from FY 2018 and onwards.

A delay of one year in increase in the mining cap to 30 MTPA and 37 MTPA would result in a reduction in the recoverable amount by approximately 4% and the recoverable amount would continue to be sufficiently in excess of the carrying value.

The carrying value of assets affected as at 31 March 2016 is US$643.9 million (31 March 2015: US$736.3 million).

Management has reviewed the carrying value of Karnataka and Goa mining assets as at the balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment as the recoverable amount (estimated based on fair value less costs of disposal) exceeded the carrying amounts.

The Group has also carried out a sensitivity analysis on key variables including delay in increase in the mining cap, movement in iron ore prices, discount rate and appreciation of rupee against US dollar. Based on the sensitivity analysis, the recoverable amount is still expected to exceed the carrying value.

(viii) Assessment of Impairment at Western Cluster Limited (WCL)

The Project in Liberia is at exploratory stage and considering the low iron ore prices and volatility, geo- political factors and no immediate plans for any substantive expenditure, the Group has impaired these assets fully.

Details of impairment charge are disclosed in note 6.

(ix) Assessment of Impairment at Konkola Copper Mines (KCM)

The KCM operations in Zambia have experienced the challenging price environment, rising electricity cost and other operational challenges. Due to these factors, the Group has reviewed the carrying value of its property, plant and equipments at KCM as at balance sheet date, estimated the recoverable amounts of the assets and concluded that there was no impairment because the recoverable amount (estimated based on fair value less costs of disposal) exceeded the carrying amounts.

The Group has also carried out a sensitivity analysis on key variables like movement in copper prices, discount rate and increase in production. Based on the sensitivity analysis, the recoverable amount is still expected to exceed the carrying value.

The carrying value of assets as at 31 March 2016 is US$1,744.9 million (31 March 2015: US$2,010.3 million).

(x) Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine. The costs are estimated on an annual basis on the basis of closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised as soon as the obligation to incur such costs arises. A corresponding provision is created on the liability side. The capitalised asset is charged to the income statement over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

(xi) Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which may be subject to change especially when taken in the context of the legal environment in India. The actual cash outflows may take place over many years in the future and hence the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take into account the changing circumstances and other factors that influence the provisions and liabilities.

(xii) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Group. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Group does not expect them to have a materially adverse impact on the Group's financial position or profitability.

(xiii) The HZL and BALCO call options

The Group had exercised its call option to acquire the remaining 49% interest in BALCO and 29.5% interest in HZL. The Government of India has however, contested the validity of the options and disputed their valuation performed in terms of the relevant agreements. 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, accordingly, the value of the option would be nil, and hence, the call options have not been recognised in the financial statements.

4. Segment information

The Group is diversified natural resources group engaged in exploring, extractive and processing minerals and oil and gas. We produce Zinc, Lead, Silver, Copper, Aluminium, Iron ore, Oil and gas and commercial power and have presence across India, South Africa, Namibia, Ireland, Australia and Liberia. The Group is also in the business of port operations in India.

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

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

- Power

The components not meeting the quantitative threshold for reporting are being reported as 'Others'.

Management monitors the operating results of reportable segments for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on the EBITDA of each segment. Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. 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 year ended 31 March 2016 and 31 March 2015. Items after operating profit are not allocated by segment.

(a) Reportable segments

Year ended 31 March 2016

(US$ million)

	Zinc-India	Zinc-International	Oil & Gas	Iron Ore	Copper-India/ Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Elimination/ Others	Total operations
REVENUE											
Sales to external customers	2,111.0	391.5	1,322.3	341.8	3,196.8	966.7	1,692.3	691.7	10,714.1	23.8	10,737.9
Inter-segment sales[3]	-	-	-	8.2	0.4	5.8	2.0	15.8	32.2	(32.2)	-
Segment revenue	**2,111.0**	**391.5**	**1,322.3**	**350.0**	**3,197.2**	**972.5**	**1,694.3**	**707.5**	**10,746.3**	**(8.4)**	**10,737.9**
Segment Result											
EBITDA[1]	995.0	68.1	570.4	73.4	336.6	(17.9)	106.7	196.3	2,328.6	7.8	2,336.4
Depreciation and amortisation[2]											(1,455.2)
Special items (note 6)											(5,210.1)
Operating loss											**(4,328.9)**
Investment revenue											697.8
Finance costs											(1,280.4)
Other gains and (Losses) (net)											(72.5)
LOSS BEFORE TAXATION											**(4,984.0)**
Segments assets	8,034.7	544.3	7,391.5	1,432.2	1,351.8	2,208.7	5,915.1	3,205.9	30,084.2	88.1	30,172.3
Unallocated assets											147.1
TOTAL ASSETS											**30,319.4**
Segment liabilities	(1,290.4)	(191.7)	(1,018.2)	(1,213.7)	(766.5)	(1,461.0)	(6,912.8)	(3,324.2)	(16,178.5)	(56.0)	(16,234.5)
Unallocated liabilities											**(7,232.4)**
TOTAL LIABILITIES											**(23,466.9)**
Other segment information											
Additions to property, plant and equipment and intangible assets	239.9	58.5	214.3	14.8	18.4	27.6	119.6	50.3	743.4	7.3	750.7
Depreciation and amortisation	(119.9)	(56.4)	(826.3)	(62.5)	(32.3)	(179.5)	(101.8)	(74.1)	(1,452.8)	(2.4)	(1,455.2)
Impairment losses (note 6)			(4,934.2)	(245.2)	(7.6)						(5,187.0)

(1) EBITDA is a non-IFRS measure and represents operating profit/(loss) before special items, depreciation, amortisation, 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 amounting to US$6.6 million for the year ended 31st March 2016 (31 March 2015 :Nil), is at cost.

