Efficient

In brief

Production ramp-up and cost efficiencies delivering free cash flow growth:

- Focus on deleveraging
  - Net debt reduced by c.US$1.5 billion
  - Group simplification to better align debt and cash
- Consistent returns to investors
  - Progressive dividend maintained through the cycle
  - US$1.3 billion returned to shareholders since IPO
- Focused on projects with attractive returns
  - Expansion to 1.2mtpa mined metal (20% growth) at high-margin Zinc India
  - Unlock value of proven Rajasthan oil & gas block: exploration to achieve basin potential of 300kbopd

Low-cost capital investments
Vedanta continued to invest through the commodity downturn and is reaping the benefits of a well-invested expansion programme as project ramp ups drove free cash flow generation, which exceeded growth capex by US$1.5 billion this year.

Reducing our debt
We crossed an inflection point in FY2012 as free cash flows exceeded capex. We consolidated on this further in FY2013 and reduced our net debt by US$1.5 billion. We have paid down c.US$500 million[1] of debt during the year, and remain focused on deleveraging. Furthermore, the completion of the Group structure simplification is expected to align debt and cash generation across the Group.

Consistent returns to investors
We continued to maintain a progressive dividend through the commodity cycle, and paid out dividends at a CAGR of 15% since IPO. We have returned US$1.3 billion to shareholders since our IPO through dividends and share buybacks.

1 Based on full value.

"Our focus continues to be on generating shareholder returns through prudent capital allocation, with a focus on low-risk, phased projects with high returns."

+15%
Dividend CAGR since IPO

US$1.5bn
Reduction in net debt

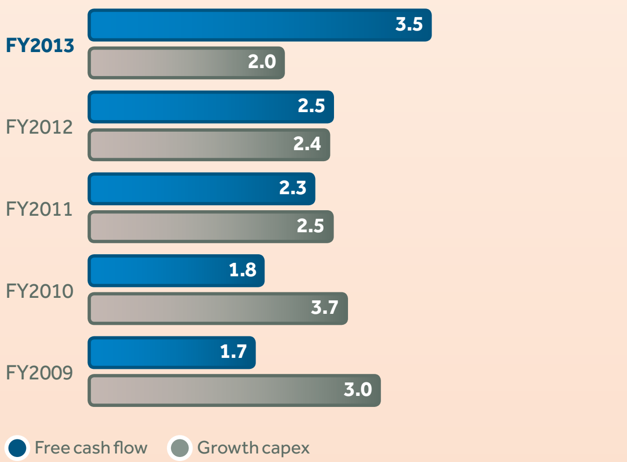
US$3.5bn
Free cash flow

Left: Mine workers conducting a risk assessment exercise as part of safety processes, BMM.

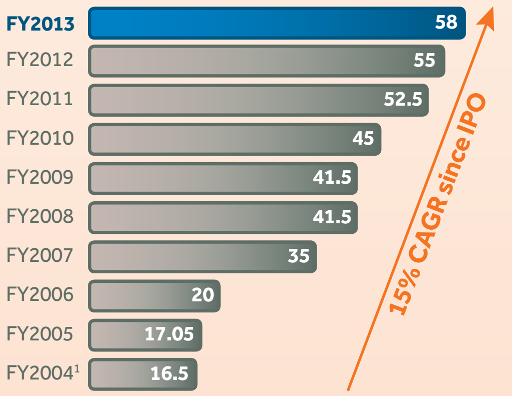
Right: Engineer verifying zinc cathodes at casthouse of Chanderiya Smelting Complex, HZL.

Management

Strengthening free cash flow post growth capex (US$bn)



Maintained Progressive Dividends (US¢/share)



1 In FY2004, a single dividend of 5.5 US cents per share was paid for the four months since listing, equivalent to an annual payment of 16.5 US cents per share.

Focused on projects with attractive returns

With a strong positioning in emerging markets, including the Indian oil & gas market where imports constitute more than 75% of supply, we remain focused on identifying and developing projects with attractive returns to capitalise on the growth opportunities presented by these markets.

We announced an expansion to 1.2mtpa of mined zinc-lead at the high-margin Zinc India operations, in a phased manner over the next six years. We recommenced oil & gas exploration at the prolific Rajasthan oil & gas block, and continue to work towards unlocking the basin potential to achieve a targeted production rate of 300,000 bopd of crude oil from this proven block. At our Liberia iron ore project, which has favourable parameters such as proximity to port and the presence of two brown field assets, we have adopted a phased development approach.