Notes to the Financial Statements

1. Presentation of financial statements

Compliance with applicable law and IFRS

The financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards ('IFRS'), Article 4 of the IAS Regulation and IFRS as adopted by the European Union and related interpretations.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale financial assets, fixed rate bonds and defined benefit pension obligations that have been measured at fair value. The financial statements are presented in US dollars and all values are rounded to one decimal of the nearest million except where otherwise indicated.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 1 (amended)	Financial statement presentation-presentation of items of other comprehensive income
IAS 12 (amended)	Deferred Tax: Recovery of underlying assets
IAS 19 (revised)	Employee benefits
IAS 27 (revised)	Separate financial statements
IAS 28 (revised)	Investments in associates and joint ventures
IAS 32	Offsetting financial assets and financial liabilities
IFRS 7 (amended)	Financial instruments: Disclosures
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IFRIC 20	Stripping costs in the production phase of a surface mine

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

Adoption of new and revised standards

The Group has adopted with effect from 1 April 2012, the following new and revised standards and interpretations. Their adoption has not had any impact on the amounts reported in the financial statements.

IFRS 7 Financial Instruments: Disclosures (Amendment):

IFRS 7 has been amended to require additional disclosures relating to the transfer of financial assets when the financial assets are derecognised in their entirety, but the entity has continuing involvement in it and when the financial assets are not derecognised in their entirety.

Other amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were applicable from 1 April 2012, did not have an impact on the Group.

Going concern

The financial statements have been prepared in accordance with the going concern basis of accounting. The use of this basis of accounting takes into consideration the Group's current and forecast financing position, additional details of which are provided in the Going Concern section of the Directors' Report.

Parent Company financial statements

The financial statements of the parent Company, Vedanta Resources plc, incorporated in the United Kingdom, have been prepared in accordance with UK GAAP, UK accounting presentation and UK company law. The Company balance sheet is presented in Note 43.

2(a) Accounting policies

Basis of consolidation

Subsidiaries:

The consolidated financial information incorporates the results of the Company and all its subsidiaries (the 'Group'), being the companies that it controls. This control is normally evidenced when the Group is able to govern a company's financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company's equity voting rights unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with accounting policies used by the Group.

2(a) Accounting policies continued

For non-wholly owned subsidiaries, a share of the profit for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet.

For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Joint ventures:

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Group has:

Jointly controlled assets ('JCAs'): Within its oil & gas segment, the Group participates in several unincorporated joint ventures which involve the joint control of assets used in oil & gas exploration and producing activities. The Group accounts for its share of assets, liabilities, income and expenditure of joint ventures in which the Group holds an interest, classified in the appropriate balance sheet and income statement headings. In addition, where the Group acts as operator to the joint venture, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint venture are included in the Group balance sheet.

Restatement

The prior year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Cairn India Limited for the year ending 31 March 2012 (Note 34).

Revenue recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognised when all significant risks and rewards of ownership of the asset sold are transferred to the customer or services have been provided.

Certain of the Group's sales contracts provide for provisional pricing based on the price on the London Metal Exchange Limited ('LME'), as specified in the contract, when shipped. Final settlement of the prices is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract with a corresponding adjustment to revenue.

Revenue from oil, gas and condensate sales represent the Group's share of oil, gas and condensate production, recognised on a direct entitlement basis, and tariff income received for third party use of operating facilities and pipelines in accordance with agreements.

- Revenue from holding certificate contracts is recognised when goods have been delivered to a distribution warehouse or has been identified and kept separately, have been inspected by a nominee of the buyer and cash has been received. Under these arrangements, revenue is recognised once legal title has passed and all significant risks and rewards of ownership of the asset sold are transferred to the customer.
- Revenue from the sale of power is recognised when the electricity is delivered and measured based on contractually agreed tariff rates as approved by the electricity regulatory authorities.
- Revenues from sale of material by-products are included in revenue.
- Dividend income is recognised when the shareholders' right to receive payment is established.
- Interest income is recognised on an accrual basis in the income statement.

Special items

Special items are those items that management considers, by virtue of their size or incidence (including but not limited to Voluntary retirement schemes and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with IAS 1 paragraph 97. The determination as to which items should be disclosed separately requires a degree of judgement.

Business combinations

The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control passed. Acquisitions are accounted for under the acquisition method. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised 2008) Business Combinations are recognised at their fair value at the acquisition date.

2(a) Accounting policies continued
To the extent that such excess purchase consideration relates to the acquisition of mining properties and leases, that amount is capitalised within property, plant and equipment as 'mining properties and leases'. To the extent that such excess purchase consideration relates to the acquisition of oil and gas properties, that amount is capitalised within property, plant and equipment as 'exploratory and evaluation assets'. Other excess purchase consideration relating to the acquisition of subsidiaries is capitalised as goodwill. Goodwill arising on acquisitions is reviewed for impairment at least annually.

Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the income statement in the period of acquisition.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are finalised within 12 months of the acquisition date.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net assets or proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to the income statement in line with IFRS 3 Business Combinations (revised 2008).

If the Group acquires a group of assets or equity in a company that does not constitute a business combination in accordance with IFRS 3 Business Combinations (revised 2008), the cost of the acquired group of assets or equity is allocated to the individual identifiable assets acquired based on their relative fair value.

Property, plant and equipment
Relating to mineral assets – Mining properties and leases
The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mining properties and leases' in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production, all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties.

Exploration and evaluation assets acquired are recognised as assets at their cost of acquisition subject to meeting the commercial production criteria mentioned above and are subject to impairment review on an annual basis.

Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc, incurred during the production stage of an ore body are charged to the income statement as incurred.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs.

Commercial reserves are proved and probable reserves as defined by the 'JORC' Code and 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Relating to oil & gas assets – Exploration and evaluation assets and developing/producing assets
For oil & gas assets a successful efforts based accounting policy is followed. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the income statement. Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, undepleted, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining oil & gas exploration targets is capitalised initially within property, plant and equipment – exploration and evaluation assets and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

2(a) Accounting policies continued

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration costs are transferred into a single field cost centre within property, plant and equipment – development/producing assets after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the income statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant and equipment – development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement. Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the income statement in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

Assets in the course of construction

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences (see below). Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised. Borrowing costs and certain foreign exchange gains or losses are in certain circumstances capitalised in the cost of the asset under construction. This policy is set out under 'Borrowing Costs'.

Depreciation and amortisation

Relating to mining properties

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised. Capitalised mining properties and lease costs are amortised once commercial production commences, as described in 'Property, plant and equipment – mining properties and leases'. Leasehold land and buildings are depreciated over the period of the lease or, if shorter, their useful economic life.

Relating to oil and gas assets

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil & gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or group of fields which are reliant on common infrastructure.

Commercial reserves are proven and probable oil & gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% statistical probability that it will be less.

Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

2(a) Accounting policies continued

Others

Other buildings, plant and equipment, office equipment and fixtures, and motor vehicles are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings operations	30 years
Administration	50 years
Plant and equipment	10–30 years
Office equipment and fixtures	3–20 years
Motor vehicles	9–11 years

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the income statement if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

Property, plant and equipment held for sale or which is part of a disposal Group held for sale is not depreciated. Property, plant and equipment held for sale is carried at the lower of its carrying value and fair value less disposal cost and is presented separately on the face of the balance sheet.

Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable and, as noted above, the carrying amount of goodwill is reviewed for impairment annually. When performing an impairment test, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is charged to the income statement.

The Group reviews the residual value and useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

For mining properties and leases, oil & gas assets, other investments and goodwill, the recoverable amount of an asset is determined on the basis of its value in use, being the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted using a market-based, risk-adjusted, discount rate.

For other property, plant and equipment, the recoverable amount of an asset is also considered on the basis of its net selling price, where it is possible to assess the amount that could be obtained from the sale of an asset in an arm's length transaction, less the cost of disposal.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the relevant cash-generating unit.

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment loss is recognised in the income statement as a special item. On classification as held for sale the assets are no longer depreciated.

Government grants

Government grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Other grants are credited to the income statement as and when the related expenditure is incurred.

Inventories

Inventories and work-in-progress are stated at the lower of cost and net realisable value, less any provision for obsolescence.

Cost is determined on the following bases:

- purchased copper concentrate is recorded at cost on a first-in, first-out ('FIFO') basis; all other materials including stores and spares are valued on a weighted average basis;
- finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity; and by-products and scrap are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

2(a) Accounting policies continued

Taxation

Tax expense represents the sum of tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Exceptions to this principle are:

- tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- deferred income tax is not recognised on the impairment of goodwill which is not deductible for tax purposes or on the initial recognition of an asset or liability in a transaction that is not a business combination, which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority upon a specific entity and the relevant Group entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as Business Combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

Retirement benefit schemes

The Group operates or participates in a number of defined benefits and contribution schemes, the assets of which are (where funded) held in separately administered funds.

For defined benefit schemes the cost of providing benefits under the plans is determined each year separately for each plan using the projected unit credit method by independent qualified actuaries. Actuarial gains and losses arising in the year are recognised in full in the income statement of the year.

For defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Share-based payments

Certain employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined with the assistance of an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Provisions for liabilities and charges

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the income statement as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

2(a) Accounting policies continued

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Costs arising from the decommissioning of plant and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Finance leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

The Group has reviewed the terms and conditions of the lease arrangements and determined that all risks and rewards of ownership lie with the Group and has therefore accounted for the contracts as finance leases.

Foreign currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all principal operating subsidiaries, the functional currency is the local currency of the country in which it operates, except KCM since that is the currency of the primary economic environment in which it operates. In the financial statements of individual Group companies, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the balance sheet date. All exchange differences are included in the income statement, except, where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecast sales, where exchange differences are recognised in equity exchange differences on foreign currency borrowings relating to assets under construction, and for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of consolidation, the income statement items of those entities for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the period. The related balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of such operations, and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations, are reported in other comprehensive income and accumulated in equity.

On disposal of entities with a different functional currency to the Company's functional currency, the deferred cumulative exchange differences recognised in equity relating to that particular operation would be recognised in the income statement.

Financial asset investments

Financial asset investments are classified as available for sale under IAS 39 and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost.

Investments in equity instruments are recorded in non-current assets unless they are expected to be sold within one year.

2(a) Accounting policies continued

Liquid investments

Liquid investments represent short-term current asset investments that do not meet the definition of cash and cash equivalents for one or more of the following reasons:

- They have a maturity profile greater than 90 days.
- They may be subject to a greater risk of changes in value than cash.
- They are held for investment purposes.

The value of trading investments incorporates any dividend and interest earned on the held for trading investments.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with banks and short-term highly liquid investments that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for impairment of trade receivables is made where there is an event, which based on previous experience, is an indication of a reduction in the recoverability of the carrying value of the trade receivables.

Trade payables

Trade payables are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest bearing loans and overdrafts are recorded at the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Convertible bonds

Convertible bonds denominated in the functional currency of the issuing entity are accounted for as compound instruments. The equity components and the liability components are separated out on the date of the issue. The equity component is recognised in a separate reserve and is not subsequently remeasured. The liability component is held at amortised cost. The interest expense on the liability component is calculated by applying the effective interest rate, being the prevailing market interest rate for similar non-convertible debt. The difference between this amount and interest paid is added to the carrying amount of the liability component.

Convertible bonds not denominated in the functional currency of the issuing entity or where a cash conversion option exists, are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a liability for future coupon payments and the redemption on the principal amount. The embedded derivative, a financial liability, represents the value of the option that bond holders have to convert into ordinary shares. At inception the embedded derivative is recorded at fair value and the remaining balance, after deducting a share of issue costs, is recorded as the debt component. Subsequently, the debt component is measured at amortised cost and the embedded derivative is measured at fair value at each balance sheet date with the change in the fair value recognised in the income statement. The embedded derivative and the debt component are disclosed together and the current/non-current classification follows the classification of the debt component which is the host contract.

The deferred tax effect arising on the movement in the fair value of the embedded derivative is recognised through the income statement.

Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use in accordance with the Group policy which is when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is also capitalised to reduce the total capitalised borrowing cost.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Capitalisation of interest on borrowings related to construction or development projects ceases when substantially all the activities that are necessary to make the assets ready for their intended use are complete or when delays occur outside of the normal course of business.

2(a) Accounting policies continued

Available for sale financial assets
Listed equity shares and debt instruments held by the Group that are traded in an active market are classified as being available for sale ('AFS') financial assets and are stated at fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement. Dividends received from investees accounted for as equity instruments are recognised in the income statement when the right to receive the payment is established.

Held for trading financial assets
Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling in the near term. The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments and is accounted for in the income statement.

Held-to-maturity financial assets
Financial instruments with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method.

Derivative financial instruments
In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Group enters into forward contracts, option contracts, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are remeasured at their fair value at subsequent balance sheet dates.

Hedge accounting
The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. The hedged item is recorded at fair value and any gain or loss is recorded in the income statement and is offset by the gain or loss from the change in the fair value of the derivative.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in equity. This includes certain non-derivative liabilities that are designated as instruments used to hedge the foreign currency risk on future, highly probable, forecast sales. Amounts deferred to equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity. The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in equity are included in the income statement on disposal of the foreign operations to which they relate.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the income statement immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

2(b) Critical accounting judgement and estimation uncertainty

In the course of applying the policies outlined in note 2(a), management made estimations and assumptions that impact the amounts recognised in the financial statements. Vedanta believes that judgement and estimation has been made in the following areas:

Oil & gas reserves
Oil and gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques. The estimate is reviewed 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.

2(b) Critical accounting judgement and estimation uncertainty continued

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.

Carrying value of exploration and evaluation fixed assets

Where a project is sufficiently advanced the recoverability of exploration assets are assessed by comparing the carrying value to internal and operator estimates of the net present value of projects. Exploration assets are inherently judgemental to value and further details on the accounting policy are included in the accounting note 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.

Carrying value of developing/producing oil & gas assets

Management perform impairment tests on the Group's developing/producing oil and gas assets at least annually with reference to indicators in IAS 36. Key assumptions in the impairment models relate to prices that are based on forward curves for two years and the long-term appropriate assumptions thereafter and discount rates that are adjusted to risk to reflect conditions specific to individual assets.

Other key assumptions in the impairment models based on management expectations are that government approval will be received to further increase production rates and that the Enhanced Oil Recovery programme will be successfully implemented.

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.

Useful economic lives and impairment of other assets

Property, plant and equipment other than mining properties, oil & 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 net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on 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 above-mentioned factors could impact on the carrying value of the assets.

Assessment of impairment at Lanjigarh Refinery

As set out in the risks and uncertainties of this Annual Report, the planned operations of the existing refinery is dependent on securing low cost bauxite resources from surrounding areas. Due to the paucity of bauxite, Vedanta Aluminium Limited ('VAL') has temporarily suspended its refinery operations at Lanjigarh from 5 December 2012. The refinery expansion project is subject to receipt of certain regulatory approvals.

In view of the temporary suspension of operations and change in the legal status for Lanjigarh refinery, it has been assessed that there is no impairment of the Lanjigarh Refinery and the refinery expansion project on 31 March 2013 based on the assumptions set out below and that the value in use ('VIU') exceeds the carrying value of the assets.

- The State of Orissa has abundant bauxite resources and under the terms of the MOU with the Government of Orissa, management is confident that bauxite will be made available in the short to medium term.
- The State of Orissa has taken certain measures including the reservation of areas for mining operations, undertaking prospecting and the constitution of a Ministerial Committee for the formulation of a policy to supply ores to Orissa based industries on a long-term basis.
- On the continued operations and planned refinery expansion, management is confident that the conditions for construction of the alumina refinery will be fulfilled and expects the approval in due course.

Notes to the Financial Statements continued

2(b) Critical accounting judgement and estimation uncertainty continued

The Ministry of Environment and Forests ('MOEF') rejected issue of final stage forest clearance for Niyamgiri mining lease of Orissa Mining Corporation ('OMC') which is one of the sources of supply of bauxite to the alumina refinery of VAL. The Honourable Supreme Court vide its order dated 18 April 2013 has directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and rules before the Gram Sabha (Village council of Rayagada and Kalahandi districts of Odisha). The Gram Sabha would consider these claims within three months and communicate the same to MOEF through the State Government of Odisha. On conclusion of the proceedings before the Gram Sabha, the MOEF shall take a final decision for grant of final stage forest clearance for the Niyamgiri mining lease of OMC within two months thereafter.

The Group is also considering sourcing bauxite from alternate sources to support the existing and expanded refinery operations.

Management expects that the mining approvals for mining and the statutory approvals for the expansion project would be received as per the timelines mentioned below :

Activity	Expected date
Restart of the existing plant	July 13
Approval for refinery expansion	January 2014 with project to commence from October 2014
Mining operations at Niyamgiri	Mining approval by September 2013 with production expected to commence in September 2015.

However, the above timelines are not in control of the Company. Should one or more of these assumptions not be borne out, a reassessment of the carrying value of the refinery would need to be made. The carrying value of assets as at 31 March 2013 is US$1,423.6 million.

Assessment of impairment at Tuticorin

Following a few public complaints of emissions, Tamil Nadu Pollution Control Board ('TNPCB') ordered closure of the Tuticorin Copper Smelter on 29 March 2013. The Company's appeal against the TNPCB order has been admitted by National Green Tribunal ('NGT'). An expert committee constituted by NGT has submitted its report and the matter is now being heard by NGT.

Separately, on 2 April 2013, the Honourable Supreme Court has upheld our appeal filed in 2010 against the Madras High Court order for smelter closure and ordered us to deposit US$18.4 million with the District Collector, Tuticorin, which will be used to improve the environment, including soil and water, in the vicinity of the plant. Over the two year court process, regulatory bodies had inspected and confirmed that the plant meets the required standards. Some recommendations for improvements had been proposed during inspection, all of which had been implemented.

Management is certain that the Tuticorin Smelter has been operating for the last 17 years with requisite approvals and consents issued by regulatory authorities. The plant adheres to the highest standards of environment, health and safety practices, benchmarked to international standards and all operating parameters are within the permissible range. Management is confident that the unit will be permitted to continue operations and accordingly concluded that no impairment of the asset is required. The carrying value of assets as at 31 March 2013 is US$214.2 million.

Assessment of impairment of Karnataka and Goa mines at Sesa Goa

Karnataka Mining

From July 2011 a mining restriction was imposed in various parts of the state of Karnataka thereby affecting the Narrain mine owned and operated by Sesa Goa which has a carrying cost of US$296.0 million.

Since the time of the ban the Central Empowered Committee appointed to submit its report in respect of illegal mining has recommended that operations only recommence after reclamation and rehabilitation works are undertaken by the Company.

Sesa's Karnataka mines, which fall under category B mines, have been permitted to resume mining activities by the Supreme Court of India on 19 April 2013 subject to fulfilment of conditions. These conditions are the renewal of forest clearance and completion of reclamation and rehabilitation work to the satisfaction of a Monitoring Committee.

Having substantially complied with all laid down conditions, Sesa is expecting to start mining activities in the next few months.