Year ended 31 March 2015

(US$ million)

	Zinc-India	Zinc-International	Oil & Gas	Iron Ore	Copper-India/ Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Elimination/ Others	Total operations
REVENUE											
Sales to external customers	2,357.0	586.9	2,397.5	311.4	3,682.7	883.5	2,078.1	552.8	12,849.9	28.8	12,878.7
Inter-segment sales(3)*	-	-	-	15.1	18.0	193.6	3.8	35.3	265.8	(265.8)	-
Segment revenue	**2,357.0**	**586.9**	**2,397.5**	**326.5**	**3,700.7**	**1,077.1**	**2,081.9**	**588.1**	**13,115.7**	**(237.0)**	**12,878.7**
Segment Result											
EBITDA(1)	1,192.5	180.8	1,476.8	31.4	281.0	(3.8)	415.5	153.8	3,728.0	13.2	3,741.2
Depreciation and amortisation(2)											(2,005.7)
Special items (note 6)											(6,744.2)
Operating profit											**(5,008.7)**
Investment revenue											832.6
Finance costs											(1,387.2)
Other gains and losses (net)											(76.9)
LOSS BEFORE TAXATION											**(5,640.2)**
Segments assets**	7,356.8	694.1	12,948.8	1,924.3	1,357.8	2,387.1	6,304.6	3,584.7	36,558.2	58.4	36,616.6
Unallocated assets											372.3
TOTAL ASSETS											**36,988.9**
Segment liabilities**	(277.9)	(253.0)	(3,105.7)	(1,329.8)	(1,286.6)	(1,474.2)	(5,171.6)	(2,388.5)	(15,287.3)	(113.9)	(15,401.2)
Unallocated liabilities											(9,330.3)
TOTAL LIABILITIES											**(24,731.5)**
Other segment information											
Additions to property, plant and equipment	217.7	34.4	1,079.6	42.1	29.7	58.2	148.9	140.3	1,750.9	1.1	1,752.0
Depreciation and amortisation	(133.2)	(111.1)	(1,270.3)	(42.3)	(51.6)	(187.2)	(140.2)	(65.8)	(2,001.7)	(4.0)	(2,005.7)
Impairment losses (note 6)	-	-	(6,642.1)	-	-	(52.3)	-	-	(6,694.4)	-	(6,694.4)

* *Previous year amounts have been reclassified to ensure consistency.*

** *During the year ended 31st March 2016, consequent to certain power facilities at a subsidiary being commissioned for the generation and sale of commercial power, assets ($349.2m) and liabilities ($48.6m) in respect of capital work-in-progress for the previous year relating to the generation and sale of commercial power has been reclassified from the 'Aluminium' segment to the 'Power' segment as this more accurately reflects the segment breakdown.*

4. Segment information (continued)

(b) Geographical segmental analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, Liberia, Ireland, Australia and UAE. The following table provides an analysis of the Group's sales by region in which the customer is located, irrespective of the origin of the goods.

(US$ million)

	Year ended 31 March 2016	Percentage	Year ended 31 March 2015	*Percentage*
India	6,773.9	63%	7,872.0	*61.1%*
China	527.9	5%	1,314.2	*10.2%*
Far East Asia	902.5	8%	1,168.4	*9.1%*
Middle East	1,075.1	10%	1,143.7	*8.9%*
Europe	345.3	3%	643.3	*5.0%*
Africa	91.1	1%	192.3	*1.5%*
Asia Others	725.3	7%	118.9	*0.9%*
UK	103.9	1%	2.2	*0.0%*
Others	192.9	2%	423.7	*3.3%*
Total	**10,737.9**	**100%**	**12,878.7**	***100.0%***

The following is an analysis of the carrying amount of non-current assets, and additions to property, plant and equipment, analysed by the country in which the assets are located. No material non-current assets are located in the United Kingdom and no significant additions to property, plant and equipment have been made there.

(US$ million)

	Carrying amount of non-current assets(1)		Additions to property, plant and equipment	
	As at 31 March 2016	**As at 31 March 2015**	**Year ended 31 March 2016**	**Year ended 31 March 2015**
Australia	4.4	13.4	2.6	3.8
India	14,752.9	20,996.2	651.7	1,635.7
Zambia	1,863.3	1,905.4	27.6	58.2
Namibia	119.7	128.5	35.4	21.5
Ireland	6.7	37.7	-	12.7
South Africa	254.0	335.9	23.1	5.9
Sri Lanka	-	-	7.3	2.7
Other	-	213.6	3.0	11.5
Total	**17,000.0**	**23,630.7**	**750.7**	**1,752.0**

(1) Non-current assets do not include deferred tax assets, non-current tax assets and derivative assets.

