Delivering our strategy

Above: Mangala processing terminal, Cairn India.

Key Strategic Priorities

- Disciplined production growth across the portfolio with a focus on returns
- Continue to add reserves and resources to drive long-term value by extending resources at a faster rate than we deplete them through a continued focus on drilling and exploration programmes
- Reduce gearing from cash flow as we have reached an inflection point where free cash flow exceeds capex
- Complete the simplification of the Group structure to more closely align debt with cash flow and deliver significant synergies

"Vedanta has delivered a set of strong results driven by production ramp-ups and continued cost control across our well-diversified portfolio of Tier-1 assets against a backdrop of challenging economic conditions and volatile commodity prices."

Strategic context

We continued to deliver on our strategy during the year in an uncertain economic environment. Our diversification into oil & gas enabled us to deliver strong financial results despite a difficult year for the mining industry and some Company specific challenges. Challenges for the industry persisted in 2012 as the market uncertainty and volatility witnessed since the global financial crisis continued. The recent trends of slower growth in China, a troubled euro zone and a gradual recovery in the US were the main factors which depressed the economic sentiments of the global economy. The global industry also faced falling prices combined with increasing costs creating further pressure on margins in the mining and metal industry. In addition to these factors, during the year our iron ore businesses in Goa and Karnataka were impacted by the mining restrictions which reduced our operating profit by US$485.3 million compared to the previous year. Against this backdrop, we improved our operational performance delivering production growth and reducing costs across all our segments.

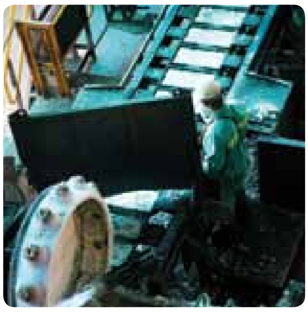
Following our acquisition of the controlling stake in Cairn India, it delivered excellent financial results in its first full year and helped us to create a world class diversified natural resource company.

Delivering our strategy

Over the years we have built a diversified company with a well-balanced portfolio covering oil & gas, metals, bulks and power and are India's leading natural resource company. Most of our growth projects are now complete so we have passed the inflexion point where free cash flow exceeds our growth capital expenditure. We are now focused on deleveraging and reducing debt.

We continue to focus on delivering growth and long-term value for our stakeholders, by investing in, and maintaining, structurally low cost, high quality assets with long operational lives where we can drive further improvement through efficiencies. Structurally our Tier-1 asset portfolio provides us with a competitive cost position as the majority of our businesses are in the lowest quartile of the global cost curve.

Our success in extending our resource base is essential to sustain future growth. We are committed to sustainable development, reflecting the needs of all our stakeholders – our employees, our local communities, our environmental stakeholders – as well as our shareholders.



Top: Ingot casting line at Skorpion integrated zinc complex.

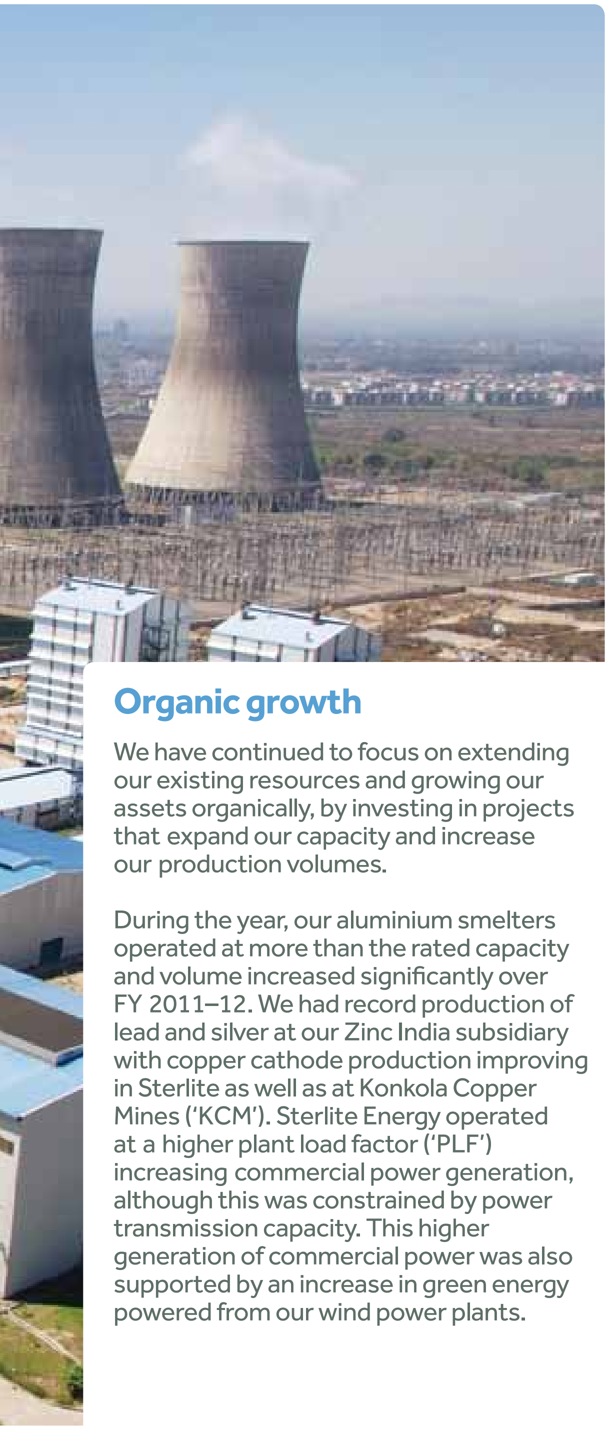
Middle: Dumper truck at Nchanga open pits, KCM.