Goa mining

Iron Ore mining in Goa has been suspended state-wide with effect from 11 September 2012 for which an appeal with the Honourable Supreme Court is pending. The Honourable Supreme Court is expected to fix the dates for initial hearings. In the meantime, the State Government and major miners, including Sesa Goa, have filed their responses to the Central Empowered Committee report. Separately, the Group has filed an application to the Court seeking a stay on the mining restriction and restrictions on ore transportation. The carrying value of assets affected as at 31 March 2013 is US$799.0 million.

2(b) Critical accounting judgement and estimation uncertainty continued

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 the basis of closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred, reflecting the Company's obligations at that time. A corresponding provision is created on the liability side. The capitalised asset is charged to the income statement over the life of the asset through depreciation over the life of the operation 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.

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 outflow takes 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.

Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation 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. Although there can be no assurance regarding the final outcome of the legal proceedings, the Group does not expect them to have a materially adverse impact on the Group's financial position or profitability. These are set out in Note 37.

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, the details of which are set out in Note 39. 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 could not reliably measure the value. The call options have thus not been recognised in the financial statements.

3. Segment information

The Group's primary format for segmental reporting is based on its business segments. The business segments consist of zinc, iron ore, copper, aluminium, power and oil & gas, with components not meeting the quantitative threshold for reporting being reported as 'Others'. Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. The risks and returns of the Group's operations are primarily determined by the nature of the different activities in which the Group is engaged. Inter-segment sales are charged based on prevailing market prices. The Group's activities are organised on a global basis.

Vedanta Resources plc is a company incorporated in the United Kingdom under the Companies Act. The Group's reportable segments defined in accordance with IFRS 8 are as follows:
- Zinc India
- Zinc International
- Oil & gas
- Iron Ore
- Copper India/Australia
- Copper Zambia
- Aluminium
- Power

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.

Notes to the Financial Statements continued

3. Segment information continued

(a) Reportable segments

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the years ended 31 March 2013 and 2012.

Year ended 31 March 2013

(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	2,263.3	797.2	3,223.4	441.3	3,989.0	1,742.8	1,918.8	548.7	14,924.5	65.3	14,989.8
Inter-segment sales	–	–	–	1.2	2.1	–	2.0	27.4	32.7	(32.7)	–
Segment revenue	**2,263.3**	**797.2**	**3,223.4**	**442.5**	**3,991.1**	**1,742.8**	**1,920.8**	**576.1**	**14,957.2**	**32.6**	**14,989.8**
Segment result											
EBITDA[1]	1,165.3	294.5	2,439.7	84.2	219.1	257.3	214.0	215.0	4,889.1	(0.8)	4,888.3
Depreciation and amortisation[2]											(2,334.4)
Special items (Note 5)											(41.9)
Operating profit											2,512.0
Investment revenue											673.1
Finance costs											(1,194.0)
Other gains and losses (net)											(285.2)
Profit before taxation											**1,705.9**
Segments assets	6,154.4	1,132.7	20,581.8	2,239.6	2,129.2	2,448.6	7,701.5	3,281.5	45,669.3	115.8	45,785.1
Unallocated assets											165.1
Total assets											**45,950.2**
Segment liabilities	(225.4)	(621.8)	(4,794.0)	(1,367.8)	(2,478.6)	(1,492.7)	(5,539.1)	(1,317.2)	(17,836.6)	(86.9)	(17,923.5)
Unallocated liabilities											(9,164.8)
Total liabilities											**(27,088.3)**
Other segment information											
Additions to property, plant and equipment	287.1	35.5	423.6	128.1	89.4	259.8	424.1	702.9	2,350.5	58.8	2,409.3
Depreciation and amortisation	(107.3)	(183.9)	(1,434.9)	(84.3)	(43.2)	(193.7)	(192.8)	(94.2)	(2,334.3)	(0.1)	(2,334.4)

1 EBITDA is a non-IFRS measure and represents operating profit before special items, depreciation and amortisation.
2 Depreciation and amortisation is also provided to the chief operating decision maker on a regular basis.

3. Segment information continued
Period ended 31 March 2012 (Restated)

(US$ million)	Zinc-India	Zinc-International	Oil & gas[3]	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Elimination/Others	Total operations
Revenue											
Sales to external customers	2,316.1	859.5	882.5	1,688.9	4,205.1	1,709.2	1,872.9	420.9	13,955.1	50.2	14,005.3
Inter-segment sales	–	31.2	–	2.0	0.1	0.6	0.6	37.4	71.9	(71.9)	–
Segment revenue	**2,316.1**	**890.7**	**882.5**	**1,690.9**	**4,205.2**	**1,709.8**	**1,873.5**	**458.3**	**14,027.0**	**(21.7)**	**14,005.3**
Segment result											
EBITDA[1]	1,244.8	366.0	713.0	721.4	298.0	387.9	182.5	122.0	4,035.6	(9.3)	4,026.3
Depreciation and amortisation[2]											(1,408.4)
Special items (Note 5)											(230.2)
Operating profit											2,387.7
Share in consolidated profit of associate (Note 36)											92.2
Investment revenue											525.4
Finance costs											(945.7)
Other gains and losses (net)											(314.2)
Profit before taxation											**1,745.4**
Segments assets	5,522.3	1,494.1	20,208.2	2,507.8	2,130.2	2,524.9	8,310.7	2,862.2	45,560.4	56.5	45,616.9
Unallocated assets											317.6
Total assets											**45,934.5**
Segment liabilities	(338.1)	(374.6)	(5,516.2)	(1,455.5)	(1,829.2)	(1,482.7)	(5,479.9)	(1,540.8)	(18,017.0)	(27.2)	(18,044.2)
Unallocated liabilities											(9,470.8)
Total liabilities											**(27,515.0)**
Other segment information											
Additions to property, plant and equipment	220.3	32.0	17,698.7	363.4	122.6	421.8	798.2	861.8	20,518.8	49.0	20,567.8
Depreciation and amortisation	(109.2)	(236.8)	(346.7)	(226.3)	(45.4)	(142.6)	(221.5)	(81.7)	(1,410.2)	1.8	(1,408.4)

3 Provisional fair value of assets and liabilities acquired during the year ended 31 March 2012 have been finalised during the measurement period and its consequent effect is given to non-controlling interest (Note 34).

Notes to the Financial Statements continued

3. Segmental information continued

(b) Geographical segmental analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, Liberia, Ireland, Australia, UAE and Sri Lanka. The following table provides an analysis of the Group's sales by country in which the customer is located, irrespective of the origin of the goods. No revenues are derived from the United Kingdom (the Group's country of domicile).

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
India	9,477.6	6,764.9
China	2,113.0	2,819.4
Far East Asia	672.5	983.3
Asia Others	133.5	467.8
Africa	278.1	255.2
Europe	1,003.0	1,538.4
Middle East	1,178.8	1,030.3
Other	133.3	146.0
Total	**14,989.8**	**14,005.3**

The following is an analysis of the carrying amount of segment 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.

	Carrying amount of non-current assets[1]		Additions to property, plant and equipment[2]	
(US$ million)	As at 31 March 2013	As at 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2012
Australia	31.9	23.6	19.6	15.0
India	29,374.5	30,131.8	1,973.8	19,063.5
Zambia	2,135.6	2,082.2	259.8	421.8
Namibia	285.9	424.1	5.9	2.8
Ireland	155.3	218.8	20.0	15.8
South Africa	412.1	494.1	23.4	13.5
Sri Lanka	785.9	828.0	60.3	828.0
Other	71.8	287.7	46.5	207.4
Total	**33,253.0**	**34,490.3**	**2,409.3**	**20,567.8**

1 Non-current assets do not include deferred tax assets and derivative receivables.
2 Includes assets acquired on acquisition of Cairn India.

4. Total revenue

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Revenue from sales of goods	14,989.8	14,005.3
Other operating income	90.3	85.1
Investment revenue	673.1	525.4
	15,753.2	**14,615.8**

5. Special items

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Asarco transaction costs[1]	–	(88.6)
Voluntary retirement schemes (redundancy costs)	(9.4)	(21.2)
KCM IPO costs	–	(13.5)
Acquisition and restructuring related costs[2]	(4.7)	(75.5)
Loss on revaluation of previously held interest in associates, net[3]	–	(31.4)
Tuticorin plant compensation[4]	(18.4)	–
Project cost write off[5]	(9.4)	–
	(41.9)	**(230.2)**

1 The Bankruptcy court of Southern District of Texas, United States Judge had issued the final judgement on 27 February 2012 to pay incidental damages of US$132.7 million net of US$50 million paid to Asarco in December 2009, making Asarco entitled to a net amount of US$82.7 million. Additionally related professional and legal fees incurred of US$5.9 million is also included in the above.
2 Acquisition related costs include costs of US$nil (2012: US$2.5 million) related to the acquisition of Zinc International assets and US$1.3 million (2012: US$73.0 million) related to Cairn India acquisition and other restructuring costs of US$3.4 million.
3 Loss on revaluation of existing carrying value of investment in Cairn India on 8 December 2011 (refer Note 34).
4 The Supreme Court of India had issued the final judgement dated 2 April 2013 on Sterlite, a subsidiary of the Group, to pay compensation of US$18.4 million to be deposited within three months from the date of the order with the local authority of Tuticorin.
5 Write off of initial project cost at Copper Zambia, as the project was not deemed economically viable.

6. Investment revenue

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Interest income on loans and receivables	29.7	31.8
Interest income on cash and bank balances	183.3	157.5
Change in fair value of financial assets held for trading	188.9	83.5
Profit on disposal of financial assets held for trading	115.5	170.3
Dividend income on financial assets held for trading	89.9	82.7
Profit on sale of available-for-sale investment	56.1	1.0
Expected return on defined benefit arrangements (Note 31)	4.1	2.0
Foreign exchange gain/(loss) on cash and liquid investments	6.7	(1.5)
Capitalisation of interest income	(1.1)	(1.9)
	673.1	**525.4**

7. Finance costs

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Interest on bank loans, overdrafts and bonds	929.9	718.1
Coupon interest on convertible bonds (Note 26)	138.7	138.6
Accretive interest on convertible bonds (Note 26)	168.9	115.0
Interest on other loans	147.0	177.9
Total interest cost	**1,384.5**	**1,149.6**
Unwinding of discount on provisions (Note 28)	27.6	11.5
Interest on defined benefit arrangements (Note 31)	10.2	9.4
Capitalisation of borrowing costs (Note 16)[1]	(228.3)	(224.8)
	1,194.0	**945.7**

1 All borrowing costs are capitalised using rates based on specific borrowings.

8. Other gains and (losses) (net)

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Exchange losses on borrowings and capital creditors	(336.2)	(407.8)
Qualifying exchange losses capitalised (Note 16)	86.3	68.8
Change in fair value of financial liabilities measured at fair value	(5.3)	(1.2)
Change in fair value of embedded derivative on convertible bonds (Note 26)	24.7	97.1
Loss arising on qualifying hedges and non-qualifying hedges	(54.7)	(71.1)
	(285.2)	**(314.2)**

Notes to the Financial Statements continued

9. Profit for the year has been stated after charging/(crediting)

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Depreciation on property, plant and equipment	2,334.4	1,408.4
Costs of inventories recognised as an expense	4,364.7	4,655.4
Auditor's remuneration for audit services	2.9	2.8
Research and development	0.5	1.0
Profit on disposal of property, plant and equipment	(11.6)	(1.2)
Staff costs	725.6	542.7
Net foreign exchange losses	262.0	438.7

10. Auditor's remuneration

The table below shows the fees payable globally to the Company's auditor, Deloitte LLP, for statutory external audit and audit related services, as well as fees paid to other accountancy firms for statutory external audit and audit related services in each of the two years ended 31 March:

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Fees payable to the Company's auditor for the audit of Vedanta Resources plc annual accounts	0.7	0.8
The audit of the Company's subsidiaries pursuant to legislation	2.2	2.0
Total audit fees	**2.9**	**2.8**
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation[1]	1.3	1.7
Tax services[2]	0.4	0.3
Corporate finance services[3]	2.2	4.9
Other services[4]	0.3	0.3
Total non-audit fees	**4.2**	**7.2**
Total fees paid to the Company's auditor	**7.1**	**10.0**
Audit fees payable to other auditors of the Group's subsidiaries	0.5	0.2
Non-audit fees payable to other auditors of the Group's subsidiaries	0.1	0.2
Total fees paid to other auditors	**0.6**	**0.4**

1 Other services pursuant to legislation principally comprise further assurance services, being quarterly reviews of the Group's listed Indian subsidiaries and the half year review of the Group's results.
2 Tax services principally comprise certification and assurance services as required by Indian income tax regulations.
3 Corporate finance services principally comprise the Cairn India acquisition and the other restructurings costs for the previous year. These assurance-related services are ordinarily provided by the auditor.
4 Includes certification related services.

11. Employee numbers and costs

Average number of persons employed by the Group in the year

Class of business	Year ended 31 March 2013	Year ended 31 March 2012
Zinc	8,056	8,330
– India	6,164	6,480
– International	1,892	1,850
Iron ore	4,376	4,710
Copper	9,891	10,009
– India/Australia	1,347	1,191
– Zambia	8,544	8,818
Aluminium	6,840	7,487
Power	358	343
Oil & gas[1]	1,416	1,144
Other	134	156
	31,071	**32,179**

1 Acquired during the year ended 31 March 2012.

11. Employee numbers and costs continued

Costs incurred during the year in respect of employees and Executive Directors

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Salaries and wages	650.7	477.9
Defined contribution pension scheme costs (Note 31)	26.2	23.1
Defined benefit pension scheme costs (Note 31)	23.2	21.5
Share-based payments charge	25.5	20.2
	725.6	**542.7**

12. Tax

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Current tax:		
UK Corporation tax	0.9	–
Foreign tax		
– India	855.3	754.0
– Australia	16.1	16.0
– Africa and Europe	39.3	41.7
– Other	6.6	10.6
	918.2	**822.3**
Deferred tax: (Note 29)		
Current year movement in deferred tax	(878.1)	(305.6)
	(878.1)	**(305.6)**
Total tax expense	**40.1**	**516.7**
Effective tax rate	**2.4%**	**29.6%**

The deferred tax benefit recycled from equity to the income statement is US$5.3 million (2012: US$5.7 million). The reduction in tax rate is mainly due to MAT credit entitlement, various tax incentives, benefits due to accelerated depreciation at some of the entities, reorganisation of Cairn India and losses at KCM.

Deferred tax recognised in the income statement

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Accelerated capital allowances	(307.1)	(130.4)
Unutilised tax losses	9.2	(44.8)
Other temporary differences	(580.2)	(130.4)
	(878.1)	**(305.6)**

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$7,248.4 million (2012: US$5,290.2 million).

12. Tax continued

A reconciliation of income tax expense applicable to accounting profit before tax at the Indian statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 31 March 2013 is as follows:

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Accounting profit before tax	**1,705.9**	**1,745.4**
At Indian statutory income tax rate of 32.45% (2012: 32.45%)	553.5	566.4
Unrecognised tax losses	270.9	333.6
Disallowable expenses	48.2	79.3
Non-taxable income	(106.9)	(119.1)
Impact relating to changes in tax rate	211.3	65.0
Tax holiday and similar exemptions	(959.9)	(416.1)
Minimum Alternative Tax	(0.8)	11.7
Adjustments in respect of previous years	23.8	(4.1)
At effective income tax rate of 2.4% (2012: 29.4%)	**40.1**	**516.7**

13. 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.

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 2013	Year ended 31 March 2012
Net profit attributable to equity holders of the parent	**157.4**	**59.8**

(US$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Weighted average number of ordinary shares for basic earnings per share (million)	272.9	272.7
Effect of dilution:		
Share options	4.8	4.4
Adjusted weighted average number of ordinary shares for diluted earnings per share	**277.7**	**277.1**

Earnings per share based on profit for the year

Basic earnings per share on the profit for the year

(US$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent (US$ million)	157.4	59.8
Weighted average number of shares of the Company in issue (million)	272.9	272.7
Earnings per share on profit for the year (US cents per share)	**57.7**	**21.9**

Diluted earnings per share on the profit for the year

(US$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent (US$ million)	157.4	59.8
Profit for the year after dilutive adjustment (US$ million)	**157.4**	**59.8**
Adjusted weighted average number of shares of the Company in issue (million)	277.7	277.1
Diluted earnings per share on profit for the year (US cents per share)	**56.7**	**21.6**

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

13. Earnings per share continued

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

The outstanding awards under the LTIP are reflected in the diluted EPS figure through an increased number of weighted average shares.

Earnings per share based on Underlying Profit for the year (Non-GAAP)

The Group's Underlying Profit is the profit for the year after adding back special items, other losses/(gains) (Note 8) and their resultant tax and non-controlling interest effects. This is a Non-GAAP measure.

(US$ million)	Note	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent		157.4	59.8
Special items	5	41.9	230.2
Other losses/(gains)		285.2	314.2
Tax and non-controlling interest effect of special items and other losses/gains		(121.2)	(217.0)
Underlying attributable Profit for the year		**363.3**	**387.2**

Basic earnings per share on Underlying Profit for the year (Non-GAAP)

(US$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Underlying profit for the year (US$ million)	363.3	387.2
Weighted average number of shares of the Company in issue (million)	272.9	272.7
Earnings per share on Underlying Profit for the year (US cents per share)	**133.1**	**142.0**

Diluted earnings per share on Underlying Profit for the year (Non-GAAP)

(US$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Underlying profit for the year (US$ million)	363.3	387.2
Underlying profit for the year after dilutive adjustment (US$ million)	**363.3**	**387.2**
Adjusted weighted average number of shares of the Company (million)	277.7	277.1
Diluted earnings per share on Underlying Profit for the year (US cents per share)	**130.8**	**139.8**

14. Dividends

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2011–12: 35 US cents per share (2010–11: 32.5 US cents per share)	96.0	89.2
Interim dividend paid during the year: 21 US cents per share (2011–12: 20 US cents per share)	57.5	54.9
	153.5	**144.1**
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2012–13: 37 US cents per share (2011–12: 35 US cents per share)	101.8	96.0

Notes to the Financial Statements continued

15. Goodwill

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Cost (gross carrying amount)	21.3	16.9
Acquisition[1]	–	4.4
Accumulated impairment losses	(4.7)	(4.7)
Net carrying amount at 31 March	**16.6**	**16.6**

1 Goodwill on acquisition of Goa Energy Private Limited ('GEPL') during the year ended 31 March 2012.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Company has undertaken an impairment review of goodwill of US$16.6 million as at 31 March 2013. The carrying amount of goodwill allocated to the relevant cash generating unit is considered to be insignificant in comparison with the total carrying value of the cash generating unit. The carrying amount of goodwill was evaluated using the discounted future cash flows of the entities to which the goodwill pertains and comparing this to the total carrying value of the relevant cash generating units. It was determined that the carrying amount of goodwill is not impaired.