Information about major customer

Included in revenue from Oil and gas segment are revenues of US$663.08 million (US$1,393.2 million year ended 31 March 2015), which arose from sales to the Group's largest customer, sales to this customer was more than 10% in the previous year. No customer contributed 10% or more to the Group's revenue during the year ended 31 March 2016.

5. Total Revenue

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Revenue from sales of goods	10,737.9	12,878.7
Other operating income	101.7	104.0
Investment revenue	697.8	832.6
	11,537.4	**13,815.3**

6. Special items

(US$ million)

	Year ended 31 March 2016			Year ended 31 March 2015		
	Special items	Tax effect of Special items/ Special tax items	Special items after tax	Special items	Tax effect of Special items/ Special tax items	Special items after tax
Impairment of oil & gas assets(1)(a)	(4,934.2)	1,903.3	(3,030.9)	(6,642.1)	2,138.0	(4,504.1)
Impairment of mining reserves and assets					-	
Iron ore(1)(b)	(245.2)	-	(245.2)	-	-	-
Copper(1)(c)(d)	(7.6)	-	(7.6)	(52.3)	-	(52.3)
Total impairment charge	**(5,187.0)**	**1,903.3**	**(3,283.7)**	**(6,694.4)**	**2,138.0**	**(4,556.4)**
Voluntary retirement schemes (redundancy costs)(2)	(23.1)	7.9	(15.2)	-	-	-
Provision for receivables(7)	-	-	-	(36.6)	12.5	(24.1)
Provision for investment in coal blocks(3)	-	-	-	(5.4)	1.8	(3.6)
Acquisition & restructuring related costs(4)	-	-	-	0.4	-	0.4
Provision for contractor dispute(5)	-	-	-	(8.2)	-	(8.2)
Special tax item(6)	-	(173.8)	(173.8)	-	52.8	52.8
Special items	**(5,210.1)**	**1,737.4**	**(3,472.7)**	**(6,744.2)**	**2,205.1**	**(4,539.1)**

1a. *During the year ended 31 March 2016, the Group has recognised impairment charge on its oil and gas assets of US$4,934.2 million mainly relating to Rajasthan block, triggered by the significant fall in the crude oil prices, prevailing discount of Rajasthan crude and adverse long term impact of revised cess. Of this charge, US$,143.5 million has been recorded against oil and gas properties and US$,790.7 million against exploratory and evaluation assets. The valuation remains dependent on price and further deterioration in long term prices may result in additional impairment.*
For oil and gas properties, CGUs identified are on the basis of a PSC ('Production Sharing Contract') level as it is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.
The recoverable amount of the CGU, US$2,204.0 million (March 2015 : US$5,825.5 million), was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflect the recoverable amount based on our view of the assumptions that would be used by a market participant. This is based on the cash flows expected to be generated by the projected oil or natural gas production profiles up to the expected dates of cessation of production sharing contract (PSC)/cessation of production from each producing field based on current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal discounted cash flow tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for oil price of US$ 41 per barrel for FY 2017 (March 2015: US$ 70 per barrel) and the long term nominal price of US$70 per barrel (March 2015 : US$84 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 11.00 % (March 2015 : 10.32 %) derived from the post-tax weighted average cost of capital.
The impairment loss relates to the 'Oil & Gas' business reportable segments, however this has been shown as special items and does not form part of the segment result for the purpose of segment reporting.
During the year ended 31 March 2015, the Group has recognised impairment charge on oil and gas assets of US$6,642.1 million mainly relating to Rajasthan block and Sri Lanka block, triggered by the significant fall in the crude oil prices. Of this charge, US$2,162.1 million has been recorded against oil and gas properties and US$4,480.0 million against exploratory and evaluation assets. The impairment charge of US$4,480.0 million also includes US$778.1 million impairment charge relating to exploratory wells in Sri Lanka, as the development of hydrocarbons in the said block is not commercially viable at the current prices.

1b. *During the year ended 31 March 2016, the Group has recognized US$227.5 million impairment charge in respect of the exploratory assets in West Africa (Western Cluster, Liberia) on account of low iron ore prices, geo-political factors and no plans for any substantive expenditure resulting in continued uncertainty in the project and, relates to US$17.7 million impairment charge in the carrying amount of idle assets grouped under assets under construction at Bellary, Karnataka in India.*

1c. *During the year ended 31 March 2016, the Group has recognised US$7.6 million impairment charge relating to its operation in the Copper Mines of Tasmania Pty Ltd, Australia on account of extended care and maintenance, lower copper prices and continued uncertainty in start-up of operations.*

1d. *During the year ended 31 March 2015, the Group has recognized US$52.3 million impairment charge relating to underground assets in Nchanga in Konkola Copper Mines Plc on account suspension of operations and the fall in the copper prices. Of this charge, US$47.2 million has been recorded against mining property and leases and US$5.1 million against plant and equipment.*