Bottom: Engineers at pot room of 500ktpa smelter, VAL.

Strategy Review
Growth

Successfully delivering growth

Above: Aerial view of Jharsuguda smelting complex.



Organic growth

We have continued to focus on extending our existing resources and growing our assets organically, by investing in projects that expand our capacity and increase our production volumes.

During the year, our aluminium smelters operated at more than the rated capacity and volume increased significantly over FY 2011–12. We had record production of lead and silver at our Zinc India subsidiary with copper cathode production improving in Sterlite as well as at Konkola Copper Mines ('KCM'). Sterlite Energy operated at a higher plant load factor ('PLF') increasing commercial power generation, although this was constrained by power transmission capacity. This higher generation of commercial power was also supported by an increase in green energy powered from our wind power plants.

Selective and value accretive M&A

Whilst our primary focus is on growing our existing assets, we pursue selective acquisitions that are value-enhancing for our shareholders. We seek large proven, assets with the potential for growth and/or cost improvement, where we can leverage our skills and experience. These could include new geographies and commodities that meet our investment criteria. Last year, we acquired a controlling interest in Cairn India, the largest private oil producer in India. In 2012, Cairn India contributed 49% of the Group's EBITDA. This diversification has helped the Group improve the profitability despite adverse commodity prices in copper, aluminium, zinc, lead and silver.

During the year, we acquired the outstanding 49% stake in the brown field and green field iron ore assets in Liberia in Western Africa for a cost of US$33.5 million. West Africa is an emerging hub for iron ore. The region has approximately 34 billion tonnes of reserves and resources, with the potential to become a 100 million tonnes per annum iron ore exporting region.