16. Property, plant and equipment

(US$ million)	Mining property and leases	Leasehold land and buildings	Freehold land and buildings	Plant and equipment[1]	Assets under construction	Oil & gas properties	Exploratory and evaluation assets	Others	Total
Cost									
At 1 April 2011	**3,489.7**	**131.3**	**1,027.7**	**9,577.4**	**6,510.6**	**–**	**208.1**	**69.7**	**21,014.5**
Additions	13.3	11.5	207.4	1,015.8	1,367.6	116.8	259.8	11.3	3,003.5
Transfers	87.0	9.4	21.3	389.7	(507.5)	–	–	–	–
Addition due to final fair valuation[2]	–	–	–	–	–	212.3	(668.7)	–	(456.4)
Additions due to acquisition	–	1.2	2.6	16.9	–	7,210.4	10,329.3	3.9	17,564.3
Reclassification from accumulated depreciation	37.5	–	(0.4)	(36.2)	0.1	–	–	–	1.0
Disposals	–	(0.7)	(0.3)	(63.4)	(2.1)	–	–	(0.2)	(66.7)
Foreign exchange differences	(365.3)	(5.7)	(127.9)	(1,000.3)	(813.2)	–	(25.5)	(4.0)	(2,341.9)
At 1 April 2012	**3,262.2**	**147.0**	**1,130.4**	**9,899.9**	**6,555.5**	**7,539.5**	**10,103.0**	**80.7**	**38,718.2**
Additions	29.0	2.4	100.3	685.7	1,165.7	310.4	95.2	20.6	2,409.3
Transfers	77.2	–	6.9	610.3	(694.4)	–	–	–	–
Addition due to acquisition	–	–	–	–	–	–	(58.5)	–	(58.5)
Reclassification from accumulated depreciation	–	–	–	(0.1)	–	–	–	(0.8)	(0.9)
Unsuccessful exploration costs	–	–	–	–	–	–	(51.8)	–	(51.8)
Disposals	–	(0.2)	(0.2)	(24.3)	(9.4)	–	–	–	(34.1)
Foreign exchange differences	(190.4)	(2.7)	(78.5)	(507.6)	(356.2)	–	(33.4)	(2.2)	(1,171.0)
At 31 March 2013	**3,178.0**	**146.5**	**1,158.9**	**10,663.9**	**6,661.2**	**7,849.9**	**10,054.5**	**98.3**	**39,811.2**
Accumulated depreciation and impairment									
At 1 April 2011	**1,139.5**	**51.9**	**110.6**	**2,249.3**	**17.8**	**–**	**–**	**18.3**	**3,587.4**
Charge for the year	355.1	6.6	51.3	646.7	–	331.2	14.3	3.1	1,408.3
Disposals	–	(0.6)	(0.2)	(43.4)	–	–	–	(0.2)	(44.4)
Reclassification to cost	–	–	–	1.0	–	–	–	–	1.0
Foreign exchange differences	(140.3)	(1.0)	(16.3)	(216.2)	–	–	–	(2.0)	(375.8)
At 1 April 2012	**1,354.3**	**56.9**	**145.4**	**2,637.4**	**17.8**	**331.2**	**14.3**	**19.2**	**4,576.5**
Charge for the year	191.6	1.3	50.9	659.2	–	1,425.1	–	6.2	2,334.4
Disposals	–	–	0.3	(13.6)	–	–	–	–	(13.3)
Reclassification to cost	–	–	–	(0.9)	–	–	–	–	(0.9)
Foreign exchange differences	(73.8)	(0.4)	(12.4)	(117.9)	–	–	–	(1.5)	(206.0)
At 31 March 2013	**1,472.1**	**57.8**	**184.2**	**3,164.2**	**17.8**	**1,756.3**	**14.3**	**23.9**	**6,690.6**
Net book value									
At 1 April 2011	**2,350.2**	**79.4**	**917.1**	**7,328.1**	**6,492.8**	**–**	**208.1**	**51.4**	**17,427.1**
At 1 April 2012	**1,907.9**	**90.1**	**985.0**	**7,262.5**	**6,537.7**	**7,208.3**	**10,088.7**	**61.5**	**34,141.7**
At 31 March 2013	**1,705.9**	**88.7**	**974.7**	**7,499.7**	**6,643.4**	**6,093.6**	**10,040.2**	**74.4**	**33,120.6**

1 Plant and equipment include refineries, smelters, power plants and related facilities. Other tangible fixed assets include office equipment and fixtures, and light vehicles. At 31 March 2013, land with a carrying value of US$102.3 million (31 March 2012: US$101.2 million) was not depreciated. During the year ended 31 March 2013, interest and foreign exchange losses capitalised was US$314.6 million (31 March 2012: US$293.6 million).
2 Prior year restated to give effect to adjustments to provisional fair values (Note 34).

17. Financial asset investments

Financial asset investments are required to be classified and accounted for as either available-for-sale or fair value through profit or loss. The Group only has financial asset investments classified as available-for-sale.

Available-for-sale investments

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
At 1 April	**209.6**	**304.2**
(Disposal)/addition	(171.9)	4.1
Movements in fair value	(14.1)	(92.1)
Exchange difference	(3.0)	(6.6)
At 31 March	**20.6**	**209.6**

Analysis of financial asset investments

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Quoted	2.2	179.0
Unquoted	18.4	30.6

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Current	18.2	–
Non-current	2.4	209.6

Quoted investments represent investments in equity securities that present the Group with opportunity for return through dividend income and gains in value. These securities are held at fair value based on market prices.

Unquoted investments include mainly an investment in the equity share capital of the Andhra Pradesh Gas Power Corporation Limited which is held at cost.

During the year ended 31 March 2013, the Group disposed its investment in Hudbay Minerals Inc. for a consideration of US$151.8 million.

18. Other non-current assets

(US$ million)	As at 31 March 2013	As at 31 March 2012
Deposits, advances and other receivables due after one year	113.4	122.3
	113.4	**122.3**

19. Inventories

(US$ million)	As at 31 March 2013	As at 31 March 2012
Raw materials and consumables	1,288.9	863.3
Work-in-progress	459.6	677.3
Finished goods	217.6	163.5
	1,966.1	**1,704.1**

Inventories with a carrying amount of US$1,119.4 million (2012: US$999.5 million) have been hypothecated or pledged as security against certain bank borrowings of the Group.

20. Trade and other receivables

(US$ million)	As at 31 March 2013	As at 31 March 2012
Trade receivables	781.3	888.4
Amounts due from related parties (Note 38)	14.0	13.8
Prepayments	79.0	79.5
Deposits with Governments	60.0	101.8
Other receivables	771.7	712.4
	1,706.0	**1,795.9**

The credit period given to customers ranges from zero to 90 days. Other receivables primarily include excise balances, customs balances, advances to suppliers, claims receivables and other receivables.

21. Liquid investments

(US$ million)	As at 31 March 2013	As at 31 March 2012
Bank deposits	2,980.9	1,985.4
Other investments	2,800.6	2,954.9
	5,781.5	**4,940.3**

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.

22. Cash and cash equivalents

(US$ million)	As at 31 March 2013	As at 31 March 2012
Cash at bank and in hand	199.6	264.2
Short-term deposits[1]	2,000.6	1,680.8
	2,200.2	**1,945.0**

1 Includes US$87.2 million (2012: US$89.9 million) of cash held in short-term deposit accounts that is restricted in use as it relates to unclaimed deposits, dividends, interest on debentures, share application money, 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.

23. Borrowings

(US$ million)	As at 31 March 2013	As at 31 March 2012
Bank loans	11,192.0	11,464.9
Bonds	2,881.0	2,876.3
Other loans	85.3	323.9
Total	**14,158.3**	**14,665.1**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	3,705.7	4,151.6
More than one year	10,452.6	10,513.5
Total	**14,158.3**	**14,665.1**

At 31 March 2013, the Group had available US$3,353.0 million (2012: US$2,897.3 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. During the year ended 31 March 2013, the Company has complied with all the covenants attached to the borrowing facilities. The primary covenants which must be complied with include fixed charge cover ratio, net borrowing to EBITDA ratio, total net assets to borrowings ratio and net interest expense to EBITDA ratio. The principal loans held by Group companies at 31 March 2013 were as follows:

23. Borrowings continued

BALCO

Non-convertible debentures ('NCDs')

BALCO issued NCDs of US$91.9 million to the Life Insurance Corporation of India at a rate of 12.25% per annum. The debentures are secured and have the first pari passu charge on the fixed assets of BALCO including land and buildings. The above loan is repayable in three equal annual instalments starting November 2013.

Project buyers' credit

As at 31 March 2013, BALCO has extended credit terms relating to the purchase of property, plant and equipment of US$215.2 million (2012: US$348 million) at an average interest rate of US$LIBOR plus 164 basis points. Project buyers' credits have an average maturity of October 2014.

External commercial borrowings

BALCO has obtained an external commercial borrowing loan from State Bank of India, London of US$196.3 million at an interest rate of six month US$LIBOR plus 260 basis points secured by first pari passu charges on all the fixed assets (excluding land) of BALCO projects both present and future along with secured lenders. The above loan is repayable in three equal annual instalments starting August 2016. BALCO has also obtained an external commercial borrowing loan from DBS Bank Singapore of US$24.8 million at an interest rate of six month US$LIBOR plus 345 basis points secured by first pari passu charges on all movable fixed assets including plant and machinery related 1,200 MW power project and 3.25 LTPA smelter projects both present and future along with secured lenders. The above loan is repayable in three equal annual instalments starting November 2013.

Commercial paper

During the period under consideration, BALCO has issued commercial paper to various asset management companies for the funding of project loan repayment and operational payable. As at 31 March 2013 BALCO had an outstanding balance of US$126.9 million (2012: nil) bearing a coupon rate of 9.47%.

VAL

VAL has obtained a US$2,363.9 million loan from the State Bank of India ('SBI') at a floating interest rate of SBI bank base rate plus 225 basis points, secured by a first priority charge by way of hypothecation of all present and future unencumbered and encumbered movable fixed assets for the project, a first charge by way of mortgage on all present and future immovable fixed assets for the project and second charge on the current assets of VAL for the project. During the current year, VAL has drawn US$482.1 million.

NCDs

VAL has issued NCDs of US$73.5 million to the Life Insurance Corporation of India at a rate of 11.5% per annum. The debentures are secured and have the first pari passu charge over the identified assets (including land and buildings) of the issuer to the extent of 1.33 times of the issued amount. Debentures are repayable in three equal annual instalments starting October 2013.

External commercial borrowing

VAL has obtained an external commercial borrowing loan from the ICICI Bank, Singapore of US$100.0 million at an interest rate of US$LIBOR plus 240 basis points secured by negative lien undertaking on the assets of the Jharsuguda project of VAL, both present and future, excluding assets already charged in favour of ICICI bank and other lenders. The repayment period is from February 2012 to August 2014. As at 31 March 2013 the amount outstanding is US$70.0 million.

VAL has obtained and fully drawn down an external commercial borrowing loan from Axis Bank of US$500.0 million at an interest rate of US$LIBOR plus 400 basis points having a subservient charge on all present and future movable assets of VAL. The repayment is to be made in three equal instalments starting from April 2015.

During the current year a part of intercompany borrowing from Welter Trading Limited was refinanced through Axis Bank for US$44.5 million at an interest rate of US$LIBOR plus 360 basis point having a subservient charge on all present and future movable assets of VAL. The entire loan is repayable in July 2015.

Project buyers' credit

As at 31 March 2013, VAL had extended credit terms relating to purchases of property, plant and equipment amounting to US$156.3 million. These loans bear average interest at LIBOR plus 180 basis points. These are secured by all of the fixed assets of VAL, immovable or movable, present and future, on a pari passu basis with other term lenders and with priority over other creditors. Project buyers' credit have an average maturity of August 2013.

Commercial papers

Commercial papers are backed by unconditional and irrevocable corporate guarantee from Sterlite Industries (India) Limited. As at 31 March 2013, the amount outstanding is US$303.3 million (2012: nil) with an average interest rate of 9.82%.

Notes to the Financial Statements continued

23. Borrowings continued

Sterlite Energy

Project buyers' credit

As at 31 March 2013, Sterlite Energy Limited ('SEL') has extended credit terms relating to the purchase of property, plant and equipment of US$7 million at an average rate of LIBOR plus 170 basis points. The facility is unsecured. As at 31 March 2013, average maturity of project buyers' credit is September 2013.

Commercial papers

During the period under consideration, SEL has issued commercial papers to various asset management companies for funding project payable. As at 31 March 2013, the outstanding balance was US$9.0 million and the bearing coupon rate was 9.70%.

Talwandi Sabo

NCDs

Talwandi Sabo has issued NCDs of US$276.0 million to ICICI Bank at a rate of 9.8% per annum. The debentures are secured by first pari passu charge on the assets of Talwandi Sabo both present and future, with an unconditional and irrevocable corporate guarantee by Sterlite Industries. Debentures have tenure of 13 years repayable in 12 equal instalments 10 years after allotment. Debentures have a call option, five years after allotment and on non-exercise of the option; the interest rate will increase by 25 basis points.

Project buyers' credit

As at 31 March 2013, Talwandi Sabo has accessed buyers' credit in respect of purchase of capital goods of US$430.0 million (2012: US$365 million) at an average rate of six month US$LIBOR plus 181 basis points. The average maturity of the project buyers' credit is May 2014.

KCM

A term loan facility of US$700 million (2012: US$nil) has been obtained by KCM from Standard Bank. The term loan facility is made up of two tranches: US$300 million ('Facility A') and US$400 million ('Facility B') drawn down on various dates with the last amount drawn in December 2012. The loan is secured against the fixed assets of KCM. Interest is payable quarterly at three month LIBOR plus 350 basis points for Facility A and three month US$LIBOR plus 250 basis points for Facility B. Facility A is repayable in 11 quarterly instalments commencing from 31 March 2013 and Facility B is repayable in 12 quarterly instalments commencing from 31 December 2014. The principal outstanding under this loan as at 31 March 2013 is US$672.7 million (2012: US$nil).

A general short-term banking facility incorporating multiple sub-facilities amounting to US$50 million (31 March 2012: US$50 million) was provided by Stanbic Bank. The facility was agreed upon on 1 June 2011. Interest is payable monthly at three month US$LIBOR plus 350 basis points. The facility is repayable strictly on demand. The tenure for the facility is 12 months. The amount drawn as on 31 March 2013 under this facility is US$21.5 million (2012: US$40.6 million).

A general short-term banking facility incorporating multiple sub-facilities amounting to US$85 million (2012: US$85 million) was provided by Standard Chartered Bank Zambia. The facility was agreed upon on 26 May 2011. Interest is payable monthly at three month US$LIBOR plus 350 basis points. The facilities are repayable strictly on demand. The tenure for the facility is 12 months. The amount drawn as at 31 March 2013 under this facility is US$49.6 million (2012: US$47.3 million) and an Employee Liability Bond amounting to US$35 million (2012: US$35 million).

Vedanta Resources plc

Long-term bonds

In July 2008, the Company issued US$500 million, 8.75% bonds due January 2014, and US$750 million, 9.50% bonds due July 2018 in the United States of America ('USA') pursuant to Rule 144A of US Securities Act of 1933 ('Securities Act') and outside of the USA in compliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard & Poor's, Ba3 by Moody's and BB by Fitch Ratings Limited.

In July 2011, Vedanta issued US$750 million, 6.75% bonds due June 2016, and US$900 million, 8.25% bonds due June 2021 in the USA pursuant to Rule 144A of the Securities Act and outside of the USA in compliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard & Poor's, Ba3 by Moody's and BB by Fitch Ratings Limited.

Syndicated bridge term loan

In the year ended 31 March 2013, the Company repaid in full the syndicated term loan of US$1,000.0 million which was taken in April 2008 to refinance the short-term syndicated bridge loan facility drawn down for the acquisition of Sesa. US$250.0 million out of this facility was repayable in April 2012 and the remaining US$750.0 million was repayable in January 2013.

23. Borrowings continued

Cairn acquisition facility

In December 2012 the Group extended US$1,350.0 million out of the original Tranche A facility of US$1,473.7 million (having an option to extend for a term of six months) from Standard Chartered Bank ('SCB'). Tranche A facility along with a Tranche B facility of US$1,314.4 million were originally drawn to meet the funding requirements for the acquisition of a 28.5% stake in Cairn India Limited in December 2011. Facility A from SCB bears an interest rate of US$LIBOR plus 250 basis points and is due for repayment in June 2013. Facility B bears an interest rate of US$LIBOR plus 325 basis points and is due for repayment in December 2014.

Term loan

In December 2010, the Group obtained a loan from ICICI Bank for US$180.0 million repayable US$90.0 million in December 2014 and the balance US$90.0 million in December 2015 and bears an interest rate of three month GBP LIBOR plus 385 basis points.

In January 2011, the Group obtained a loan from ICICI Bank for US$150.0 million repayable US$75.0 million in January 2016 and the balance US$75 million in January 2017 and bears an interest rate of three month US$LIBOR plus 389 basis points.

In July 2011, the Group obtained a loan from ICICI Bank for US$500.0 million repayable US$250.0 million in January 2018 and the balance US$250.0 million in July 2018 and bears an interest rate of three month US$LIBOR plus 390 basis points.

In March 2012, the Company obtained a loan of US$300.0 million with Standard Chartered Bank. The loan bears an interest rate of LIBOR plus 415 basis points and is due for repayment in June 2015.

In December 2012, the Company entered into a syndicated facility with State Bank of India as an agent for US$595.0 million repayable in four equal instalments in February 2017, August 2017, July 2018 and January 2019. The loan bears an interest rate of three month US$LIBOR plus 440 basis points.

In March 2013, the Company entered into a three year facility agreement with Deutsche Bank as an agent for borrowing up to US$185.0 million. The loan bears an interest rate of US$LIBOR plus 315 basis points. As at 31 March 2013 US$50.0 has been drawn against this facility.

In March 2013, the Company entered into two facility agreements with ICICI bank for borrowing up to US$170.0 million and US$180.0 million. The loans bear interest rates of US$LIBOR plus 430 basis points and US$LIBOR plus 427 basis points respectively. The US$170.0 million facility is repayable in three annual instalments beginning April 2018 (the first instalment being 20% and the balance being two instalments of 40% each). The US$180.0 million facility is repayable in three equal annual instalments beginning February 2017. The facility remains undrawn as at 31 March 2013.

Sesa

Short-term loans

Sesa obtained a short-term borrowing facility in foreign currency in the form of pre-shipment/export packing credit from various banks at an average rate of US$LIBOR plus 190 to 200 basis points. These loans were obtained to meet the working capital requirements of Sesa. As at 31 March 2013 the outstanding balance is US$167.6 million (2012: US$250.1 million).

Commercial papers

Sesa has issued commercial papers for periods ranging up to one year at interest rates ranging between 9.20% to 9.70%. The commercial papers are used to meet working capital requirements of Sesa and are repayable in the next financial year. As at 31 March 2013, the outstanding balance was US$432.5 million (2012: US$220.0 million).