2. *US$23.1 million incurred under a Group wide voluntary retirement initiative across various Group entities.*
3. *Relates to provision recognised in respect of expenditure incurred on cancelled coal blocks allotted to Company's subsidiaries, pursuant to the order of the Supreme Court of India.*
4. *Acquisition related costs include reversal of excess provision for costs of Group simplification and restructuring and other acquisition related costs classified as special items in previous year.*
5. *Relates to a provision recognised following a dispute with a mining contractor at KCM Zambia.*
6. *As a result of amendments to the Zambian Mining Tax regime, effective from 1 January 2015, the tax rate on integrated mining operations (excluding custom smelting mineral processing activities) was reduced from 30% to 0%. The deferred tax liability in relation to mining operations was therefore reversed during the year ended 31 March 2015, resulting in a net credit to the income statement of US$52.8 million. Consequent to the subsequent amendments to the Zambian Mining Tax regime, effective from 1 July 2015 the tax rate on mining operations has been restored from 0% to 30%. Further, the set off of carried forward losses relating to mining operations has been restricted to a maximum of 50% of the income for the year. Accordingly, a total deferred tax charge of US$173.8 million resulting from the amendments has been recognised under 'Special tax items' during the year ended 31 March 2016 , increase as compared to reversal in previous year is mainly on account of restriction placed on maximum loss which can be set off in a particular year.*

7. *In respect of Iron ore mining at Goa, the Supreme Court has ruled that, out of the sale proceeds of inventory of excavated ore lying unsold, the leaseholder would be paid only the average cost of excavation. However, the carrying value includes the amortisation based on the fair value of mining reserves determined at the time of acquisition. Consequently, the excess of the carrying value of receivables over the net realisable value has been written off.*

7. Investment revenue

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Interest income on loans and receivables	26.4	29.3
Interest income on cash and bank balances	124.6	139.9
Change in fair value of financial assets held for trading realised and unrealised	541.3	656.9
Dividend income on financial assets held for trading	0.3	0.3
Dividend income on available for sale investment	0.1	-
Foreign exchange gain on cash and liquid investments	5.1	6.2
	697.8	**832.6**

8. Finance costs

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Interest on loans, overdrafts and bonds (a)	1,101.3	1,116.8
Coupon interest on convertible bonds	62.4	86.8
Accretive interest on convertible bonds	28.7	76.6
Total Interest charge on convertible bonds (b)	**91.1**	**163.4**
Other borrowing and finance costs (c)	160.3	194.1
Total interest cost (a+b+c)	**1,352.7**	**1,474.3**
Unwinding of discount on provisions	13.5	36.8
Net interest on defined benefit arrangements	10.4	9.2
Capitalisation of borrowing costs(1)	(75.6)	(133.1)
Gain on buy back of convertible bond	(20.6)	-
	1,280.4	**1,387.2**

(1) All borrowing costs are capitalised using rates based on specific borrowings with the interests ranging between of 1.9% to 12.2% per annum.

9. Other gains and (losses) (net)

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Gross foreign exchange (losses)	(103.7)	(80.8)
Qualifying exchange losses capitalised	10.1	14.4
Net foreign exchange gains and losses	**(93.6)**	**(66.4)**
Change in fair value of financial liabilities measured at fair value	(0.9)	(1.1)
Net (loss)/gain arising on qualifying hedges and non-qualifying hedges	22.0	(9.4)
	(72.5)	**(76.9)**

10. Tax

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Current tax:		
UK Corporation tax	1.5	(19.3)
Foreign tax		
- India	538.5	562.7
- Zambia	0.0	1.0
- Australia	0.0	(0.1)
- Africa and Europe	4.5	22.1
- Other	(7.8)	4.4
	536.7	**570.8**
Deferred tax:		
Deferred tax impact on impairment of Oil & Gas assets (note 6)	(1,903.3)	(2,138.0)
Deferred tax charge/(reversal) due to change in tax regime at Zambia (note 6)	173.8	(52.8)
Deferred tax others	(289.1)	(232.5)
	(2,018.6)	**(2,423.3)**
Net tax credit (1)	**(1,481.9)**	**(1,852.5)**
Effective tax rate (2)	*29.7%*	*32.8%*

(1) Includes tax credit on special items and tax credit -special items of US$1737.4 million during the year ended 31 March 2016 (31 March 2015: US$2,205.1 million).
(2) Effective tax rate excluding special items, tax credit on special items, and dividend distribution tax of 3.1% during the year ended 31 March 2016 (31 March 2015: 25.7%).

The deferred tax expense recycled from equity to the income statement is US$1.6 million (2015: US$6.0 million).