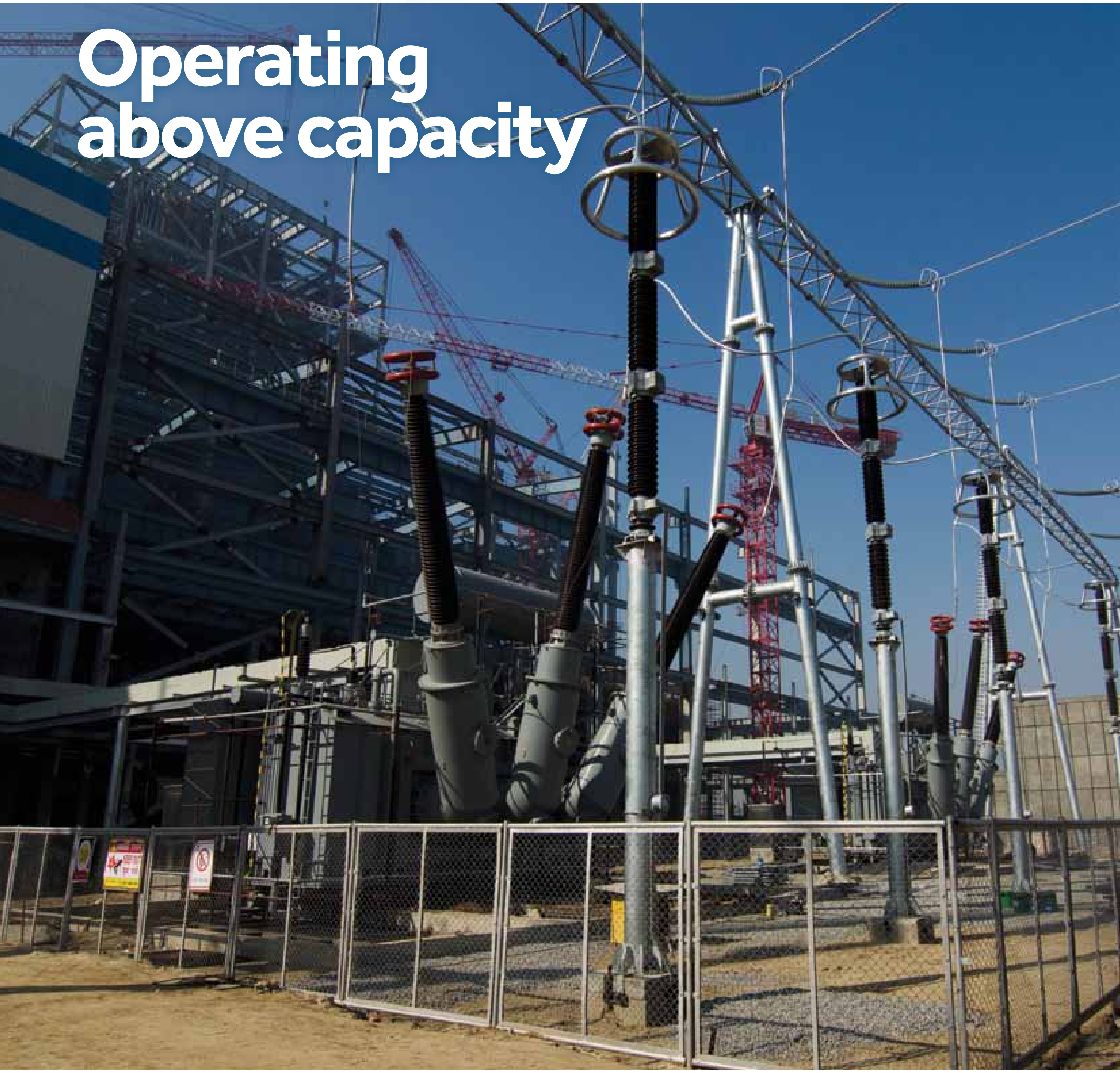
"Our focus continues to be on generating shareholder returns through prudent capital allocation, with a focus on low-risk, phased projects with high returns."

Top: Engineers at SK lead-zinc mine.

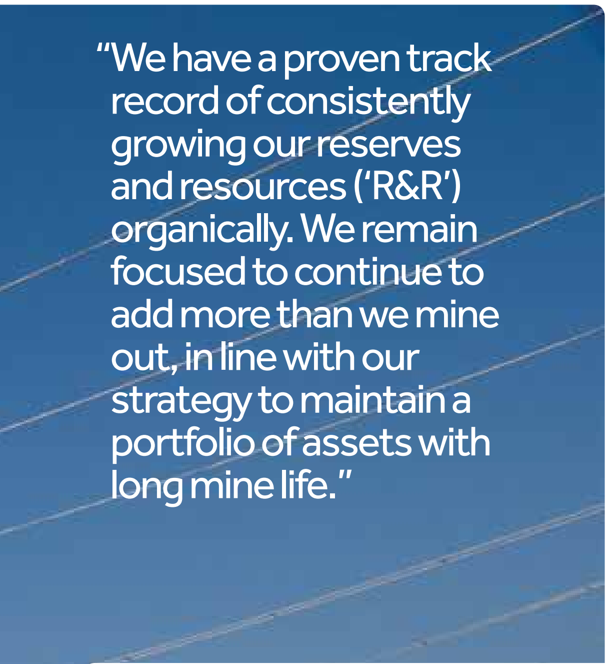
Middle: Aerial view of purification facility at smelter complex, Skorpion Zinc.

Bottom: Aluminium wire rod extrusion, BALCO.

Operating above capacity



Above: Switchyard, Talwandi Sabo project.



"We have a proven track record of consistently growing our reserves and resources ('R&R') organically. We remain focused to continue to add more than we mine out, in line with our strategy to maintain a portfolio of assets with long mine life."

Optimise returns

As the majority of our assets have had recent investment or are new, over the period our businesses have demonstrated lower annual sustaining capital costs. We believe there is further potential for operating cost reduction with the ramp up of production, a continued focus on asset optimisation and improved raw material sourcing.

Reserves and resources

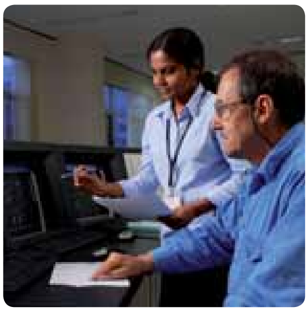
In line with our strategy to maintain long mine life for our assets and our target to add more than we mine, we continue to focus on our exploration programmes – on both brown field and green field sites. During FY 2012–13, our exploration activities resulted in the successful addition of reserves and resources ('R&R') at our zinc and iron ore businesses.