Sterlite Industries (India) Limited ('SIIL')

NCDs

SIIL issued secured NCDs for an aggregate amount of US$367.6 million during the year, of which US$183.8 million NCDs were issued at a coupon rate of 9.40% and US$183.8 million NCDs were issued at a coupon rate of 9.24%. The NCDs are secured by way of a mortgage on the immovable property of SIIL situated at Sanaswadi in the state of Maharashtra and also by way of hypothecation on the movable fixed assets of Sterlite Energy Limited with a security cover of 1.25 times on the face value of outstanding NCDs at all time during the tenure of NCDs. These NCDs are redeemable in tranches of US$91.9 million each on 25 October 2022, 27 November 2022, 6 December 2022 and 20 December 2022. In respect of all the four tranches of NCDs, the debenture holders and SIIL have put and call options respectively five years from the respective date of the allotment of the NCDs.

Non-equity non-controlling interests

As at 31 March 2013, non-equity non-controlling interests remain of US$11.9 million, being deferred shares in KCM held by ZCCM. The deferred shares have no voting rights or rights to KCM's dividends, but are entitled on a winding up to a return of up to US$0.99 per share once all of KCM's ordinary shares have received a distribution equal to their par value and any share premium created on their issue and which remains distributable to them.

23. Borrowings continued

The deferred shares are held at historic cost, being the fair value attributed to them at the time of initial acquisition of KCM in the year ended 31 March 2005. They are classified as non-current liabilities as they are repayable only on the winding up of KCM, for an amount different than the pro rata share of net assets upon liquidation. The shares have been valued at US$0.99 per share, which is the maximum amount payable to the deferred shareholders. These deferred shares have not been discounted as the effect would not be material.

24. Movement in net debt[1]

			Debt due within one year	Debt due after one year		
(US$ million)	Cash and cash equivalents	Liquid investments	Debt carrying value	Debt carrying value	Debt-related derivatives[2]	Total net debt
At 1 April 2011	**911.6**	**6,865.4**	**(3,045.1)**	**(6,707.4)**	**5.2**	**(1,970.3)**
Cash flow excluding net cash flow arising on acquisition of subsidiaries	(161.1)	(2,354.1)	(981.8)	(6,263.5)	–	(9,760.5)
Net cash flows arising on acquisition of subsidiaries	665.8	1,151.0	(240.5)	–	–	1,576.3
Other non-cash changes[3]	–	45.0	(211.1)	(210.1)	0.5	(375.7)
Foreign exchange differences	528.7	(767.0)	326.9	377.2	–	465.8
At 1 April 2012	**1,945.0**	**4,940.3**	**(4,151.6)**	**(12,803.8)**	**5.7**	**(10,064.4)**
Cash flow	74.8	941.7	(159.9)	44.5	–	901.1
Other non-cash changes[3]	–	158.7	(221.8)	339.7	(10.2)	266.4
Foreign exchange differences	180.4	(259.2)	133.2	226.9	–	281.3
At 31 March 2013	**2,200.2**	**5,781.5**	**(4,400.1)**	**(12,192.7)**	**(4.5)**	**(8,615.6)**

1 Net (debt)/cash being total debt after fair value adjustments under IAS 32 and 39 as reduced by cash and cash equivalents and liquid investments.
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 exchanges losses and gains on borrowings and capital creditors, MTM of embedded derivatives, interest accretion on convertible bonds and amortisation of borrowing costs for which there is no cash movement. It also includes US$158.7 million (2012: US$45.0 million) of fair value movement in investments.

25. Trade and other payables

(a) Current trade payables

(US$ million)	As at 31 March 2013	As at 31 March 2012
Trade payables	2,424.5	1,776.4
Bills of exchange payable	1,428.0	850.8
Accruals and deferred income	349.7	320.0
Other trade payables	361.5	895.7
	4,563.7	**3,842.9**

Non-interest bearing trade payables are normally settled on 60 to 90-day terms.

Interest bearing trade payables amount to US$1,813.9 million (31 March 2012: US$1,083.0 million). Bills of exchange are interest bearing and are normally payable within 180 days. Bills of exchange payable comprise of credit availed from financial institutions for direct payment to suppliers for raw materials purchased. The fair values of trade and other payables are not materially different from the carrying values presented.

(b) Non-current trade payables

(US$ million)	As at 31 March 2013	As at 31 March 2012
Other trade payables	232.2	164.0
	232.2	164.0

Other trade payables primarily comprise amounts withheld as retentions, payable to suppliers of capital projects after a satisfactory completion of contractual commissioning period, which are payable after the completion of commissioning.

26. Convertible bonds

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
A. VRJL	1,056.0	1009.7
B. VRJL – II	753.6	681.6
C. FCCB – SIIL & Sesa	624.9	599.0
	2,434.5	2,290.3

A. Vedanta Resources Jersey Limited ('VRJL'), a US dollar denominated functional currency entity, issued 5.5% US$1,250 million guaranteed convertible bonds on 13 July 2009. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 24 August 2009 to 6 July 2016. Conversion options exercised before 15 August 2012 were convertible at US$36.48 per share. Conversion options exercised on or after 15 August 2012, are convertible at US$35.58, as per the terms of offering circular.

If the notes have not been converted, they can be redeemed at the option of the Company at any time on or after 28 July 2012 subject to certain conditions, or be redeemed at the option of the bondholders on 13 July 2014.

The net proceeds of the convertible issue have been split between the liability element and equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Opening liability	**1,009.7**	**968.2**
Effective interest cost	115.2	110.4
Coupon interest	(68.9)	(68.9)
Closing liability	**1,056.0**	**1,009.7**

The interest charged for the year is calculated by applying an effective interest rate of 11.2% (March 2012: 11.2%).

The fair value of the convertible bond as at 31 March 2013 is US$1,194.1 million (March 2012: US$1,022.0 million).

B. Vedanta Resources Jersey II Limited ('VRJL– II'), a US dollar-denominated functional currency entity, issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017.

Conversion options exercised before 15 August 2012, were convertible at US$51.9251 per share. Conversion options exercised on or after 15 August 2012, are convertible at US$50.6460, as per the terms of offering circular.

If the notes have not been converted, they can be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on 29 April 2013 and 30 March 2015.

On 15 March 2013, 91.6% of bondholders exercised the put option to redeem the bonds on 29 April 2013, resulting in a repayment of US$809.8 million on that date. Consequently an additional charge of US$39.1 million has been recognised as part of finance cost to reflect the revised amortised value of the bond liability.

At inception the net proceeds of the convertible issue were split between the liability element and a derivative component, representing the fair value of the embedded option to convert the liability into equity of the Company. The latter has not been recorded within equity due to the existence of partial cash settlement terms within the bond which prevent the adoption of compound financial instrument accounting. The cash settlement option was cancelled on 28 July 2010.

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Opening liability	**681.6**	**651.8**
Effective interest cost	107.3	65.1
Coupon interest	(35.3)	(35.3)
Closing liability	**753.6**	**681.6**

The interest charged for the year is calculated by applying an effective interest rate of 15.0% (2012: 9.8%).

The fair value of the convertible bond as at 31 March 2013 was US$880.2 million (March 2012: US$698.9 million).

26. Convertible bonds continued

C. SIIL issued 4% US$500 million convertible senior notes (denominated in US dollars) on 29 October 2009 which are due on 30 October 2014. The bonds are convertible into American Depository Share ('ADS') to be issued by SIIL. The bondholders have the option to convert at any time before 29 October 2014 at a conversion ratio of 42.8688 for every US$1,000 of principal which is equal to a conversion price of US$23.33 per ADS. SIIL has the option (subject to the terms of the bond) to redeem the convertible bond at any time after 4 November 2012.

Sesa issued 5% US$500 million convertible bonds (denominated in US dollars) on 30 October 2009 and due 31 October 2014. The bonds are convertible into ordinary shares of Sesa. The bondholders have the option to convert at any time after 10 December 2009 and before 24 October 2014 at a conversion ratio of 13837.6384 for every US$100,000 principal. Sesa has the option (subject to certain conditions) to redeem the convertible bond at any time after 30 October 2012. As at 31 March 2013 the outstanding closing balance is US$216.80 million (2012: US$216.80 million).

As the functional currency of SIIL and Sesa is INR, the conversion of the convertible bonds (which are denominated in US dollars) would not result in the settlement and exchange of a fixed amount of cash in INR terms, for a fixed number of SIIL's and Sesa's shares respectively. Accordingly, the convertible bond must be separated into two component elements: a derivative component consisting of the conversion option (carried at fair value) and a liability component consisting of the debt element of the bonds. Further details of the accounting for such instruments are provided in the Group accounting policies (Note 2a).

The following table shows the movements in the SIIL and Sesa bonds during the year on an aggregated basis:

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Opening liability	**599.0**	**651.5**
Effective interest cost	85.0	78.1
Coupon interest paid	(34.4)	(34.4)
Decrease in fair value of derivative component	(24.7)	(96.2)
Closing liability (including derivative component of US$4.7 million, March 2012: US$30.0 million)	**624.9**	**599.0**

The interest charged for the year is calculated by applying an effective interest rate of 12.7% (March 2012: 12.7%) for SIIL convertible notes and 19.4% (March 2012: 19.4%) for Sesa convertible notes.

The fair value of the convertible bonds as at 31 March 2013 was US$708.8 million (March 2012: US$675.7 million).

27. Financial instruments

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

(US$ million)	As at 31 March 2013	As at 31 March 2012
Financial assets		
At fair value through profit or loss		
– Held for trading	5,781.5	4,940.3
– Other financial assets (derivatives)	31.1	129.6
Cash and cash equivalents	2,200.2	1,945.0
Loan and receivables		
– Trade and other receivables	1,706.0	1,795.9
– Other non-current assets	113.4	97.9
Available-for-sale investments		
– Financial asset investments held at fair value	2.2	179.0
– Financial asset investments held at cost	18.4	30.6
Total	**9,852.8**	**9,118.3**
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	(72.5)	(133.2)
Designated into fair value hedge		
– Borrowings[1]	(4.7)	(30.0)
Financial liabilities at amortised cost		
– Trade and other payables	(4,795.4)	(4,006.9)
– Borrowings[2]	(16,588.1)	(16,925.3)
Total	**(21,460.7)**	**(21,095.5)**

1 Includes embedded derivative liability portion of convertible bonds US$4.7 million (2012: US$30.0 million).
2 Includes amortised cost liability portion of convertible bonds US$2,429.8 million (2012: US$2,260.3 million).

27. Financial instruments continued

IFRS 7 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

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

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

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

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

(US$ million)	As at 31 March 2013	
	Level 1	**Level 2**
Financial assets		
At fair value through profit or loss		
– Held for trading	5,781.5	–
– Other financial assets (derivatives)	–	31.1
Available-for-sale investments		
– Financial asset investments held at fair value	2.2	–
Total	**5,783.7**	**31.1**
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	–	(72.5)
Designated as fair value hedge		
– Borrowings	–	(4.7)
Total	**–**	**(77.2)**

(US$ million)	As at 31 March 2012	
	Level 1	**Level 2**
Financial assets		
At fair value through profit or loss		
– Held for trading	4,940.3	–
– Other financial assets (derivatives)	–	129.6
Available-for-sale investments		
– Financial asset investments held at fair value	179.0	–
Total	**5,119.3**	**129.6**
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	–	(133.2)
Designated into fair value hedge		
– Borrowings	–	(30.0)
Total	**–**	**(163.2)**

There were no transfers between Level 1 and Level 2 during the year. No financial assets or liabilities that are measured at fair value were Level 3 fair value measurements.

The fair value of borrowings is US$16,420.2 million (2012: US$16,062.3 million). For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

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

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

27. Financial instruments continued

The fair value of the embedded derivative liability of convertible bond has been calculated using the Black-Scholes model with market assumptions.

Derivative instruments and risk management

The Group's businesses are subject to several risks and uncertainties including financial risks.

The Group's documented risk management policies act as an effective tool in mitigating the various financial risks to which the businesses are exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, credit risk and capital management (the latter covered in Note 32).

Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers at both the corporate and individual subsidiary level. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated. The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Group's Audit Committee. The Audit Committee is aided by the GRMC, which meets every quarter to review risks as well as the progress against the planned actions. Key business decisions are discussed at the monthly meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

Treasury management

Treasury management focuses on capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the subsidiary companies are managed by their respective finance teams within the framework of the overall Group treasury policies. Long-term fundraising, including strategic treasury initiatives, is handled by a central team while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Group has a strong system of internal control which enables effective monitoring of adherence to Group policies. The internal control measures are supplemented by regular internal audits.

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and interest rate and currency swaps and these are subject to the Group guidelines and policies. Interest rate swaps are taken to achieve a balance between fixed and floating rates (as described below under 'Interest risk') and currency swaps are taken primarily to convert the Group's exposure to non-US dollar currencies to US dollar currencies.

Commodity risk

The Group is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. As much as possible, the Group tries to mitigate price risk through favourable contractual terms. The Group undertakes hedging activity in commodities to a limited degree. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering in to forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the subsidiaries.

Whilst the Group aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

The Group is also exposed to the movement of international crude oil price and the discount in the price of Rajasthan crude oil to Brent price.

Copper

The Group's custom smelting copper operations at Tuticorin is benefited by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate margins from TC/RCs, improving operational efficiencies, minimising conversion cost, generating a premium over LME on sale of finished copper, sale of by-products and from achieving import parity on domestic sales. Hence, mismatches in quotational periods are managed to ensure that the gains or losses are minimised. The Group hedges this variability of LME prices through forward contracts and tries to make the LME price a pass-through cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price. The Group also benefits from the difference between the amounts paid for quantities of copper content received and recovered in the manufacturing process, also known as `free copper'. The Group hedges on a selective basis the free copper by entering into future contracts.

27. Financial instruments continued

The Group's Australian mines in Tasmania supply approximately 7% to 8% of the requirement of the custom copper smelter at Tuticorin on an arm's length basis. Hence, TC/RCs are a major source of income for the Indian copper smelting operations. Fluctuations in TC/RCs are influenced by factors including demand and supply conditions prevailing in the market for mine output. The Group's copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

KCM is largely an integrated copper producer and whenever hedging is done it is with an intention to protect the Group from price fluctuations in copper.

For the mining assets in Australia and Zambia, part of the production may be hedged to secure cash flows on a selective basis.

Aluminium

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present, the Group, on a selective basis, hedges the aluminium content in outsourced alumina to protect its margins.

Zinc and lead

The sales prices are linked to the LME prices. The Group has some long-term volume contracts with some customers where the prices are linked to prevailing LME prices at the time of shipment. The Group hedges custom production from India through forward contracts or other instruments.

Iron ore

The Group sells some portion of its iron ore production on quarterly price contracts and the balance on the basis of prevailing market prices.

Provisionally priced financial instruments

On 31 March 2013, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US$702.4 million (2012: liability of US$469.5 million). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning 1 April 2013.

Set out below is the impact of 10% increase in LME prices on profit for the year and total equity as a result of changes in value of the Group's commodity financial instruments as at 31 March 2013:

(US$ million except as stated) Commodity price sensitivity	Closing LME as at 31 March 2013 US$	Effect on profit of a 10% increase in the LME 31 March 2013 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2013 (US$ million)
Copper	7,583	5.5	5.5
Zinc	1,871	11.3	11.3
Lead	2,094	–	–

(US$ million except as stated) Commodity price sensitivity	Closing LME as at 31 March 2012 US$	Effect on profit of a 10% increase in the LME 31 March 2012 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2012 (US$ million)
Copper	8,480	9.3	9.3
Zinc	2,003	2.2	2.2
Lead	2,021	3.2	3.2

The above sensitivities are based on volumes, costs, exchange rates and other variables and provide the estimated impact of a change in LME prices on profit and equity assuming that all other variables remain constant.

Further, the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchase at Sterlite custom smelting operations is US$65.1 million (2012: US$37.0 million), which is a pass through in nature and as such will not have any impact on the profitability.

27. Financial instruments continued

Financial risk and sensitivities

The Group's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Group does not engage in speculative treasury activity but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

(a) Liquidity

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 committed facilities of US$3,353.0 million, and cash and liquid investments of US$7,981.7 million as at 31 March 2013, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the near future.

The Group has a strong balance sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's and Fitch Ratings are BB, Ba1 and BB+ respectively (2012: BB, Ba1 and BB+ respectively). These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms. The Group generally maintains a healthy net gearing ratio and retains flexibility in the financing structure to alter the ratio when the need arises (see Note 32 for further details).

The maturity profile of the Group's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group:

At 31 March 2013

(US$ million except as stated) Payment due by period[1]	< 1 year	1-2 years	2-5 years	> 5 years	Total
Trade and other payables	4,594.6	232.4	–	–	4,827.0
Bank and other borrowings	4,604.6	2,755.2	5,617.9	4,826.5	17,804.2
Convertible bonds	814.4	1,771.6	59.2	–	2,645.2
Derivative liabilities	44.5	–	28.0	–	72.5
Total	**10,058.1**	**4,759.2**	**5,705.1**	**4,826.5**	**25,348.9**

1 Including interest payable.

At 31 March 2012

(US$ million except as stated) Payment due by period[1]	< 1 year	1-2 years	2-5 years	> 5 years	Total
Trade and other payables	3,906.4	164.0	–	–	4,070.4
Bank and other borrowings	5,140.2	2,829.4	5,076.6	5,473.4	18,519.6
Convertible bonds	114.3	795.9	1,808.5	–	2,718.7
Derivative liabilities	101.1	–	32.1	–	133.2
Total	9,262.0	3,789.3	6,917.2	5,473.4	25,441.9

1 Including interest payable.

At 31 March 2013, the Group had access to funding facilities of US$19,945.7 million of which US$3,353.0 million was not yet drawn, as set out below.

(US$ million) Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	7,489.8	4,400.0	3,089.8
1-2 years	3,737.2	3,737.2	–
2-5 years and above	8,718.7	8,455.5	263.2
Total	**19,945.7**	**16,592.7**	**3,353.0**

At 31 March 2012, the Group had access to funding facilities of US$19,852.6 million of which US$2,897.3 million was not yet drawn, as set out below.

(US$ million) Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	6,776.1	4,151.6	2,624.5
1-2 years	3,241.3	3,241.3	–
2-5 years and above	9,835.2	9,562.4	272.8
Total	**19,852.6**	**16,955.3**	**2,897.3**

27. Financial instruments continued

(b) Foreign currency

The Group's presentation currency is the US dollar. The majority of the assets are located in India and the Indian rupee is the functional currency for the Indian operating subsidiaries. Exposures on foreign currency loans are managed through the Group-wide hedging policy, which is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. Longer exposures beyond one year are normally unhedged. Vedanta has hedged some of its non-US dollar borrowings into US dollar borrowings by entering into cross-currency swaps.