Tax expense

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Tax effect of Special items (note 6)	(1,911.2)	(2,152.3)
Special tax item-Deferred tax charge/(reversal) due to change in tax regime at Zambia (note 6)	173.8	(52.8)
Net tax credit - Special items	**(1,737.4)**	**(2,205.1)**
Tax expense- others	255.5	352.6
Net tax (credit)/expense	**(1,481.9)**	**(1,852.5)**

Deferred Tax recognised in the income statement:

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Accelerated capital allowances (including fair value adjustments)	(1,281.6)	(2,634.1)
Unutilised tax losses(1)	(479.7)	440.2
Other temporary differences(2)	(257.3)	(229.4)
	(2,018.6)	**(2,423.3)**

(1) US$236.8 million has been reclassified from unutilised tax losses to Other temporary differences for the year ended 31 March 2015.
(2) Includes MAT credit (net) US$175.7 million for the period ended 31 March 2016 (31 March 2015 : U $321.2 million) .

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$7,098.1 million (2015: US$5,768.3 million).

A reconciliation of income tax expense applicable to accounting profit/(loss) before tax at the Indian statutory income tax rate to income tax expense/(credit) at the Group's effective income tax rate for the year ended 31 March 2016 is as follows:

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Accounting loss before tax	**(4,984.0)**	**(5,640.2)**
At Indian statutory income tax rate of 34.61% (2015: 33.99%)	(1,724.9)	(1,917.1)
Unrecognised tax losses	224.2	107.6
Disallowable expenses/Other permanent differences	(72.0)	86.5
Dividend Distribution tax	248.5	68.1
Non-taxable income	(111.4)	(73.0)
Impact of tax rate difference	67.5	118.8
Impact of change in tax regime(1)	201.9	(52.8)
Tax holiday and similar exemptions	(311.0)	(238.8)
Adjustments in respect of previous years	(4.7)	48.2
At effective income tax rate of 29.7% (2015: 32.8%)	**(1,481.9)**	**(1,852.5)**

(1) Includes US$173.8 million (31 March 2015 : US$(52.8) million) due to change in tax regime in Zambia (note 6) and US$28.1 million due to change in Indian statutory rate from 33.99% to 34.61%.

Certain businesses of the Group within India are eligible for specified tax incentives in the form of tax exemptions. Most of such tax exemptions are relevant for the companies operating in India. These are briefly described as under:

The location based exemption

In order to boost industrial and economic development in undeveloped regions, provided certain conditions are met, profits of newly established undertakings located in certain areas in India may benefit from a tax holiday. Such a tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, and 30% of profits for the subsequent five years. This deduction is available only for units established up to 31 March 2012. However, such undertaking would continue to be subject to the Minimum Alternative tax ('MAT').

The Group has such types of undertakings at Haridwar and Pantnagar, which are part of Hindustan Zinc Limited (Zinc India). In the current year, Haridwar and Pantnagar units are eligible for deduction at 30% and 100% of taxable profits respectively. For the next financial year, both would be eligible for deduction at 30% of taxable profits.

Sectoral Benefit - Power Plants

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of the power plant's operation. The Group currently has total operational capacity of 8.4 Giga Watt of thermal based power generation facilities and wind power capacity of 274 MW. However, such undertakings generating power would continue to be subject to the MAT provisions.

The Group has power plants which benefit from such deductions, at various locations of Hindustan Zinc Limited (where such benefits has been drawn), Talwandi Sabo Power Limited, Vedanta Limited and Bharat Aluminium Company Limited (where no benefit has been drawn).

Sectoral Benefit-Oil & Gas

Provided certain conditions are met, profits of newly constructed industrial undertakings engaged in the oil and gas sector may benefit from a deduction of 100% of the profits of the undertaking for a period of seven consecutive years. This deduction is only available to blocks licensed prior to 31 March 2011. However, such businesses would continue to be subject to the MAT provisions.

In the Group, Cairn India Limited benefits from such deductions. Current year is the last year for claiming such benefit.

In addition, the subsidiaries incorporated in Mauritius are eligible for tax credit to the extent of 80% of the applicable tax rate on foreign source income.

The total effect of such tax holidays and exemptions was US$311.0 million for the year ended 31 March 2016 (31 March 2015: US$238.8 million).

11. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Weighted average number of treasury shares, 24,231,160, (2015 : 24,206,816) outstanding during the year are excluded from the total outstanding shares for the calculation of EPS.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and the Group's convertible bonds). The following reflects the income and share data used in the basic and diluted earnings per share computations:

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Net loss attributable to equity holders of the parent	(1,837.4)	(1,798.6)

Loss per share based on loss for the year

Basic/diluted loss per share on loss for the year

(US$ million except as stated)

	Year ended 31 March 2016	Year ended 31 March 2015
Loss for the year attributable to equity holders of the parent (US$ million)	(1,837.4)	(1,798.6)
Weighted average number of shares of the Company in issue (million)	276.0	274.8
Loss per share on loss for the year (US cents per share)	**(665.8)**	**(654.5)**

The effect of 6.8 million (2015: 4.0 million) potential ordinary shares, which relate to share option awards under the LTIP scheme, on the attributable loss for the year is anti-dilutive and thus these shares are not considered in determining diluted loss per share.

The loss for the year would be decreased if holders of the convertible bonds in Vedanta exercised their right to convert their bond holdings into Vedanta equity. The impact on loss for the year of this conversion would be the reduction in interest payable on the convertible bond.