Key achievements

- 1.0mt contained metal added to R&R in Zinc India, prior to depletion of 0.9mt equivalent of mined out metal during the year
- Significant exploration success in our Indian Iron Ore business, with the net addition of 59mt to reserve and resources, extending the mine life to 20 years
- Exploration success in Liberia, first iron ore R&R declared at 966mt
- Konkola Copper Mine ('KCM') has substantively increased its R&R by 78mt on a net basis. This increase in R&R has contributed to a 20% increase in contained copper compared to March 2012
- Copper Mines of Australia ('CMT') added 5.4mt to reserves, prior to depletion of 2.5mt. With a total reserves of 8.9mt of copper ore on 31 March 2013, the mine life has been extended to around four years

Group structure

Last year we initiated a major project to simplify our Group structure and unlock value. This is focused around the merger of Sesa Goa Ltd and Sterlite Industries (India) Ltd to form Sesa Sterlite Ltd, aiming to create a more efficient capital structure across the Group with better alignment of debt and cash flows, as well as delivering significant synergies. The necessary approval from the High Court of Bombay at Goa has been received and we now await the approval of the High Court of Madras.



Top: Engineers at control room of Lanjigarh refinery, VAL.

Middle: Aerial view of Tailings management facility rehabilitation plots, Lisheen.

Bottom: Ball mill at the newly commissioned East Mill at Nchanga Concentrator, KCM.

Focused on sustainability

"Following the development and group-wide roll-out of our new business sustainability framework last year, we have consistently implemented this across the Group to enhance the value of our business, reduce our risks and preserve our licence to operate."

Above: Engineers at smelter control room, BALCO.

Sustainability is a core element of our guiding strategy and Group values, and supports us in growing Vedanta's business and creating long-term value for our stakeholders.

We have been working to train and develop our employees and contractors in our sustainability framework, to both embed a culture of sustainability across the business as well as implement the framework's supporting practices and procedures. To date more than 8,000 people across the Company have been trained on the framework which is aligned to international sustainability standards including the GRI framework.

As we implement our framework, we enhance the value of our business while reducing risks and preserving our license to operate. This year we have made our approach more robust, which has included the development of our Vedanta Sustainable Assurance Process ('VSAP') – introduced over the last year to embed our commitment at the operational level – as well as a stakeholder engagement exercise to provide a materiality assessment of our key impacts and issues.

These initiatives have been instrumental in delivering the Group sustainability strategy, which is made up of three strategic pillars: Responsible Stewardship, Building Strong Relationships and Adding and Sharing Value.

Responsible stewardship

Responsible Stewardship extends to our employees and their health and safety, our business processes which are centred around risk management, and the management of our land and our environmental impact.

Health and safety

The health and safety of the people who work for the Vedanta Group remains a key focus and we are saddened to report 20 fatalities during the year. The Company and the operational management is committed to sustain and further intensify our actions to make our operations fatality free. As a leading indicator of improving safety environment we see a reduction in the injury rates, and over the past five years we have more than halved our Lost Time Injury Frequency Rate from 1.67 in 2009 to 0.72 in 2013. With safety management continually improving around the Group, we remain committed to meeting our target of zero fatalities.

Environment

Vedanta continues to work on managing its impact on the natural environment. Our continuous improvement projects in air quality, biodiversity, water, waste and energy management have made good progress. As evidence, Vedanta was rated eighth among 38 FTSE metal and mining companies by the Carbon Disclosure Project as it improved its score from 63 in 2012 to 76 in 2013. Despite this progress, we have much more to do to meet our own challenging targets.

Building strong relationships

Establishing and maintaining close links with our stakeholders is an essential part of our journey as a sustainable business.

Throughout the year some 4,700 stakeholder engagement meetings took place, with community leaders, non-governmental organisations ('NGOs'), governments and government bodies, academic institutions and around 250 partnerships are now in place.

Adding and sharing value

We contributed US$5.3 billion to the Exchequer through direct and indirect taxes, royalty and oil tax globally.

We employ, directly and through contractors, around 91,000 people. We play a significant role in growing local skills and in the development of local infrastructure, including roads, sanitation, education and medical facilities. We made a community investment of US$47 million this year, reaching 3.7 million people and providing support for schools, hospitals, health centres and farms.

Top: Inspecting quality of alumina, VAL Lanjigarh.

Middle: Team of employees after a safety briefing at workshop area, HZL

Bottom: Environmental preservation and local infrastructure development, VAL Lanjigarh.