The carrying amount of the Group's financial assets and liabilities in different currencies are as follows:

	At 31 March 2013		At 31 March 2012	
(US$ million)	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
US$	2,009.8	14,971.3	2,358.3	16,043.8
INR	7,670.4	5,917.5	6,316.9	4,867.1
Kwacha	–	390.9	–	–
JPY	0.2	12.2	100.5	–
AUD	7.1	21.6	23.8	21.4
CAD	0.2	–	166.9	–
EURO	103.4	86.6	117.4	106.4
ZAR	41.5	23.3	12.2	24.3
NAD	19.3	22.0	21.6	18.4
Others	0.7	15.85	0.7	14.1
Total	**9,852.8**	**21,460.7**	**9,118.3**	**21,095.5**

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity, with the US dollar being the major foreign currency exposure of the Group's main operating subsidiaries. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

	31 March 2013		
(US$ million)	**Closing exchange rate**	**Effect of 10% strengthening of US dollar on net earning**	**Effect of 10% strengthening of US dollar on total equity**
INR	54.3893	(415.3)	(320.6)
Australian dollar	0.9590	(0.2)	(0.2)
Euro	0.7820	0.4	0.5

	31 March 2012		
(US$ million)	Closing exchange rate	Effect of 10% strengthening of US dollar on net earning	Effect of 10% strengthening of US dollar on total equity
INR	51.1565	(426.6)	(372.1)
Australian dollar	0.9610	(0.2)	(0.2)
Euro	0.7490	1.0	33.6

The sensitivities are based on financial assets and liabilities held at 31 March 2013 where balances are not denominated in the functional currency of the respective subsidiaries. The sensitivities do not take into account the Group's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

(c) Interest rate risk

At 31 March 2013, the Group's net debt of US$8,615.6 million (2012: US$10,064.4 million net debt) comprises cash, cash equivalents and liquid investments of US$7,981.7 million (2012: US$6,885.3 million) offset by debt of US$16,592.8 million (2012: US$16,955.3 million) and debt derivative of US$4.5 million (2012: US$5.7 million).

27. Financial instruments continued

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed-rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. As at 31 March 2013, 42.6% (2012: 39.7%) of the total debt was at a fixed rate and the balance was at a floating rate. The floating rate debt is largely linked to US dollar LIBOR. The Group also aims to minimise its average interest rates on borrowings by opting for a higher proportion of long-term debt to fund growth projects. The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Group's financial assets to interest rate risk is as follows:

	At 31 March 2013				At 31 March 2012			
(US$ million)	**Floating rate financial assets**	**Fixed rate financial assets**	**Equity investments**	**Non-interest bearing financial assets**	Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets
Financial assets	4,285.6	3,854.4	20.8	1,661.3	3,013.5	3,409.8	189.1	2,376.3
Derivative assets	–	–	–	31.1	–	–	–	129.6
Total financial assets	**4,285.6**	**3,854.4**	**20.8**	**1,692.4**	**3,013.5**	**3,409.8**	**189.1**	**2,505.9**

The exposure of the Group's financial liabilities to interest rate risk is as follows:

	At 31 March 2013			At 31 March 2012		
(US$ million)	**Floating rate financial liabilities**	**Fixed rate financial liabilities**	**Non-interest bearing financial liabilities**	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	9,633.4	8,756.7	2,998.2	14,437.6	3,660.9	2,863.8
Derivative liabilities	–	–	72.6	–	–	133.2
Total financial liabilities	**9,633.4**	**8,756.7**	**3,070.8**	**14,437.6**	**3,660.9**	**2,997.0**

The weighted average interest rate on the fixed rate financial liabilities is 7.6% (2012: 7.7%) and the weighted average period for which the rate is fixed is 3.06 years (2012: 4.4 years).

Considering the net debt position as at 31 March 2013 and the investment in bank deposits and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

The below table illustrates the impact of a 0.5% to 2.0% change in interest rate of borrowings on profit and equity and represents management's assessment of the possible change in interest rates.

At 31 March 2013

Change in interest rates	**Effect on profit for the year (in US$ million)**	**Effect on total equity (in US$ million)**
0.5%	47.7	47.7
1.0%	95.4	95.4
2.0%	190.7	190.7

At 31 March 2012

Change in interest rates	Effect on profit for the year (in US$ million)	Effect on total equity (in US$ million)
0.5%	51.1	51.1
1.0%	102.2	102.2
2.0%	204.4	204.4

27. Financial instruments continued

(d) Credit risk

The Group is exposed to credit risk from trade receivables, cash and cash equivalents, liquid investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. Cash and liquid investments are held primarily in mutual funds and banks with good credit ratings. Defined limits are in place for exposure to individual counterparties in case of mutual fund houses and banks.

The large majority of receivables due from third parties are secured. Moreover, given the diverse nature of the Group's businesses, trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of the Group's net sales or for any of the Group's primary businesses during the year ended 31 March 2013 and in the previous year. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum exposure to credit risk at 31 March 2013 is US$9,852.8 million (2012: US$9,118.3 million).

Of the year-end trade and other receivable balance the following, though overdue, are expected to be realised in the normal course of business and hence are not considered impaired as at 31 March 2013:

(US$ million)	2013	2012
Less than 1 month	26.9	26.6
Between 1 and 3 months	32.3	12.7
Between 3 and 12 months	31.1	25.0
Greater than 12 months	38.7	77.2
Total	**129.0**	**141.5**

Derivative financial instruments

The fair value of all derivatives is recorded separately on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. In addition, the derivative component of certain convertible bonds is shown as part of the overall convertible bond liability (Note 26). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts, when their risks and characteristics are not closely related to those of their host contracts.

Cash flow hedges

The Group also enters into forward exchange and commodity price contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement.

Notes to the Financial Statements continued

27. Financial instruments continued

The fair value of the Group's open derivative positions at 31 March 2013, recorded within other financial assets (derivatives) and other financial liabilities (derivatives) is as follows:

(US$ million)	As at 31 March 2013 Liability	As at 31 March 2013 Asset	As at 31 March 2012 Liability	As at 31 March 2012 Asset
Current				
Cash flow hedges				
– Commodity contracts	–	16.4	–	3.5
– Forward foreign currency contracts	(1.0)	0.0	–	1.2
Fair value hedges				
– Commodity contracts	(0.8)	0.0	2.2	0.1
– Forward foreign currency contracts	(19.4)	2.6	(0.3)	4.7
– Other (foreign currency swap)	–	–	–	–
Non-qualifying hedges				
– Commodity contracts	(0.6)	0.2	(2.5)	0.6
– Forward foreign currency contracts	(7.4)	0.0	(9.4)	13.7
– Other (foreign currency swap)	(12.0)	12.0	(82.1)	(83.0)
Hedge of net investment in foreign operations	(3.3)	–	(9.0)	–
Total	**(44.5)**	**31.1**	**(101.1)**	**106.8**
Non-current				
Non qualifying hedges				
– Interest rate swap	(23.6)	–	(14.7)	–
– Others (foreign currency swap)	(4.4)	–	(17.4)	22.8
Total	**(28.0)**	**–**	**(32.1)**	**22.8**
Grand total	**(72.5)**	**31.1**	**(133.2)**	**129.6**

The majority of cash flow hedges taken out by the Group during the year comprise commodity contracts and forward foreign currency contracts for firm future commitments.

Non-qualifying hedges

The majority of these derivatives comprise interest rate swaps which are economic hedges but which do not fulfil the requirements for hedge accounting of IAS 39 Financial Instruments: Recognition and Measurement, and also includes cross-currency swaps.

Fair value hedges

The fair value hedges relate to foreign currency forward contracts taken to hedge currency exposure on purchase of raw materials and capital imports.

Hedging reserves reconciliation

(US$ million)	Hedging reserves	Non-controlling interests	Total
At 1 April 2011	**38.2**	**7.7**	**45.9**
Amount recognised directly in equity	(64.9)	(15.7)	(80.6)
Amount transferred to income statement	(30.4)	(7.5)	(37.9)
Exchange difference	1.5	0.5	2.0
At 1 April 2012	**(55.6)**	**(15.1)**	**(70.6)**
Amount recognised directly in equity	(43.6)	(18.3)	(61.9)
Amount transferred to income statement	73.9	15.5	89.4
Exchange difference	3.1	0.5	3.5
At 31 March 2013	**(22.2)**	**(17.4)**	**(39.6)**

28. Provisions

(US$ million)	Restoration, rehabilitation and environmental	KCM Copper Price Participation	Other	Total
At 1 April 2011	**150.4**	**131.1**	**42.8**	**324.3**
Acquisition	124.3	–	6.1	130.4
Released to income statement	(1.6)	(19.2)	(6.5)	(27.3)
Unwinding of discount	5.0	6.1	0.4	11.5
Cash paid	(0.3)	(20.0)	(6.2)	(26.5)
Exchange differences	(3.8)	–	(3.5)	(7.3)
At 1 April 2012	**274.0**	**98.0**	**33.1**	**405.1**
Charged/(released) to income statement	26.8	–	3.3	30.1
Unwinding of discount (Note 7)	15.2	12.1	0.3	27.6
Cash paid	(0.8)	(10.0)	(6.5)	(17.3)
Exchange differences	(11.6)	–	(2.9)	(14.5)
At 31 March 2013	**303.6**	**100.1**	**27.3**	**431.0**
Current 2013	–	53.4	15.0	68.4
Non-current 2013	303.6	46.7	12.3	362.6
	303.6	**100.1**	**27.3**	**431.0**
Current 2012	–	–	18.1	18.1
Non-current 2012	274.0	98.0	15.0	387.0
	274.0	**98.0**	**33.1**	**405.1**

Restoration, rehabilitation and environmental
The provisions for restoration, rehabilitation and environmental liabilities represent the Directors' best estimate of the costs which will be incurred in the future to meet the Group's obligations under existing Indian, Australian, Zambian, Namibian, South African and Irish law and the terms of the Group's mining and other licences and contractual arrangements. These amounts, calculated by considering discount rates within the range of 7% and 8%, become payable on closure of mines and are expected to be incurred over a period of three to 20 years. Within India, the principal restoration and rehabilitation provisions are recorded within Cairn India where a legal obligation exists relating to the oil and gas fields, where costs are expected to be incurred in restoring the site of production facilities at the end of the producing life of an oil field. The Group recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises.

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

KCM Copper Price Participation
KCM Copper Price Participation relates to a provision in respect of a price participation agreement in Zambia which requires KCM to pay ZCCM an agreed annual sum when the copper price exceeds specified levels and specific triggers. In the previous years the timing of the outflow was dependent on future copper prices as well as dividends paid.

During the year ended 31 March 2013, KCM and ZCCM agreed for final settlement of Copper Price Participation liability. The total amount to be paid is US$119.7 million to be settled in 16 instalments with the first instalment starting on 31 December 2012 and last instalment on 30 September 2016. During the year ended 31 March 2013, two instalments were made amounting to a total of US$10.0 million and the total liability that remains outstanding is US$109.7 million as at 31 March 2013. The provision recognised has been discounted at 7% to take into account the expected timings of the various payments and recognised as a liability at US$100.1 million as at 31 March 2013.

Other
Other includes provision on post-retirement medical benefits.

Notes to the Financial Statements continued

29. Deferred tax

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of capital expenditure and the depreciation on fair value uplifts created on acquisitions, net of losses carried forward by KCM.

The amounts of deferred taxation on temporary differences, provided and not provided, in the accounts are as follows:

Provided – liabilities/(assets)

(US$ million)	As at 31 March 2013	As at 31 March 2012
Accelerated capital allowances	5,711.8	6,514.4
Unutilised tax losses	(381.2)	(390.5)
Other temporary differences	(1,185.0)	(610.0)
	4,145.6	**5,513.9**
Recognised as:		
Deferred tax liability provided	4,992.7	5,916.7
Deferred tax asset recognised	(847.1)	(402.8)
	4,145.6	**5,513.9**

Unrecognised deferred tax assets

(US$ million)	As at 31 March 2013	As at 31 March 2012
Unutilised tax losses and unabsorbed depreciation	(533.1)	(488.7)

The above relates to the tax effect of US$627.1 million (2012: US$471.6 million) of unutilised tax losses of the Company and VRHL which have no expiry period and US$1,179.3 million (2012: US$1,157.2 million) of unutilised tax losses and capital allowances for VAL and SEL, which are subject to the Indian tax regime. Pursuant to the Indian tax regime, unutilised tax losses expire eight years from the date the losses are recorded, whereas unabsorbed depreciation can be carried forward to an indefinite period. No benefit has been recognised for these items on the grounds that their successful application against future profits is not probable in foreseeable future.

Deferred tax asset

(US$ million)	As at 31 March 2013	As at 31 March 2012
At 1 April	**402.8**	**18.2**
Credited to income statement	474.5	178.0
Charged directly to equity	(0.5)	(1.1)
Acquisitions	–	205.8
Foreign exchange differences	(29.7)	1.9
At 31 March	**847.1**	**402.8**

The Group has US$1,263.4 million of unutilised tax losses at KCM (2012: US$1,301.7 million) which expire in the period 2014 to 2022. These unutilised tax losses have been recognised as a deferred tax asset,as they will unwind as the accelerated capital allowances unwind, thereby generating economic benefits for the Company.

Deferred tax liability

(US$ million)	As at 31 March 2013	As at 31 March 2012
At 1 April	**5,460.2**	**1,358.0**
Addition due to acquisition	–	4,832.0
Credited to income statement	(403.5)	(127.6)
Charged/(credited) directly to equity	4.8	(6.8)
Foreign exchange differences	(68.1)	(132.1)
Prior year adjustments	(0.7)	–
Disposals	–	(6.8)
At 31 March	**4,992.7**	**5,916.7**

30. Share-based payments

Employee share schemes

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three employee share schemes were approved by shareholders on listing. The Board has no present intention to introduce any further share schemes.

The Vedanta Resources Long-Term Incentive Plan (the 'LTIP')

The LTIP is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group. The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 100% of annual salary. In respect of Messrs Navin Agarwal and MS Mehta, salary means the aggregate of their salary payable by Vedanta and their CTC payable by Sterlite. The maximum value of shares that can be awarded to members of the wider management group is calculated by reference to the CTC, share-based remuneration already received and consistent with local market practice.

The performance condition attaching to outstanding awards under the LTIP is that the Company's performance, measured in terms of Total Shareholder Return ('TSR') (being the movement in a company's share price plus reinvested dividends), is compared over the performance period with the performance of the companies as defined in the scheme from the date of grant. The extent to which an award vests will depend on the Company's TSR rank against a group of peer companies ('Adapted Comparator Group') at the end of the performance period and as moderated by Remuneration Committee. The vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounding down to the nearest whole share.

Vedanta's TSR performance against Adapted Comparator Group

	% of award vesting
Below median	–
At median	40
At or above upper quartile	100

The performance condition is measured by taking the Company's TSR over the four weeks immediately preceding the date of grant and over the four weeks immediately preceding the end of the performance period, and comparing its performance with that of the comparator group described above. The information to enable this calculation to be carried out on behalf of the Remuneration Committee ('the Committee') is provided by the Company's advisers. The Committee considers that this performance condition, which requires that the Company's total return has out-performed a group of companies chosen to represent the mining sector, provides a reasonable alignment of the interests of the Executive Directors and the wider management group with those of the shareholders.

During the year, Vedanta has granted a new LTIP tranche that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years.

Initial awards under the LTIP were granted on 26 February 2004 with further awards being made on 11 June 2004, 23 November 2004, 1 February 2006, 1 February 2007, 14 November 2007, 1 February 2009, 1 August 2009, 1 January 2010, 1 April 2010, 1 July 2010, 1 October 2010, 1 January 2011, 1 April 2011, 1 July 2011, 1 August 2011, 1 October 2011, 1 January 2012, 1 April 2012, 24 September 2012 and 1 October 2012. The exercise price of the awards is 10 US cents per share and the performance period is one year for the February 2007 and September 2012 awards and three years for all other awards, with no re-testing being allowed. The exercise period is six months from the date of vesting. Further details on the LTIP are available in the Remuneration Report of the Annual Report.

Year of grant	Exercise date	Exercise price US cents per share	Options outstanding 1 April 2012	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding at 31 March 2013
2009	1 August 2012 – 1 February 2013	10	1,845,413	–	(39,500)	(1,130,948)	(674,695)	–
2010	1 January 2013 – 1 July 2013	10	9,000	–	(4,000)	(3,000)	–	2,000
2010	1 October 2013 – 1 April 2014	10	6,700	–	–	–	–	6,700
2011	1 January 2014 – 1 July 2014	10	2,700	–	–	–	–	2,700
2011	1 April 2014 – 1 October 2014	10	88,850	–	(15,350)	(550)	–	72,950
2011	1 July 2014 – 1 January 2015	10	19,000	–	–	–	–	19,000
2011	1 August 2014 – 1 February 2015	10	2,625,600	–	(211,100)	(20,150)	–	2,394,350
2011	1 October 2014 – 1 April 2015	10	5,000	–	–	–	–	5,000
2012	1 January 2015 – 1 July 2015	10	7,000	–	–	–	–	7,000
2012	1 April 2015 – 1 October 2015	10	–	105,250	(3,500)	–	–	1,01,750
2012	24 September 2015 – 24 March 2016	10	–	4,652,250	(113,900)	–	–	4,538,650
2012	1 October 2012 – 1 April 2016	10	–	3,500	–	–	–	3,500
			4,609,263	4,761,300	(387,350)	(1,154,648)	(674,965)	7,153,600

30. Share-based payments continued
In the year ended 31 March 2013, 1,541,998 options lapsed in total and 674,695 options vested. As at 31 March 2013, 7,153,600 options remained outstanding. The weighted average share price for the share options exercised during the year was GBP11.5.

All share-based awards of the Group are equity-settled as defined by IFRS 2 'Share-based Payment'. The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using the Stochastic valuation model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modelled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Stochastic valuation model of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six months after vesting.

The assumptions used in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

	LTIP October 2012	LTIP April 2012	LTIP September 2012
Date of grant	1 October 2012	1 April 2012	24 September 2012
Number of instruments	3,500	105,250	4,652,550
Exercise price	US$0.10	US$0.10	US$0.10
Share price at the date of grant	GBP10.52	GBP12.28	GBP10.56
Contractual life	3 Years	3 Years	1 Year/2 Years/3 Years
Expected volatility	49.5%	54.3%	46.0%/54.8%/51.2%
Expected option life	3.5 Years	3.5 Years	1.5 Years/2.5 Years/3.5 Years
Expected dividends	3.2% pa	2.7%	3.2%
Risk free interest rate	0.3% pa	0.6%	0.2%
Expected annual forfeitures	10.0% pa	10.0% pa	10.0% pa
Fair value per option granted	GBP5.80	GBP5.92	GBP3.3/GBP3.2/GBP3.1/ GBP10.2/GBP9.8/GBP9.5

The Group recognised total expenses of US$25.5 million and US$20.2 million related to equity settled share-based payment transactions in the year ended 31 March 2013 and 31 March 2012 respectively.

31. Retirement benefits
The Group operates pension schemes for the majority of its employees in India, Australia, Africa and Ireland.

(a) Defined contribution schemes
Indian pension schemes
Central Recognised Provident Fund
The Central Recognised Provident Fund relates to all full-time Indian employees of the Group. The amount contributed by the Group is a designated percentage of 12% of basic salary less contributions made as part of the Pension Fund (see below), together with an additional contribution of 12% (limited to a maximum contribution of 30% in case of Sesa) of the salary of the employee.