The adjustment in respect of convertible bonds has an anti-dilutive impact on earnings and is thus not considered in determining diluted EPS.

Loss per share based on Underlying loss for the year (Non-GAAP)

Underlying earnings is an alternative earnings measure, which the management considers to be a useful additional measure of the Group's performance. The Group's Underlying loss is the loss for the year after adding back special items, other losses/(gains) [net] (note 9) and their resultant tax (including taxes classified as special items) and non-controlling interest effects. This is a Non-GAAP measure.

(US$ million)

	Note	Year ended 31 March 2016	Year ended 31 March 2015
Loss for the year attributable to equity holders of the parent		(1,837.4)	(1,798.6)
Special items	6	5,210.1	6,744.2
Other (gains)/losses [net]		72.5	76.9
Tax and non-controlling interest effect of special items (including taxes classified as special items) and other losses/(gains)		(3,809.3)	(5,061.4)
Underlying attributable loss for the year		**(364.1)**	**(38.9)**

Basic/Diluted loss per share on Underlying loss for the year (Non-GAAP)

(US$ million except as stated)

	Year ended 31 March 2016	Year ended 31 March 2015
Underlying loss for the year (US$ million)	(364.1)	(38.9)
Weighted average number of shares of the Company in issue (million)	276.0	274.8
Loss per share on Underlying loss for the year (US cents per share)	**(131.9)**	**(14.2)**

The effect of 6.8 million (2015: 4.0 million) potential ordinary shares, which relate to share option awards under the LTIP scheme, on the underlying attributable loss for the year is anti-dilutive and thus these shares are not considered in determining diluted underlying loss per share.

12. Dividends

(US$ million)

	Year ended 31 March 2016	Year ended 31 March 2015
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2014-15: 40.0 cents per share (2013-14: 39.0 US cents per share)	110.6	107.5
Interim dividend paid during the year: Nil (2014-15: 23.0 US cents per share)	-	63.8
	110.6	**171.3**
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2015-16: 30.0 US cents per share (2014-15: 40 US cents per share)	82.8	110.8

13. Liquid investments

(US$ million)

	As at 31 March 2016	As at 31 March 2015
Bank deposits(1)	530.3	1,850.1
Other investments	7,977.9	6,006.0
	8,508.2	**7,856.1**

(1) Includes US$28.2 million of bank deposits at Jharsuguda Aluminium that is restricted in use as it relates to security deposit as directed by courts in relation to a relief claim filed by a vendor

Bank deposits are made for periods of between three months and one year depending on the cash requirements of the companies within the Group and earn interest at the respective deposit rates.

Other investments include mutual fund investments which are recorded at fair value with changes in fair value reported through the income statement. Liquid investments do not qualify for recognition as cash and cash equivalents due to their maturity period and risk of change in value of the investments.

14. Cash and cash equivalents

(US$ million)

	As at 31 March 2016	As at 31 March 2015
Cash at bank and in hand	217.2	211.6
Short-term deposits[1]	211.1	142.1
	428.3	**353.7**

(1) Includes US$44.8 million (2015: US$66.5million) 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.

Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

15. Borrowings

(US$ million)

	As at 31 March 2016	As at 31 March 2015
Bank loans	11,587.9	11,474.9
Bonds	4,074.6	4,075.4
Other loans	13.6	14.5
Total	**15,676.1**	**15,564.8**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	3,726.6	3,179.2
More than one year	11,949.5	12,385.6
Total	**15,676.1**	**15,564.8**

16. Movement in net debt(1)

(US$ million)

				Debt due within one year	Debt due after one year		
	Cash and cash equivalents	Liquid investments	Total cash and liquid investments	Debt carrying value	Debt carrying value	Debt-related derivatives(2)	Total Net Debt
At 1 April 2014	**369.4**	**8,568.5**	**8,937.9**	**(4,358.5)**	**(12,512.7)**	**13.8**	**(7,919.5)**
Cash flow	(13.9)	(671.7)	(685.6)	818.8	(1,050.1)	-	(916.9)
Other non-cash changes(3)	-	250.8	250.8	294.8	(46.7)	(16.1)	482.8
Foreign exchange differences	(1.8)	(291.5)	(293.3)	65.7	120.9	-	(106.7)
At 1 April 2015	**353.7**	**7,856.1**	**8,209.8**	**(3,179.2)**	**(13,488.6)**	**(2.3)**	**(8,460.3)**
Cash flow	92.6	999.9	1,092.5	1,022.1	(901.6)	-	1,213.0
Other non-cash changes(3)	-	59.4	59.4	(2,280.6)	2,195.6	0.3	(25.3)
Foreign exchange differences	(18.0)	(407.2)	(425.2)	123.9	245.1	-	(56.2)
At 31 March 2016	428.3	**8,508.2**	8,936.5	**(4,313.8)**	**(11,949.5)**	**(2.0)**	**(7,328.8)**

(1) Net debt being total debt reduced by cash and cash equivalents and liquid investments, as carried at fair value under IAS 32 and 39.
(2) Debt related derivatives exclude derivative financial assets and liabilities relating to commodity contracts and forward foreign currency contracts.
(3) Other non-cash changes comprises of mark to market of embedded derivatives, interest accretion on convertible bonds and amortisation of borrowing costs 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$ 59.5 million (2015: US$250.8 million) of fair value movement in investments.

