

Creating and preserving value

What we do and how we add value

Vedanta operates across the natural resources value chain undertaking exploration, asset development, extraction, processing and value addition, with a primary focus on upstream operations. We capitalise our strategic capabilities including our strengths, resources and relationships, to create and preserve value for our wide stakeholder groups.

The Group's principal commodities are priced with reference to standard global benchmark prices such as London Metal Exchange prices, Brent and WTI, etc. We maximise returns through a strong focus on low-cost production.

We take a long-term view and we are committed to the highest standards of sustainable development in all aspects of our business. Our Sustainability Framework aligns strategic thinking with sustainability, and underpins everything we do.



Main image: Night view of shaft headgear at underground lead-zinc mine, BMM.

Above: Engineer at Turbine Generator of 2,400MW power plant, Jharsuguda.

Above: Molten zinc metal in zinc furnace of Debari smelter, HZL.

Our Strategic Capabilities

Project execution

We are nearing completion of our announced capital investment programme to expand our capacities and have honed our project execution skills, delivering multi-billion dollar programmes on schedule and on budget.

M&A

We have a strong track record of successfully acquiring, integrating and growing the companies we have acquired. These acquisitions have extended our commodity and geographic footprint. Following integration, we focus on asset optimisation and organic growth through expansion projects.

Operational excellence

Our strength in production is driven by our focus on debottlenecking processes, improving operational and cost efficiencies, and reducing our specific consumption of inputs including energy and water.

Low-cost focus

All our operations have a long-term sustainable cost position in the lowest quartile or lower half of the global cost curve. We aim to achieve and sustain this cost positioning by an integrated approach to producing natural resources, and a focus on operational excellence.

Exploration focus

Our skill in exploration has delivered consistent increases in our R&R over the years, extending the life of our resource base despite our increased production levels. Additionally, recent acquisitions of Liberia Iron Ore and Cairn India have added considerable potential for future expansion of R&R.

Financial strength

We have a strong balance sheet with capital employed of US\$27.5 billion, cash and liquid investments of US\$8.0 billion and net gearing of 31% as at 31 March 2013. With projects ramping up and delivering strong production growth, we expect higher EBITDA and free cash flows. We delivered robust free cash flow before expansion capital expenditure of US\$3.5 billion in FY 2012–13.

People and culture

With a 31,000 strong workforce and a talent pool of technical, engineering and business professionals, we focus on offering our employees the opportunity to develop their potential within a high growth, entrepreneurial culture.

Relationships and partnerships

We seek to build long-term, mutually beneficial, long-term relationships with our stakeholders including shareholders and lenders, suppliers and contractors, customers, employees, governments, communities, industry and civil society.

We are a substantial contributor to the economies and communities where we operate. For example, we are one of the largest contributors to the exchequer in India. We paid a total of US\$5.3 billion in taxes and levies across the Group in FY 2012–13.

Value Chain

Exploration

We focus on extending the life of our mines and oilfields through well-targeted exploration, aimed at increasing our R&R base, over and above what we extract each year. Our exploration programmes comprise brown field and green field activities across our asset base.

Asset development

Following successful exploration, we develop the resource base to optimise both production and life of the resource. We also develop processing facilities in strategic locations. Across our businesses, we have a strong track record of executing projects on time and within budget.

Extraction

Our operations are focused on mining metals, extracting oil & gas and generating power. We operate our mines in India, Africa, Australia and Ireland, extracting zinc, lead, silver, iron ore, bauxite and copper. We have three operating blocks in India producing oil & gas.

Processing

In line with our integrated business model, we produce refined metals by processing and smelting the extracted resources at our zinc, lead, silver, copper, and aluminium smelters, and other processing facilities in India and Africa. We generate power for captive use across most of our operations and sell any surplus power. We sell power generated by our independent power plants.

Value addition

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