The benefit is paid to the employee on their retirement or resignation from the Group.

Superannuation
Superannuation, another pension scheme applicable in India, is applicable only to executives in grade M4 and above. However, in case of Cairn India Group and Sesa, the benefit is applicable to all executives. In Cairn India, it is applicable from the second year of employment. Certain companies hold policies with the Life Insurance Corporation of India ('LIC'), to which they contribute a fixed amount relating to superannuation, and the pension annuity is met by the LIC as required, taking into consideration the contributions made. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Pension Fund
The Pension Fund was established in 1995 and is managed by the Government of India. The employee makes no contribution to this fund but the employer makes a contribution of 8.33% of salary each month subject to a specified ceiling per employee. This must be provided for every permanent employee on the payroll.

31. Retirement benefits continued

At the age of superannuation, contributions cease and the individual receives a monthly payment based on the level of contributions through the years, and on their salary scale at the time they retire, subject to a maximum ceiling of salary level. The Government funds these payments, thus the Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

Australian Pension Scheme

The Group also operates defined contribution pension schemes in Australia. The contribution of a proportion of an employee's salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes 9% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12% of the basic remuneration for all other employees, into the employee's fund of choice. All employees have the option to make additional voluntary contributions.

Zambian Pension Scheme

The KCM Pension Scheme is applicable to full-time permanent employees of KCM (subject to the fulfilment of certain eligibility criteria). The management of the scheme is vested in the trustees consisting of representatives of the employer and the members. The employer makes a monthly contribution to the KCM Pension Scheme of an amount equal to 11% of that month's pensionable salary and the member makes monthly contributions to the fund of an amount equal to 5% of that month's pensionable salary.

All contributions to the KCM Pension Scheme in respect of a member cease to be payable when the member attains normal retirement age of 55 years, or upon leaving the service of the employer, or when the member is permanently medically incapable of performing duties in the service of the employer. Upon such cessation of contribution on the grounds of normal retirement, or being rendered medically incapable of performing duties, or early voluntary retirement within five years of retirement, the member is entitled to receive his accrued pension. The member is allowed to commute his/her accrued pension subject to certain rules and regulations. The trustees of the KCM Pension Scheme may also allow the purchase of an annuity for the benefit of members from a life assurance company or other providers of annuities, subject to statutory regulations.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Skorpion Zinc, Namibia Provident Fund

The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full-time employees under the age of 60. Company contribution to the fund is a fixed percentage of 8% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

Normal retirement age is 60 years and benefit payable is the member's fund credit which is equal to all employer and employee contributions plus interest. The same applies when an employee resigns from Skorpion Zinc. The fund provides disability cover which is equal to the member's fund credit and a death cover of two times annual salary in the event of death before retirement. The latest actuarial value was performed 31 December 2012. At that date the fund was in credit. Current membership total is 808.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Black Mountain (Pty) Limited, South Africa Pension & Provident Funds

Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. Both funds form part of the Alexander Forbes umbrella fund and are defined contribution funds.

Membership of both funds is compulsory for all permanent employees under the age of 60.

Lisheen Mine, Ireland Pension Funds

Lisheen Pension Plan is for all employees. Lisheen pays 5% and employees pay 5% with the option to make Additional Voluntary Contributions ('AVCs') if desired. Executive contributions are 15% by Lisheen and 15% by the employee with the option to make AVCs if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and life cover ceases at 65.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Notes to the Financial Statements continued

31. Retirement benefits continued

(b) Defined benefit schemes

India

The Gratuity schemes are defined benefit schemes which are open to all Group employees in India who have a minimum of five years of service with their employing company. These schemes are funded by the Group in some subsidiaries. Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in the scheme. In case where there is no funding held by the scheme, full provision is recognised in the balance sheet. Under these schemes, benefits are provided based on final pensionable pay.

The assets of the schemes are held in separate funds and a full actuarial valuation of the schemes is carried out on an annual basis.

MALCO

MALCO contributes to the LIC fund based on an actuarial valuation every year. MALCO's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit credit actuarial method. At that date the fund was in deficit.

BALCO

At BALCO, all employees who are scheduled to retire on or before 31 March 2014 are being paid by BALCO. The Gratuity scheme is accounted for as a defined benefit scheme for all employees scheduled to retire after 31 March 2013. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

HZL

HZL contributes to the LIC based on an actuarial valuation every year. HZL's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

VAL

VAL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for VAL. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

TSPL

TSPL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for TSPL. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method.

Sterlite

Sterlite does not contribute to the LIC. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for Sterlite. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Sesa

Sesa contributes to the LIC based on an actuarial valuation every year. Sesa's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Cairn

Cairn contributes to the LIC based on an actuarial valuation every year. Cairn India Group's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Zambia

Specified permanent employees of KCM are entitled to receive medical and retirement severance benefits. This comprises two months' basic pay for every completed year of service with an earliest service start date of 1 July 2004. Under this scheme, benefits are provided based on final pensionable pay and a full actuarial valuation of the scheme is carried out on an annual basis. The accruals are not contributed to any fund and are in the form of provisions in KCM's accounts.

On the death of an employee during service, a lump sum amount is paid to his or her dependants. This amount is equal to 60 months' basic pay for employees who joined before 1 April 2000 and 30 months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is 30 months' basic pay.

As at 31 March 2013, membership of pension schemes across MALCO, BALCO, HZL, VAL, Sterlite, Sesa, KCM and Cairn stood at 26,690 employees (31 March 2012: 28,222). The deficits, principal actuarial assumptions and other aspects of these schemes are disclosed in further detail in (d) and (e) below.

31. Retirement benefits continued

(c) Pension scheme costs

Contributions of US$67.0 million and US$nil in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2013 (2012: US$59.7 million and US$nil respectively).

Contributions to all pension schemes in the year ending 31 March 2014 are expected to be around US$9.7 million.

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Defined contribution pension schemes	26.2	23.1
Defined benefit pension schemes	23.2	21.5
Total expense	**49.4**	**44.6**

(d) Principal actuarial assumptions.

Principal actuarial assumptions used to calculate the defined benefit schemes' liabilities are:

	MALCO		BALCO		Sterlite		HZL	
Particulars	**March 2013**	March 2012	**March 2013**	March 2012	**March 2013**	March 2012	**March 2013**	March 2012
Discount rate	8.0%	8.0%	8.0%	8.4%	8.0%	8.0%	8.0%	8.0%
Salary increases	5.0%	6.0%	5.0% office staff, 3.0% Non-office	5.0% office staff , 3.0% Non-office	5.5%	5.5%	5.5%	5.5%
Funding rate of return	8.0%	8.0%	9.4%	9.4%	7.5%	7.5%	9.5%	9.5%
Number of employees	75	74	3,787	3,995	1,277	1,361	5,876	6,138

	KCM		VAL		Sesa Goa		Cairn	
Particulars	**March 2013**	March 2012	**March 2013**	March 2012	**March 2013**	March 2012	**March 2013**	March 2012
Discount rate	16.6%	16.2%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Salary increases	5.0%	5.0%	5.5%	5.5%	5.0–7.5%	5.0–7.5%	12.0%	10.0%
Funding rate of return	–	–	8.0%	8.0%	9.0–9.4%	9.0–9.4%	9.5%	9.4%
Number of employees	7,837	8,368	2,800	3,245	3,505	3,693	1,277	1,109

Assumptions regarding mortality for Indian entities are based on mortality table of LIC (1994–96) as subsequently modified.

Assumptions regarding mortality for KCM are based on World Health Organisation Life Tables for 1999 applicable to Zambia which has been taken as a reference point. Based on this a mortality table which is appropriate for the workers of Konkola Copper Mines plc has been derived.

(e) Balance sheet recognition

31 March 2013

(US$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Fair value of pension scheme assets	0.2	–	3.1	30.6	–	1.0	7.0	4.3	**46.2**
Present value of pension scheme liabilities	(0.2)	(23.2)	(4.0)	(35.3)	(32.4)	(1.4)	(9.6)	(6.8)	**(112.9)**
Deficit in pension scheme recognised in balance sheet	–	(23.2)	(0.9)	(4.7)	(32.4)	(0.4)	(2.6)	(2.5)	**(66.7)**
Deferred tax	–	7.9	0.3	1.6	9.7	0.1	0.9	0.8	**21.3**
Net pension liability	**–**	**(15.3)**	**(0.6)**	**(3.1)**	**(22.7)**	**(0.3)**	**(1.7)**	**(1.7)**	**(45.4)**

31 March 2012

(US$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Fair value of pension scheme assets	0.2	0.5	2.4	32.4	–	1.0	7.7	3.6	**47.8**
Present value of pension scheme liabilities	(0.2)	(22.5)	(3.7)	(35.6)	(28.4)	(1.2)	(10.0)	(5.3)	**(106.9)**
Deficit in pension scheme recognised in balance sheet	–	(22.0)	(1.3)	(3.2)	(28.4)	(0.2)	(2.3)	(1.7)	**(59.1)**
Deferred tax	–	7.1	0.4	1.1	9.2	0.1	0.7	0.5	**19.1**
Net pension liability	**–**	**(14.9)**	**(0.9)**	**(2.1)**	**(19.2)**	**(0.1)**	**(1.6)**	**(1.2)**	**(40.0)**

Notes to the Financial Statements continued

31. Retirement benefits continued

(f) Amounts recognised in income statement in respect of defined benefit pension schemes:

31 March 2013

(US$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Current service cost	–	0.7	0.4	1.5	5.1	0.2	0.6	1.1	**9.6**
Actuarial losses	–	2.2	–	3.3	–	0.1	1.2	0.7	**7.5**
Expected return on scheme assets	–	–	(0.2)	(2.9)	–	(0.1)	(0.6)	(0.3)	**(4.1)**
Interest cost of scheme liabilities	–	1.7	0.3	2.7	4.2	0.1	0.8	0.4	**10.2**
Total charge to income statement	**–**	**4.6**	**0.5**	**4.6**	**9.3**	**0.3**	**2.0**	**1.9**	**23.2**

31 March 2012

(US$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Current service cost	–	0.8	0.4	1.6	4.4	0.2	0.5	0.3	**8.2**
Actuarial losses	–	1.8	–	1.3	2.1	0.2	1.3	0.2	**6.9**
Expected return on scheme assets	–	(0.1)	(0.2)	(2.3)	–	(0.1)	(0.4)	(0.1)	**(3.2)**
Interest cost of scheme liabilities	–	1.7	0.3	3.1	3.6	0.1	0.7	0.1	**9.6**
Total charge to income statement	–	**4.2**	**0.5**	**3.7**	**10.1**	**0.4**	**2.1**	**0.5**	**21.5**

(g) Movements in the present value of defined benefit obligations

The movement during the year ended 31 March 2013 of the present value of the defined benefit obligation was as follows:

(US$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
At 1 April 2012	**(0.2)**	**(23.5)**	**(3.6)**	**(37.5)**	**(26.1)**	**(0.9)**	**(9.8)**	**(5.3)**	**(106.9)**
At acquisition	–	–	–	–	–	–	–	–	**–**
Current service cost	–	(0.7)	(0.4)	(1.5)	(5.1)	(0.2)	(0.6)	(1.1)	**(9.6)**
Gratuity benefits paid	–	2.5	0.1	5.8	3.0	0.2	2.4	0.4	**14.4**
Interest cost of scheme liabilities	–	(1.7)	(0.3)	(2.7)	(4.2)	(0.1)	(0.8)	(0.4)	**(10.2)**
Actuarial losses	–	(2.2)	–	(3.4)	–	(0.1)	(1.2)	(0.7)	**(7.6)**
Exchange difference	–	2.4	0.2	4.0	–	(0.3)	0.4	0.3	**7.0**
At 31 March 2013	**(0.2)**	**(23.2)**	**(4.0)**	**(35.3)**	**(32.4)**	**(1.4)**	**(9.6)**	**(6.8)**	**(112.9)**

(US$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
At 1 April 2011	**–**	**(23.5)**	**(3.9)**	**(38.5)**	**(19.6)**	**(0.8)**	**(9.8)**	**–**	**(96.1)**
At acquisition	–	–	–	–	–	–	–	(5.0)	**(5.0)**
Current service cost	(0.2)	(0.8)	(0.4)	(1.6)	(4.4)	(0.2)	(0.5)	(0.3)	**(8.4)**
Gratuity benefits paid	–	2.1	0.5	4.0	3.8	0.1	1.2	0.2	**11.9**
Interest cost of scheme liabilities	–	(1.7)	(0.3)	(2.9)	(3.6)	(0.1)	(0.6)	(0.1)	**(9.3)**
Actuarial losses	–	(2.1)	–	(1.6)	(2.3)	(0.1)	(1.3)	(0.3)	**(7.7)**
Exchange difference	–	2.5	0.5	3.1	–	0.2	1.2	0.2	**7.7**
At 31 March 2012	**(0.2)**	**(23.5)**	**(3.6)**	**(37.5)**	**(26.1)**	**(0.9)**	**(9.8)**	**(5.3)**	**(106.9)**

31. Retirement benefits continued

(h) Movements in the fair value of scheme assets

(US$ million)	As at 31 March 2013	As at 31 March 2012
At 1 April	**47.8**	**39.3**
Acquisition	–	3.4
Contributions received	12.1	17.7
Benefits paid	(14.4)	(12.3)
Actuarial gains	0.1	1.7
Expected return on plan assets	4.1	3.1
Foreign exchange differences	(3.5)	(5.1)
At 31 March	**46.2**	**47.8**

(i) Five year history

Defined benefit pension plan

(US$ million)	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009
Experience (losses)/gains arising on scheme liabilities	(7.6)	(7.0)	(20.4)	(11.3)	7.8
Difference between expected and actual return on plan assets	–	–	–	–	0.1
Fair value of pension scheme assets	46.2	47.8	39.3	32.6	23.6
Present value of pension scheme liabilities	(112.9)	(106.9)	(96.1)	(69.3)	(52.9)
Deficits in the schemes	(66.7)	(59.1)	(56.8)	(36.7)	(29.3)

32. Capital management

The Group's objectives when managing capital are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals, convertible bonds and other long-term and short-term borrowings.

The Group monitors capital using a gearing ratio, being the ratio of net debt as a percentage of total capital.

(US$ million)	As at 31 March 2013	As at 31 March 2012
Total equity	**18,861.4**	**18,419.5**
Net debt	8,615.6	10,064.4
Total capital	27,477.0	28,483.9
Gearing	31.4%	35.3%

The reduction in the gearing ratio compared against the 2012 ratio is due to a 14.4% decrease in the net debt of the Group set off against an increase of 2.4% in total equity. The primary reason for the decrease in net debt is due to increased levels of liquid investments, cash and cash equivalents when compared to 2012.

Notes to the Financial Statements continued

33. Share capital

Authorised	At 31 March 2013 Number	At 31 March 2013 US$ million	At 31 March 2012 Number	At 31 March 2012 US$ million
Ordinary shares of 10 US cents each	400,000,000	40.0	400,000,000	40.0
Deferred shares of £1 each	50,000	–	50,000	–
	400,050,000	**40.0**	**400,050,000**	**40.0**

Ordinary shares issued and fully paid	At 31 March 2013 Number	At 31 March 2013 US$ million	At 31 March 2012 Number	At 31 March 2012 US$ million
Ordinary shares of 10 US cents each	297,583,010	29.8	296,908,045	29.7
Deferred shares of £1 each	50,000	–	50,000	–
	297,633,010	**29.8**	**296,958,045**	**29.7**

During the year ended 31 March 2013, the Company issued 674,965 shares to the employees pursuant to the LTIP scheme (2012: 62,294 shares).

The holders of deferred shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares have no rights to dividends and, on a winding-up or other return of capital, entitle the holder only to the payment of the amounts paid on such shares after repayment to the holders of ordinary shares of the nominal amount paid up on the ordinary shares plus the payment of £100,000 per ordinary share. Of the 50,000 deferred shares, one deferred share was issued at par and has been fully paid, and 49,999 deferred shares were each paid up as to one-quarter of their nominal value.

6,904,995 ordinary shares which were issued on the conversion of certain convertible bonds issued by one of the Group's subsidiaries are held through a global depositary receipt and carry no voting rights.

During the year ended 31 March 2013, the Company did not buy back any shares under its share buy-back programme (2012: nil). At 31 March 2013, the total number of shares held in treasury was 24,206,816 (2012: 24,206,816).

34. Business combinations

There were no business combinations during the year ended 31 March 2013.

Prior year business combinations

Cairn India Limited

During the year ended 31 March 2012, the Group completed the acquisition of Cairn India Limited by acquiring a 59% stake, as follows:

- In April 2011, the Group, through its subsidiary Sesa Goa acquired 200 million shares amounting to 10.5% stake in Cairn India Limited from Petronas International Corporation Ltd. ('Petronas') at a price of INR331 per share amounting to total cash consideration of US$1,478.0 million.
- Sesa Goa and Sesa Resources acquired circa 8.1% of Cairn India Limited through an open offer at a total cost of US$1,223.0 million.
- On 11 July 2011, the Group, through its wholly owned subsidiary Twin Star Mauritius Holdings Limited ('TMHL'), acquired a further 191.9 million shares from Cairn Energy plc, amounting to a circa 10.1% stake in Cairn India Limited at a price of INR355 per share amounting to US$1,505.7 million.
- On 7 December 2011, Sesa Goa acquired a 1.5% stake from Cairn Energy on the open market for a consideration of US$182 million.
- On 8 December 2011, the acquisition was completed when the Group, through TMHL, purchased a 28.7% stake from Cairn Energy plc at a price of INR355 per share.

Cairn India is involved in the business of exploration, development and production of oil and gas. Provisional fair values that were determined as at 31 March 2012 for consolidation were finalised during the measurement period of 12 months from the acquisition date of Cairn India:

34. Business combinations continued

(US$ million)	Provisional fair value	Fair value adjustments	Fair value at acquisition
Assets			
Non-current assets			
Property, plant and equipment	17,547.1	(456.4)	17,090.7
Deferred tax assets	205.7	–	205.7
	17,752.8	**(456.4)**	**17,296.4**
Current assets			
Inventories	25.3	–	25.3
Trade and other receivables	794.9	–	794.9
Liquid investments	1,151.0	–	1,151.0
Cash and cash equivalents	665.8	–	665.8
Current tax assets	23.5	–	23.5
Assets held for sale	24.1	–	24.1
	2,684.6	**–**	**2,684.6**
Liabilities			
Current liabilities			
Trade and other payables	(457.6)	–	(457.6)
Other financial liabilities – derivatives	(4.6)	–	(4.6)
Provisions	(626.8)	–	(626.8)
	(1,089.0)	**–**	**(1,089.0)**
Non-current liabilities			
Medium and long-term borrowings	(239.3)	–	(239.3)
Provisions	(83.7)	–	(83.7)
Deferred tax liabilities	(4,832.0)	456.4	(4,375.6)
	(5,155.0)	**456.4**	**(4,698.6)**
Net assets	**14,193.4**	**–**	**14,193.4**

Satisfied by:	
Fair value of existing stake	3,788.2
Cash consideration paid for 28.7%	4,284.9
Non-controlling interest	5,819.3
Less: Fair value of identifiable assets and liabilities	(14,193.4)
Bargain purchase	301.0

The change in fair valuation is due to the retrospective application of a decrease in the tax rate applied in the deferred tax calculation following the approval for the reorganisation of Cairn India.