GLOSSARY AND DEFINITIONS

5S

A Japanese concept laying emphasis on housekeeping and occupational safety in a sequential series of steps as Sort (Seiri); Set in Order (Seiton); Shine (Selso); Standardise (Seiketsu); and Sustain (Shitsuke)

Adapted Comparator Group

The new comparator group of companies used for the purpose of comparing TSR performance in relation to the LTIP, adopted by the Remuneration Committee on 1 February 2006 and replacing the previous comparator group comprising companies constituting the FTSE Worldwide Mining Index (excluding precious metals)

AGM or Annual General Meeting

The annual general meeting of the Company which is scheduled to be held at 3.00 pm, UK time, on 5 August 2016

AE

Anode effects

Aluminium Business

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

Articles of Association

The articles of association of Vedanta Resources plc

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 or Vedanta Board

The board of directors of the Company

Board Committees

The committees reporting to the Board: Audit, Remuneration, Nominations, and Health, Safety and Environment, each with its own terms of reference

Businesses

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

Cairn India Group

Cairn India Limited and its subsidiaries

Capital Employed

Net assets before Net (Debt)/Cash

Capex

Capital expenditure

Cash Tax Rate

Current taxation as a percentage of profit before taxation

CEO

Chief executive officer

CFO

Chief Financial Officer

CII

Confederation of Indian Industries

CLZS

Chanderiya lead and zinc smelter

CO2

Carbon dioxide

CMT

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

Combined Code or the Code

The Combined Code on Corporate Governance published by the Financial Reporting Council in June 2008 & updated them from time to time.

Company or Vedanta

Vedanta Resources plc

Company financial statements

The audited financial statements for the Company for the year ended 31 March 2013 as defined in the Independent Auditors' Report on the individual Company Financial Statements to the members of Vedanta Resources plc

Convertible Bonds

$1,250million 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.

$883million 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

CREP

Corporate responsibility for environmental protection

Cents/lb

US cents per pound

CRRI

Central Road Research Institute

CRISIL

CRISIL Limited is a rating agency incorporated in India

CSR

Corporate social responsibility

CTC

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

CY

Calendar year

DDT

Dividend distribution tax

Deferred Shares

Deferred shares of £1.00 each in the Company

DFS

Detailed feasibility study

DGMS

Director General of Mine Safety in the Government of India

Directors

The Directors of the Company

DMF

District Mineral Fund

DMT

Dry metric tonne

Dollar or $

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

DRs

Depositary receipts of 10 US cents, issuable in relation to the $725million 4.6% guaranteed convertible bonds due 2026

EAC

Expert advisory committee

EBITDA

Earnings before interest, taxation, depreciation, goodwill amortisation/impairment and special items

EBITDA Margin

EBITDA as a percentage of turnover

EBITDA interest cover

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

EBITDA Margin excluding custom smelting

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

Economic Holdings or Economic Interest

The economic holdings/interest are derived by combining the Group's direct and indirect shareholdings in the operating companies. The Group's Economic Holdings/Interest is the basis on which the Attributable Profit and net assets are determined in the consolidated accounts

E&OHSAS

Environment and occupational health and safety assessment standards

E&OHS Environment and occupational health and safety management system

EPS

Earnings per ordinary share

ESOP

Employee share option plan

ESP

Electrostatic precipitator

Executive Committee

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

Executive Directors

The Executive Directors of the Company

Expansion Capital Expenditure

Capital expenditure that increases the Group's operating capacity

Financial Statements or Group financial statements

The consolidated financial statements for the Company and the Group for the year ended 31 March 2012 as defined in the Independent Auditor's Report to the members of Vedanta Resources plc

Fund Flow post capex

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

GJ

Giga joule

Government or Indian Government

The Government of the Republic of India

Gratuity

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

Group

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

Gross finance costs

Finance costs before capitalisation of borrowing costs

HIIP

Hydrocarbons initially-in place

HSE

Health, safety and environment

HZL

Hindustan Zinc Limited, a company incorporated in India

IAS

International Accounting Standards

ICMM

International Council on Mining and Metals

IFRIC

IFRS Interpretations Committee

IFRS

International Financial Reporting Standards

INR

Indian Rupees

Interest Cover

EBITDA divided by finance costs

ISO 9001

An international quality management system standard published by the International Organisation for Standardisation

ISO 14001

An international environmental management system standard published by the International Organisation for Standardisation

Iron Ore Sesa

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

Jharsuguda 2400 mw Power plant

Power Division of Vedanta Limited, comprising of a 2400 MW power plant in Jharsuguda in Odisha in India.