Due to the acquisition being completed in a series of transactions, the acquisition is accounted for as a step acquisition in FY 2012 under the provisions of IFRS 3 (revised 2008). Accordingly, the equity interest previously held in Cairn India and accounted as an investment in associate, is treated as if it was disposed of and reacquired at fair value on the acquisition date. Consequently, the Group remeasured its existing 30.3% interest in the assets and liabilities of Cairn India Limited prior to this transaction to their fair values, recognising a loss of US$332.4 million. The Group recognised a bargain purchase gain of US$301.0 million, resulting from excess fair value of the net assets acquired over the fair value of consideration paid. The net loss of US$31.4 million is recorded within special items in the income statement (Note 5).

Notes to the Financial Statements continued

35. Joint ventures

Jointly controlled assets

The Group's principal licence interests in oil and gas business are jointly controlled assets. The principal licence interests are as follows:

	Working Interest %
India	
Block PKGM-1 (Ravva)	22.50
Block KG-ONN-2003/1	49.00
Block CB-OS/2-Exploration	60.00
Block CB/OS-2 Development and production areas	40.00
Block RJ-ON-90/1 Development and production areas	70.00
Block RJ-ON-90/1-Exploration	100.00
Block PR-OSN-2004/1	35.00
Block KG-OSN-2009/3	100.00
Block MB-DWN-2009/1	100.00
South Africa	
South Africa Block 1	60.00
Sri Lanka	
SL-2007-01-001	100.00

36. Investments in associates

Investments in Cairn India Limited

The Group accounted for its investments in Cairn India Limited as an associate from 11 July 2011, the date it acquired significant influence, to 7 December 2011, the date it acquired the controlling stake.

The share of associate's revenue and profit

(US$ million)	For the period 11 July 2011 to 7 December 2011
Revenue	283.2
Operating profit	122.7
Investment revenues	8.8
Finance cost	(20.7)
Profit before taxation	110.8
Tax expense	(18.6)
Share of profit for the period	**92.2**
Attributable to:	
Equity holders of the parent	65.4
Non-controlling interests	26.8
	92.2

37. Commitments, guarantees and contingencies

Commitments

The Group has a number of continuing operational and financial commitments in the normal course of business including:

- exploratory mining commitments;
- mining commitments arising under production sharing agreements; and
- completion of the construction of certain assets.

(US$ million)	**As at 31 March 2013**	As at 31 March 2012
Capital commitments contracted but not provided	2,305.9	2,877.0

Commitments at 31 March 2013 primarily related to the expansion projects at HZL US$510.7 million (2012: US$155.8 million), KCM US$61.3 million (2012: US$121.3 million), VAL US$631.6 million (2012: US$750.1 million), SEL US$31.8 million (2012: US$64.8 million), BALCO US$114.4 million (2012: US$212.9 million), Talwandi Sabo US$317.5 million (2012: US$1,216.6 million) and Sterlite US$277.2 million (2012: US$246.6 million).

37. Commitments, guarantees and contingencies continued

Guarantees

Companies within the Group provide guarantees within the normal course of business. Guarantees have also been provided in respect of certain short-term and long-term borrowings.

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

As at 31 March 2013, US$217.1 million of guarantees were advanced to banks, suppliers etc. in the normal course of business (2012: US$335.2 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US$1,638.8 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (2012: US$1,594.5 million).

Cairn PSC guarantee to Government

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

Cairn India have provided various other guarantees under the Cairn India Group's bank facilities for the Cairn India Group's share of minimum work programme commitments of US$22.1 million for the current year (2012: US$34.2 million).

Export obligations

The Indian entities of the Group have export obligations of US$4,013.4 million (2012: US$4,732.6 million) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under the Advance Licence Scheme for import of raw material laid down by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US$501.7 million (2012: US$591.6 million), reduced in proportion to actual exports, plus applicable interest.

Guarantees to suppliers

The Group has given corporate guarantees to certain suppliers of concentrate. The amount of these guarantees was US$50.0 million at 31 March 2013 (2012: US$195.0 million).

Contingencies

MALCO claims with Tamil Nadu Electricity Board ('TNEB')

TNEB is claiming US$18.8 million from MALCO for an electricity self-generation levy for the period from May 1999 to June 2003. This claim has arisen since the commissioning of MALCO's captive power plant in 1999. The Company has sought an exemption from the application of this levy from the Government of Tamil Nadu. The application is under consideration. Meanwhile, the Madras High Court has in its recent Order, remitted back the case to the State of Tamil Nadu, to take a decision afresh on the representation for grant of tax exemption on consumption of electricity and directed to pass a detailed speaking order.

HZL: Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totalling US$61.4 million. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim becoming an obligation of the Company is unlikely and thus no provision has been made in the financial statements. HZL has filed writ petitions in the High Court of Rajasthan in Jodhpur and has obtained a stay in respect of these demands.

RICHTER: Income Tax

The Indian Tax Authorities have served a show cause notice on an indirect subsidiary of Vedanta Resources plc, Richter Holdings Limited ('Richter'), for alleged failure to deduct withholding tax on capital gain on the alleged indirect acquisition of shares in Sesa Goa Limited in April 2007. Richter has applied to the larger bench of the Karnataka High Court to seek to quash the notice in view of the established legal position. The court directed Richter to approach the tax office to decide the jurisdiction and granted liberty to approach the court directly in the event Richter is not satisfied with the conclusion of the tax office. Meanwhile in another case the Supreme Court of India has held that overseas share transfers are not subject to taxation in India. Subsequent to this decision, the Finance Bill, 2012 seeks to amend the tax laws retrospectively to clarify the legislative intent. Richter believes it is not liable for such withholding tax and intends to challenge the amendments when enacted.

Miscellaneous disputes – Sterlite, HZL, MALCO, BALCO, Cairn and Lisheen

The Company has various contingencies. With regard to the claims against Group companies included below, unless stated, no provision has been made in the financial statements as the Directors believe that it is not probable that the claims will give rise to a material liability.

Notes to the Financial Statements continued

37. Commitments, guarantees and contingencies continued

The income tax, excise, indirect tax authorities and others have made several claims against the Group companies for additional income tax, excise, indirect duties, claims etc. The claims mostly relate either to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns or other claims.

The approximate value of claims against the companies total US$1,508.7 million (2012: US$864.6 million), of which US$60.3 million (2012: US$17.4 million) is included as a provision in the Balance Sheet as at 31 March 2013. In the view of the Directors, there are no significant unprovided liabilities arising from these claims.

38. Related party transactions

The information below sets out transactions and balances between the Group and various related parties in the normal course of business for the year ended 31 March 2013.

Sterlite Technologies Limited ('STL')

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Sales to STL	205.2	184.7
Reimbursement of expenses	0.1	0.2
Purchases	4.7	7.1
Net interest received	0.3	0.4
Net amounts receivable at year end	10.5	13.5

Sterlite Technologies Limited is related by virtue of having the same controlling party as the Group, namely Volcan. Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and STL, the Company and Sterlite provide various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2013, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL in this year amounted to US$0.04 million (2012: US$0.1 million).

Vedanta Foundation

During the year US$1.3 million was paid to the Vedanta Foundation (2012: US$2.3 million).

Vedanta Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Vedanta Foundation is providing computer education for disadvantaged students. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan. Volcan is also the majority shareholder of Vedanta Resources plc.

Sesa Goa Community Foundation Limited

Following the acquisition of Sesa, the Sesa Goa Community Foundation Limited, a charitable institution, became a related party of the Group on the basis that key management personnel of the Group have significant influence on the Sesa Goa Community Foundation Limited. During the year ended 31 March 2013, US$0.7 million (2012: US$1.1 million) was paid to the Sesa Goa Community Foundation Limited.

The Anil Agarwal Foundation

During the year, US$0.01 million (2012: US$0.1 million) was received from the Anil Agarwal Foundation towards reimbursement of administrative expenses. The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

Sterlite Iron and Steel Limited

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Reimbursement of expenses	0.1	0.1
Loan balance receivable	7.3	7.1
Receivable at year end	0.4	0.3
Net interest received	0.6	–

Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Group, namely Volcan.

38. Related party transactions continued

Vedanta Medical Research Foundation

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Donation	4.8	5.2

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

Volcan Investments Limited

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Reimbursement of expenses	0.3	0.3
Net amount receivable at the year end	0.2	0.1
Dividend paid	94.1	91.0

Volcan Investments Limited is a related party of the Group by virtue of being controlled by persons related to key management personnel of the Group.

Public and Political Awareness Trust

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Donation	0.9	1.0

Public and Political Awareness Trust is a related party by virtue of being controlled by members of Agarwal family.

Gaurav Overseas Private Limited

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Loan balance receivable	–	1.7

Gaurav Overseas Private Limited is a related party by virtue of being an associate of Sterlite Industries (India) Limited, which has a 50% shareholding.

Ashurst LLP

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Payments made during the year	0.7	–
Amount payable at year end	0.2	–

Ashurst LLP is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

While similar transactions were entered into with Ashurst LLP in the previous year ended 31 March 2012, they were not related party transactions, because the related party relationship did not exist in the prior year. Accordingly, those transactions are not disclosed.

Remuneration of key management personnel

(US$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Short-term employee benefits	17.3	13.8
Post-employment benefits	0.7	0.7
Share-based payments	4.0	12.7
	22.0	**27.2**

Notes to the Financial Statements continued

39. Share transactions

BALCO Option

The Company purchased 51% shareholding in BALCO from the Government of India on 2 March 2001. Under the terms of the Shareholder's Agreement ('SHA') for BALCO, the Company has a call option that allows it to purchase the Government of India's residual ownership interest in BALCO at any stage from 2 March 2004. The Company exercised this option on 19 March 2004. However, the Government of India has contested the validity of the call option and the valuation. The Company attempted to resolve the issue through mediation but the process of mediation was unsuccessful and the dispute was referred to arbitration as provided for in the SHA. The Arbitration Tribunal in its majority award dated 25 January 2011 rejected the claims of Sterlite and held that put/call options as contained in the SHA are in violation of Section 111A(2) of the Companies Act, 1956 and are not enforceable. Sterlite challenged the validity of the Award dated 25 January 2011 and sought for setting aside of the Award under Section 34 of the Arbitration and Conciliation Act, 1996 to the extent to which it holds that Clauses 5.8, 5.3, 5.4 and 5.1(a) of the SHA are void, ineffective and inoperative by virtue of being violative of sub-section (2) of 111A of the Companies Act, 1956. The Government has also challenged the majority Award which upholds the first valuation report and has appealed for setting aside the ruling made in the Award relating to the valuation report and the Company's right to purchase the Government of India's shares at 75% of the valuation. The Delhi High Court has kept the Government of India's application in abeyance until the Company's application has been determined. The Company's application is listed for final hearing on 29 May 2013.

HZL Option

In pursuance to the Government of India's policy of disinvestment and the Share Purchase Agreement and a SHA both dated 4 April 2002 entered into with the Government of India, the Company acquired 26% equity interest in HZL. Under the terms of the SHA, the Company could exercise the primary call option to purchase 18.92% of the Government of India's share capital in HZL at fair market value upon expiry of six months of the effective date of the SHA and such right would be valid for a period of 12 months. The Company exercised the first call option on 29 August 2003 and acquired an additional share capital constituting 18.92% of HZL's issued share capital. The Company also acquired additional 20% of the equity capital in HZL through an open offer, resulting in an increase of the Company's shareholding to 64.92%. As per the SHA, the Company can exercise a second call option to acquire the entire residual shareholding of the Government of India constituting 29.5% shares in HZL at any time after the expiry of five years from the effective date of the SHA. The Company exercised its second call option by way of its letter dated 21 July 2009. The Government of India has claimed that the provisions of the SHA violate the provisions of Section 111A of the Companies Act, 1956 by restricting the right of the Government of India to transfer its shares freely and by virtue of Section 9 of the said Act such provisions are void and unenforceable. As such, the Government of India has refused to act upon the second call option. Consequently, the Company has invoked the Arbitration clause for referring the matter to arbitration and has appointed its nominee arbitrator. Under the terms of the SHA, the Government of India is required to nominate its arbitrator and the two nominated arbitrators would then choose the third arbitrator who would preside over the arbitral tribunal. As the Government of India did not appoint an arbitrator, the Company filed an application under Section 11(6) of the Arbitration and Conciliation Act, 1996 in the Delhi High Court petitioning the Court to take necessary measures of securing the appointment of arbitrator. The Delhi High Court has in its order dated 18 May 2010 directed the parties to appoint mediators for mediation of the dispute. The mediation process was unsuccessful. Consequently an arbitral tribunal was constituted. As per the preliminary meeting, the parties have been directed to file their statement of claim and reply prior to the next date of hearing in 6 July 2013.

The Group continues to include the shareholdings in the two companies HZL and BALCO, in respect of which the Group has a call option as non-controlling interest.

Share purchases

During the year ended 31 March 2012, the Group increased its holding in certain of its subsidiaries through open market purchases. The details of such purchases are as follows:

a. 17,297,059 shares of Sterlite Industries (India) Limited accounting for 0.51% of SIIL's total equity.
b. 15,598 shares of MALCO accounting for 0.01% of MALCO's total equity.

The aggregate amount on these transactions totals US$15.6 million and was recorded within equity.

40. Subsequent events

Subsequent to the balance sheet date of 31 March 2013, the following events were identified which may have a bearing on the understanding of the financial statements.

Following public complaints of noxious gas emissions, the Tamil Nadu Pollution Control Board ('TNPCB') ordered the closure of the Tuticorin Copper Smelter on 29 March 2013. The Company's appeal against the TNPCB order has been admitted by National Green Tribunal ('NGT'). An expert committee constituted by NGT has submitted its report and the matter is now being heard by NGT branch in New Delhi.

Despite the closure order above, on 2 April 2013, the Honourable Supreme Court upheld the Group's appeal filed in 2010 against the Madras High Court order for the Tuticorin smelter closure. The Company was ordered to deposit US$18.4 million with the District Collector of Tuticorin which will be used to improve the environment, including soil and water, in the vicinity of the plant. The amount deposited has been included in the financial statements and recorded as a special item within the income statement (see Note 5).

40. Subsequent events continued

With regards to the Niyamgiri case in VAL Lanjigarh, on 18 April 2013 the Supreme Court directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and rules before the Gram Sabha (Village council of Rayagada and Kalahandi districts of Odisha). The Gram Sabha would consider these claims within three months and communicate the same to MOEF through the State Government of Odisha. Upon conclusion of the proceedings before the Gram Sabha, the MOEF shall take a final decision within two months regarding the grant of final stage forest clearance for the Niyamgiri mining lease of OMC.

Following the judgement of the Supreme Court of India on 19 April 2013, Sesa's Karnataka mines, which fall under category B mines, have been permitted to resume mining activities subject to the fulfilment of certain conditions. These conditions are the renewal of forest clearance and completion of reclamation and rehabilitation work to the satisfaction of a Monitoring Committee.

Further detail of the above matters is provided in Note 2(b) to the financial statements.

41. List of subsidiaries

The financial statements comprise the financial statements of the following subsidiaries:

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			**31 March 2013**	31 March 2012
Direct Subsidiaries of the parent Company							
Vedanta Resources Holding Limited ('VRHL')	Holding company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Resources Jersey Limited ('VRJL')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Resources Jersey II Limited ('VRJL-II')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Finance (Jersey) Limited ('VFJL')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Resources Investments Limited ('VRIL')	Financing company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Jersey Investments Limited	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Indirect Subsidiaries of the parent Company							
Bharat Aluminium Company Limited ('BALCO')	Aluminium mining and smelting	29.59%	29.59%	India	Sterlite	51.00%	51.00%
Copper Mines Of Tasmania Pty Limited ('CMT')	Copper mining	58.02%	58.02%	Australia	MCBV	100.00%	100.00%
Fujairah Gold	Gold and Silver processing	58.02%	58.02%	UAE	CMT	100.00%	100.00%
Hindustan Zinc Limited ('HZL')	Zinc and mining and smelting	37.66%	37.66%	India	Sterlite	64.92%	64.92%
The Madras Aluminium Company Limited ('MALCO')	Energy generation	94.81%	94.81%	India	Twin Star	78.80%	78.80%
Monte Cello BV ('MCBV')	Holding company	58.02%	58.02%	Netherlands	Sterlite	100.00%	100.00%
Monte Cello Corporation NV ('MCNV')	Holding company	100.00%	100.00%	Netherlands	Twin Star	100.00%	100.00%
Konkola Copper Mines PLC ('KCM')	Copper mining and smelting	79.40%	79.40%	Zambia	VRHL	79.40%	79.40%
Sterlite Energy Limited ('SEL')	Energy generation	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Sesa Goa Limited ('Sesa Goa')	Iron ore	55.13%	55.13%	India	Finsider	46.20%	46.20%
Sesa Resources Limited	Iron ore	55.13%	55.13%	India	Sesa Goa	100.00%	100.00%

Notes to the Financial Statements continued

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding 31 March 2013	31 March 2012	Country of incorporation	Immediate holding company	Immediate percentage holding 31 March 2013	31 March 2012
Sesa Mining Corporation Private Limited	Iron ore	55.13%	55.13%	India	Sesa Resources Limited	100.00%	100.00%
Sterlite Industries (India) Limited ('Sterlite')	Copper smelting	58.02%	58.02%	India	Twin Star	54.64%	54.64%
Sterlite Infra Limited ('SIL')	Non-trading	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Thalanga Copper Mines Pty Limited ('TCM')	Copper mining	58.02%	58.02%	Australia	MCBV	100.00%	100.00%
Twin Star Holdings Limited ('Twin Star')	Holding company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
Vedanta Aluminium Limited ('VAL')	Alumina mining, aluminium refining and smelting	87.61%	87.61%	India	EKTL	70.50%	70.50%
Richter Holding Limited ('Richter')	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Westglobe Limited	Financing company	100.00%	100.00%	Mauritius	Richter	100.00%	100.00%
Finsider International Company Limited	Financing company	100.00%	100.00%	Great Britain	Richter	60.00%	60.00%
Vedanta Resources Finance Limited ('VRFL')	Financing company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Vedanta Resources Cyprus Limited ('VRCL')	Financing company	100.00%	100.00%	Cyprus	VRFL	100.00%	100.00%
Welter Trading Limited ('Welter')	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Lakomasko B.V.	Financing company	58.02%	58.02%	Netherlands	THL Zinc Holding B.V.	100.00%	100.00%
THL Zinc Ventures Limited	Financing company	58.02%	58.02%	Mauritius	Sterlite Infra	100.00%	100.00%
Twin Star Energy Holdings Limited	Holding company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
THL Zinc Limited	Financing company	58.02%	58.02%	Mauritius	THL Zinc Ventures Ltd	100.00%	100.00%
Sterlite (USA) Inc.	Financing company	58.02%	58.02%	USA	Sterlite	100.00%	100.00%
Talwandi Sabo Power Limited	Energy generation	58.02%	58.02%	India	SEL	100.00%	100.00%
Konkola Resources plc	Holding company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	42.94%	42.94%	India	Sterlite	74.00%	74.00%
Twin Star Mauritius Holdings Limited ('TMHL')	Holding company	100.00%	100.00%	Mauritius	Twin Star Energy Holdings Ltd.	100.00%	100.00%
THL Zinc Namibia Holdings (Pty) Limited ('VNHL')	Mining and exploration	58.02%	58.02%	Namibia	THL Zinc Ltd	100.00%	100.00%
Skorpion Zinc (Pty) Limited ('SZPL')	Acquisition of immovable and movable properties	58.02%	58.02%	Namibia	VNHL	100.00%	100.00%
Namzinc (Pty) Limited ('SZ')	Mining	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%
Skorpion Mining Company (Pty) Limited ('NZ')	Mining	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%
Amica Guesthouse (Pty) Ltd	Accommodation and catering services	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			**31 March 2013**	31 March 2012
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	37.13%	37.13%	Namibia	SZPL	64.00%	64.00%
Black Mountain Mining (Pty) Ltd	Mining	42.94%	42.94%	South Africa	THL Zinc Ltd	74.00%	74.00%
THL Zinc Holding BV	Financing company	58.02%	58.02%	Netherlands	Sterlite Infra	100.00%	100.00%
Lisheen Mine Partnership	Mining partnership firm	58.02%	58.02%	Ireland	VLML	50.00%	50.00%
Pecvest 17 Proprietary. Ltd.	Investment company	58.02%	58.02%	South Africa	THL Zinc Ltd	100.00%	100.00%
Vedanta Lisheen Holdings Limited ('VLFL')	Investment company	58.02%	58.02%	Ireland	THL Zinc Holding BV	100.00%	100.00%
Vedanta Lisheen Mining Limited ('VLML')	Mining	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Killoran Lisheen Mining Limited	Mining	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Killoran Lisheen Finance Limited	Investment company	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Lisheen Milling Limited	Manufacturing	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Paradip Multi Cargo Berth Private Limited	Infrastructure	42.94%	42.94%	India	Sterlite	74.00%	74.00%
Sterlite Ports Limited (Earlier MALCO Power Company Limited)	Investment company	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Sterlite Infraventures Limited (Earlier MALCO Industries Limited)	Investment company	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Bloom Fountain Limited	Investment company	55.13%	55.13%	Mauritius	Sesa Goa Limited	100.00%	100.00%
Western Cluster Limited	Mining Company	55.13%	28.12%	Liberia	Bloom Fountain Limited	100.00%	51.00%
Ekaterina Limited ('EKTL')	Investment company	100.00%	100.00%	Mauritius	Twin Star Holdings Ltd	64.54%	64.54%
Goa Energy Private Limited	Energy generation	55.13%	55.13%	India	Sesa Goa Limited	100.00%	100.00%
Valliant (Jersey) Limited[1]	Financing Company	100.00%	–	Jersey (CI)	VRJL–II	100.00%	–
SesaSterlite US LLC[1]	Investment company	100.00%	–	USA	VRHL	100.00%	–
SesaSterlite US Corporation[1]	Investment company	100.00%	–	USA	VRHL	100.00%	–
Cairn India Limited	Exploration & production	49.76%	49.83%	India	Twin Star Mauritius Holdings Ltd	38.68%	38.74%
Cairn India Holdings Limited	Holding company	49.76%	49.83%	Jersey	Cairn India Limited	100.00%	100.00%
Cairn Energy Holdings Limited	Holding company	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Hydrocarbons Ltd	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 7) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%

Notes to the Financial Statements continued

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			**31 March 2013**	31 March 2012
Cairn Exploration (No.6) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No.4) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 2) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Block 1 Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Discovery Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Petroleum India Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Cambay B.V.	Exploration and production	49.76%	49.83%	Netherlands	Cairn Energy Cambay Holding B.V.	100.00%	100.00%
Cairn Energy India West B.V.	Exploration and production	49.76%	49.83%	Netherlands	Carin Energy India West Holding B.V.	100.00%	100.00%
Cairn Energy Gujarat B.V.	Exploration and production	49.76%	49.83%	Netherlands	Cairn Energy Gujarat Holding B.V.	100.00%	100.00%
Cairn Energy India Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Group Holdings B.V.	100.00%	100.00%
Cairn Energy Group Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Netherlands Holdings B.V.	100.00%	100.00%
Cairn Energy Netherlands Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Holding B.V	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy India West Holding B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy Cambay Holding B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy Australia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Group Holdings B.V.	100.00%	100.00%

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding 31 March 2013	The Company's economic percentage holding 31 March 2012	Country of incorporation	Immediate holding company	Immediate percentage holding 31 March 2013	Immediate percentage holding 31 March 2012
CEH Australia Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Australia Pty Limited	100.00%	100.00%
Cairn Energy Asia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Australia Pty Limited	68.18%	68.18%
Cairn Energy Investments Australia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Asia Pty Limited	100.00%	100.00%
Wessington Investments Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Asia Pty Limited	100.00%	100.00%
Sydney Oil Company Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Investments Australia Pty Limited	100.00%	100.00%
Cairn Energy India Pty Limited	Exploration & production	49.76%	49.83%	Australia	Sydney Oil Company Pty Limited	100.00%	100.00%
CEH Australia Pty Limited	Holding company	49.76%	49.83%	Australia	CEH Australia Limited	100.00%	100.00%
CIG Mauritius Holdings Private Limited	Holding company	49.76%	49.83%	Mauritius	Cairn India Limited	100.00%	100.00%
CIG Mauritius Private Limited	Holding company	49.76%	49.83%	Mauritius	CIG Mauritius Holding Private Limited	100.00%	100.00%
Cairn Lanka (Pvt) Ltd	Exploration and production	49.76%	49.83%	Sri Lanka	CIG Mauritius Pvt Ltd	100.00%	100.00%
Cairn South Africa Pty Limited[1]	Exploration and production	49.76%	–	South Africa	Cairn Energy Hydrocarbons Limited	100.00%	–

1 Incorporated during the year.

The Group owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list above, and the Group is able to govern its subsidiaries' financial and operating policies so as to benefit from their activities.

42. Ultimate controlling party

At 31 March 2013, the ultimate controlling party of the Group was Volcan, which is controlled by persons related to the Executive Chairman, Mr Anil Agarwal. Volcan is incorporated in the Bahamas, and does not produce Group accounts.

Notes to the Financial Statements continued

43. Company Balance Sheet

(US$ million)	Note	31 March 2013	31 March 2012
Fixed assets			
Tangible assets	45	0.6	0.3
Investments in subsidiaries	46	1,061.8	1,061.8
Investment in preference shares of subsidiaries	47	178.9	178.9
Financial asset investment	48	0.1	0.3
Derivative asset		–	5.3
		1,241.4	**1,246.6**
Current assets			
Debtors due within one year	49	788.8	463.1
Debtors due after one year	49	4,899.3	5,378.2
Current asset investments	50	89.5	182.5
Cash at bank and in hand		0.6	0.3
		5,778.2	**6,024.1**
Creditors: amounts falling due within one year			
Trade and other creditors	51	(68.9)	(66.6)
External borrowings	51	(499.3)	(996.0)
Loan from subsidiary	51	(1,059.9)	(281.7)
Derivative liability	51	(4.5)	–
		(1,632.7)	**(1,344.3)**
Net current assets		**4,145.5**	**4,679.8**
Total assets less current liabilities		5,386.9	5,926.4
Creditors: amounts falling due after one year			
Loan from subsidiary	52	(1,069.8)	(1,741.1)
External borrowings	52	(3,481.4)	(3,205.8)
		(4,551.2)	**(4,946.9)**
Net assets		**835.7**	**979.5**
Capital and reserves			
Called up share capital	53	29.8	29.7
Share premium account	53	196.8	196.8
Share-based payment reserve	53	29.0	39.8
Convertible bond reserve	53	302.9	382.0
Other reserves	53	(2.2)	(2.0)
Treasury shares	53	(490.6)	(490.6)
Profit and loss account	53	770.0	823.8
Shareholders' funds	53	**835.7**	**979.5**

Financial statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 15 May 2013.

MS Mehta – Director

44. Company accounting policies

The Vedanta Resources plc (the 'Company') balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and UK company law ('UK GAAP'). The financial information has been prepared on an historical cost basis. As permitted by the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The loss after tax for the period of the Company amounted to US$15.7 million (2012: profit of US$94.8 million).

Significant accounting policies

Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investment in preference shares of subsidiaries

Investments in preference shares of subsidiaries are stated at fair value. The fair value is represented by the face value of the preference shares as the investments are redeemable at any time for their face value at the option of the Company.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with banks and short-term highly liquid investments that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Financial asset investments

Financial asset investments are classified as available for sale under IAS 39 and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

Currency translation

Transactions in currencies other than the functional currency of the Company, being US dollars, are translated into US dollars at the spot exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into US dollars at year end exchange rates, or at a contractual rate if applicable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Deferred taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged to subsidiaries in respect of awards granted to employees of subsidiaries are recognised as intercompany debtors until repaid.

Borrowings

Interest-bearing loans are recorded at the net proceeds received i.e. net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on accruals basis and charged to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Financial Statements continued

44. Company accounting policies continued

Convertible bonds

The convertible bonds issued by VRJL and VRJL-II (Note 52) are accounted for as a compound instrument. The gross proceeds (net of issue costs) were lent to the Company by VRJL and VRJL-II. The equity component has been recognised in a separate reserve of the company and is not subsequently remeasured. The recognition of the equity component by the Company acts to reduce the payable to VRJL and VRJL-II which arises once the gross proceeds are borrowed. The liability component is held at amortised cost. The interest expensed on the liability component is calculated by applying an effective interest rate. The difference between interest expensed and interest paid is added to the carrying amount of the liability component.

The bonds are first convertible into preference shares of the issuer having a principal value of US$100,000 per preference share, which are exchanged immediately for ordinary shares of the Company.

Financial instruments

The Company has elected to take the exemption provided in paragraph 2D of FRS 29 in respect of these parent Company financial statements. Full disclosures are provided in note 27 to the financial statements of the Group for the period ended 31 March 2013.

Derivative financial instruments

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are remeasured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account. The hedged item is recorded at fair value and any gain or loss is recorded in the profit and loss account and is offset by the gain or loss from the change in the fair value of the derivative.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Cash flow statement

The Company's individual financial statements are outside the scope of FRS 1 Cash Flow Statements because the Company prepares publicly available financial statements, which include a consolidated cash flow statement. Accordingly, the Company does not present an individual company cash flow statement.

Related party disclosures

The Company's individual financial statements are exempt from the requirements of FRS 8 Related Party Disclosures because its individual financial statements are presented together with its financial statements. Accordingly, the individual financial statements do not include related party disclosures.

Financial guarantees

Guarantees issued by the Company on behalf of other Group companies are designated as 'Insurance Contracts'. Accordingly, these are shown as contingent liabilities (Note 54).

Debtors

Debtors are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts. An allowance for impairment for debtors is made where there is an indication of a reduction in the recoverability of the carrying value of the debtor.

Creditors

Creditors are stated at their nominal value.

45. Company tangible fixed assets

	US$ million
Cost	
At 1 April 2012	1.5
Additions	0.4
At 31 March 2013	**1.9**
Accumulated depreciation	
At 1 April 2012	1.2
Charge for the period	0.1
At 31 March 2013	**1.3**
Net book value	
At 1 April 2012	0.3
At 31 March 2013	**0.6**

46. Investments in subsidiaries

	US$ million
Cost	
At 1 April 2012	1,061.8
At 31 March 2013	**1,061.8**

At 31 March 2013, the Company held 144,538,524 shares in VRHL (2012: 144,538,524 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (2012: one). At 31 March 2013, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (2012: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (2012: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (2012: two), two shares in Vedanta Jersey Investment Limited ('VJIL') (2012: two), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in England and Wales. VFJL, VRJL and VRJL-II are companies established to raise funds for the Vedanta Group via convertible bond issue and are incorporated in Jersey. A detailed list of subsidiary investments held indirectly by the Company can be seen in Note 41.

47. Investment in preference shares of subsidiaries

	US$ million
Fair value	
At 1 April 2012	178.9
Additions	–
At 31 March 2013	**178.9**
As 1 April 2011	178.9
Additions	–
At 31 March 2012	**178.9**

As at 31 March 2013, the Company held 178,916,000 preference shares in VFJL (2012: 178,916,000). These shares entitle the holder to a dividend of 4.6% of their face value.

48. Financial asset investment

	US$ million
Fair value	
At 1 April 2012	0.3
Fair value movement in investment	(0.2)
At 31 March 2013	**0.1**
At 1 April 2011	0.5
Fair value movement in investment	(0.2)
At 31 March 2012	**0.3**

The investment relates to an equity investment of shares in Victoria Gold Corporation. At 31 March 2013, the investment in Victoria Gold Corporation was revalued and a loss of US$0.2 million was recognised in equity.

49. Company debtors

US$ million	31 March 2013	31 March 2012
Amounts due from subsidiary undertakings	5,680.0	5,840.3
Prepayments and accrued income	7.8	0.7
Other taxes	0.3	0.3
Total	**5,688.1**	**5,841.3**
Debtors due within one year	788.8	463.1
Debtors due after one year	4,899.3	5,378.2
Total	**5,688.1**	**5,841.3**

Amounts due from subsidiary undertakings
At 31 March 2013, the Company had loans due from VRHL of US$1,501.9 million (2012: US$1,806.8 million) which represented the downstreaming of funds to the subsidiaries. Out of the total loan, US$579.3 million bears interest at US dollar six months LIBOR plus 350 basis points, US$500 million at 5.8%, US$2.9 million at 8.95%, US$131.6 million at 5.9%, US$201.2 million at 9.7%, and US$87.0 million at 8.95%. In addition to the loans, the Company was owed US$523.6 million of accrued interest (2012: US$338.2 million).

At 31 March 2013, the Company had loans of US$275.4 million (2012: US$496.0 million) and US$3,320.9 million (2012: US$3,137 million) receivable from Richter and TMHL respectively and US$ 58.1 million of other amounts due from subsidiary undertakings (2012: US$62.3 million).

50. Company current asset investments

US$ million	31 March 2013	31 March 2012
Bank term deposits	89.5	180.4
Short-term unit trusts and liquid funds	–	2.1
Total	**89.5**	**182.5**

51. Company creditors: amounts falling due within one year

US$ million	31 March 2013	31 March 2012
Accruals and deferred income	(68.9)	(66.6)
Bonds and Loans	(499.3)	(996.0)
Loan from subsidiary	(1,060.0)	(281.7)
Derivative liability	(4.5)	–
Total	**(1,632.7)**	**(1,344.3)**

The loan from ABN AMRO Bank ('ABN') of US$1,000 million was repaid on its due dates in April 2012 and January 2013.

The external borrowings as at 31 March 2013 represent a non-convertible bond of US$1,250 million, of which US$500 million is repayable in January 2014 and the remaining US$750 million is repayable in July 2018.

52. Company creditors: amounts falling due after one year

US$ million	31 March 2013	31 March 2012
Loan from subsidiary	(1,069.8)	(1,741.1)
Bond and Loans	(3,481.4)	(3,205.8)
Total	**(4,551.2)**	**(4,946.9)**

Loans from subsidiaries include a loan of US$1,069.8 million from VRJL relating to its issue of US$1.25 billion convertible bonds (bond issued in July 2009). During 2013, interest was charged at the effective interest rate of 11.22%.

In March 2013, the Company entered into a facility agreement of US$185 million with Deutsche Bank and withdrew US$50.0 million under the agreement. The loan bears an interest rate of US$LIBOR plus 315 basis points and is due for repayment in March 2016. The remaining facility amount of US$135 million was undrawn as on 31 March 2013.

52. Company creditors: amounts falling due after one year continued

In March 2013, the Company entered into two facility agreements with ICICI bank for borrowing up to US$170.0 million and US$180.0 million. The loans bear interest rates of US$LIBOR plus 430 basis points and US$LIBOR plus 427 basis points respectively. The US$170.0 million facility is repayable in three annual instalments beginning April 2018 (the first instalment being 20% and the balance two instalments being 40% each). The US$180.0 million facility is repayable in three annual equal annual instalments beginning February 2017. The facility remains undrawn as at 31 March 2013.

Of the US$1,250 non-convertible bond issued during 2008, US$500 million is due in January 2014 and has been reclassified to 'Company creditors: amounts falling due within one year' at 31 March 2013 (see Note 51).

VRJL-II, a wholly owned subsidiary of the Company, issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017. If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on or after 29 April 2013 to 30 March 2015.

As per the above, the Company has received notice from bondholders about the exercise of put option on 29 April 2013 amounting to US$809.8 million. The inter-company loan between the Company and VRJ2 have been classified as creditors within one year.

53. Company reconciliation of movement in equity shareholders' funds

	Share capital	Share premium account	Share-based payment reserve	Convertible bond reserve	Treasury shares	Profit and loss account	Other reserves	Total
Equity shareholders' funds at 1 April 2012	29.7	196.8	39.8	382.0	(490.6)	823.8	(2.0)	979.5
Profit for the year	–	–	–	–	–	(15.7)	–	(15.7)
Dividends paid	–	–	–	–	–	(153.5)	–	(153.5)
Exercise of LTIP awards	0.1	–	(36.3)	–	–	36.3	–	0.1
Recognition of share-based payments	–	–	25.5	–	–	–	–	25.5
Convertible bond reserve transfer	–	–	–	(79.1)	–	79.1	–	–
Movement in fair value of financial investments (Note 48)	–	–	–	–	–	–	(0.2)	(0.2)
Equity shareholders' funds at 31 March 2013	**29.8**	**196.8**	**29.0**	**302.9**	**(490.6)**	**770.0**	**(2.2)**	**835.7**

54. Company contingent liabilities

a. The Company has guaranteed US$1,250 million convertible bonds issued by VRJL (2012: US$1,250 million). See Note 26 to the financial statements for further details on the convertible bonds.
b. The Company has given corporate guarantee to Vedanta Aluminium Limited for an amount of US$4,273 million up to 31 March 2013.
c. The Company also has issued other guarantees of US$50 million supplied to concentrate suppliers.
d. The Company has given corporate guarantee to Konkola Copper Mines for an amount of US$185 million up to 31 March 2013.
e. The Company has guaranteed US$883 million convertible bonds issued by VRJL-II (2012: US$883 million). See Note 26 to the financial statements for further details on the convertible bonds.

55. Company share-based payment

The Company had certain LTIP awards outstanding as at 31 March 2013. See Note 30 to the financial statements for further details on these share-based payments.