Jharsuguda Aluminium

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

KCM or Konkola Copper Mines

Konkola Copper Mines PLC, a company incorporated in Zambia

KDMP

Konkola deep mining project

Key Result Areas or KRA s

For the purpose of the remuneration report, specific personal targets set as an incentive to achieve short-term goals for the purpose of awarding bonuses, thereby linking individual performance to corporate performance

KLD

Kilo litres per day

KPI s

Key performance indicators

Kwh

Kilo-watt hour

Kwh/d

Kilo-watt hour per day

LIBOR

London inter bank offered rate

LIC

Life Insurance Corporation

Listing or IPO (Initial Public Offering)

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

Listing Particulars

The listing particulars dated 5 December 2003 issued by the Company in connection with its Listing or revised listing filled in 2011.

Listing Rules

The listing rules of the Financial Services Authority, with which companies with securities that are listed in the UK must comply

LME

London Metals Exchange

London Stock Exchange

London Stock Exchange plc

Lost time injury

An accident/injury forcing the employee/contractor to remain away from his/her work beyond the day of the accident

LTIFR

Lost time injury frequency rate: the number of lost time injuries per million man hours worked

LTIP

The Vedanta Resources Long-Term Incentive Plan or Long-Term Incentive Plan

MALCO

The Madras Aluminium Company Limited, a company incorporated in India

Management Assurance Services (MAS)

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

MAT

Minimum alternative tax

MBA

Mangala, Bhagyam, Aishwarya

MIC

Metal in concentrate

MIS

Management information system

MOEF

The Ministry of Environment & Forests of the Government of the Republic of India

mt or tonnes

Metric tonnes

MU

million Units

MW

Megawatts of electrical power

NCCBM

National Council of Cement and Building Materials

Net (Debt)/Cash

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

NGO

Non-governmental organisation

NIHL

Noise induced hearing loss

Non-executive Directors

The Non-Executive Directors of the Company

NMET

National Mineral Exploration Trust

OECD

Organisation for Economic Co-operation and Development

OHSAS 18001

Occupational Health and Safety Assessment Series (standards for occupational health and safety management systems)

Oil & Gas business

The Group's subsidiary, Cairn India Limited is 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

PFC

Per fluorocarbons

PHC

Primary health centre

PPE

Personal protective equipment

Provident Fund

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

PSC

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

Recycled water

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

Relationship Agreement

The agreement dated 5 December 2003 between the Company, Volcan Investments Limited and members of the Agarwal family that regulates the ongoing relationship between them, the principal purpose of which is to ensure that the Group is capable of carrying on business independently of Volcan, the Agarwal family and their associates

Return on Capital Employed or ROCE

Profit before interest, taxation, special items, tax effected at the Group's effective tax rate as a percentage of Capital Employed

The Reward Plan

The Vedanta Resources Share Reward Plan, a closed plan approved by shareholders on Listing in December 2003 and adopted for the purpose of rewarding employees who contributed to the Company's development and growth over the period leading up to Listing in December 2003

RO

Reverse osmosis

SA 8000

Standard for Social Accountability based on international workplace norms in the International Labour Organisation ('ILO') conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child

Senior Management Group

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

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

Vedanta Limited, a company incorporated in India engaged in the business of Copper smelting, Iron Ore mining, Aluminium mining, refining and smelting and Energy generation.

SEWT

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

Sterlite Copper

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

The Share Option Plan

The Vedanta Resources Share Option Plan, a closed plan approved by shareholders on Listing in December 2003 and adopted to provide maximum flexibility in the design of incentive arrangements over the long term

SHGs

Self help groups

SID

Senior Independent Director

SO2

Sulphur dioxide

SBU

Strategic Business Unit

STL

Sterlite Technologies Limited, a company incorporated in India

Special items

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

SPM

Suspended particulate matter. Fine dust particles suspended in air

Sterling, GBP or £

The currency of the United Kingdom

Superannuation Fund

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

Sustaining Capital Expenditure

Capital expenditure to maintain the Group's operating capacity

TCM

Thalanga Copper Mines Pty Limited, a company incorporated in Australia

TC/RC

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

TGS

Tail gas scrubber

TGT

Tail gas treatment

TLP

Tail Leaching Plan

tpa

Metric tonnes per annum

TPM

Tonne per month

TSPL

Talwandi Sabo Power Limited, a company incorporated in India

TSR

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

Turnbull Guidance

The revised guidance on internal control for directors on the Combined Code issued by the Turnbull Review Group in October 2005

Twin Star

Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group

Twin Star and its subsidiaries and associated undertaking

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

VFD

Variable frequency drive

VFJL

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

VGCB

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

Volcan

Volcan Investments Limited, a company incorporated in the Bahamas

VRCL

Vedanta Resources Cyprus Limited, a company incorporated in Cyprus

VRFL

Vedanta Resources Finance Limited, a company incorporated in the United Kingdom

VRHL

Vedanta Resources Holdings Limited, a company incorporated in the United Kingdom

VSS

Vertical Stud Söderberg

Water Used for Primary Activities

Total new or make-up water entering the operation and used for the operation's primary activities; primary activities are those in which the operation engages to produce its product

WBCSD

World Business Council for Sustainable Development

ZCI

Zambia Copper Investment Limited, a company incorporated in Bermuda

ZCCM

ZCCM Investments Holdings plc, a company incorporated in Zambia

ZRA

Zambia Revenue Authority