

STRATEGIC FRAMEWORK

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STRATEGY



WE INTEND TO DELIVER GROWTH AND LONG-TERM VALUE WHILE UPHOLDING SUSTAINABLE DEVELOPMENT THROUGH OUR DIVERSIFIED PORTFOLIO OF LARGE, LONG-LIFE AND LOW-COST ASSETS.

GROWTH

LONG-TERM VALUE

SUSTAINABILITY

GROWTH

ORGANIC GROWTH

We are keenly focused on extending our resource base and growing our assets organically, by identifying and investing in projects that help expand our capacity and increase production volumes.

SELECTIVE AND VALUE ACCRETIVE M&A

In addition to organic growth, we also actively explore opportunities to acquire large, proven assets where we can add significant value with our strategic capabilities.

LONG-TERM VALUE

OPTIMISE RETURNS

We aim to optimise our cost and operational performance through a culture of continuous improvement to achieve and maintain a competitive cost position in all our businesses.

RESERVES AND RESOURCES

We have adopted systematic exploration and resource development practices as we constantly strive to add to our reserves and resources.

GROUP STRUCTURE

Consolidation and simplification of our Group structure remains a strategic objective with a view to building long-term value through the optimisation of Group resources.

SUSTAINABILITY

RESPONSIBLE STEWARDSHIP

We have specific management systems in place to run our operations to minimise the risk of harm to people and the environment throughout the life cycle of our projects.

BUILDING STRONG RELATIONSHIPS

We aim to forge strong partnerships by engaging with our key stakeholders, including shareholders and lenders, suppliers and contractors, customers, employees, governments, communities and civil society through active interactions and involvement.

ADDING AND SHARING VALUE

We aim to create and implement policies and processes that will contribute to the well-being and development of our employees and deliver sustainable benefits to the local communities.

STRATEGIC PRIORITIES

Production growth and asset optimisation

Deleveraging the balance sheet

Simplify Group structure

Create sustainable value for all our stakeholders

Identify next generation of resources

WHAT WE SAID WE'D DO

- › Disciplined ramp up of new capacities at Aluminium, Power and Iron Ore
- › Zinc: ramp up volumes from Rampura Agucha underground mines
- › Oil & Gas: enhance gas production, EOR at other fields
- › KCM: ramp up production, optimise cost

- › Reduce net debt
- › Continued optimisation of opex and capex
- › Continued discipline around working capital

- › Work towards completing Vedanta Limited and Cairn India merger

- › Focus on eliminating fatal accidents
- › Reducing our environmental footprint
- › Bring all stakeholders on board prior to accessing resources

- › Disciplined approach to exploration
- › Continue to enhance our exploration capabilities

WHAT WE HAVE DONE

- › Significant ramp ups at Aluminium, Iron Ore and Power
- › Record production at Zinc India, Aluminium, Power and Copper India
- › Gamsberg project on track

- › US\$1.5 billion free cash flow in FY2017
- › Balance sheet management and extension of debt maturities: bond buybacks, issue of US\$1 billion bond due 2022
- › Cost and marketing savings of US\$814 million over last two years

- › Completed merger of Vedanta Limited - Cairn India

- › LTIFR – 0.39 (Lost Time Injuries decreased to 75 from 103)
- › Number of employees trained on Making Better Risk Decisions (MBRD) training programme – 320
- › HSE training: 1.1 million man hours
- › Environment investment: US\$49 million
- › 3.93 million m³ water saved
- › 24% of water recycled
- › 51% of high volume/low effect waste recycled
- › Social investment: US\$18 million
- › 2.2 million beneficiaries of our communities initiatives
- › CSR outreach programme to 4,176 villages

- › Zinc India: net addition of 14.5 million tonnes to R&R

OBJECTIVES FOR 2018

- › Continue production ramp up
- › Progress towards production at Gamsberg
- › Ramp up volumes and optimise costs at KCM
- › Continue to improve business efficiencies

- › Reduce net debt
- › Continued optimisation of opex
- › Refinance upcoming maturities efficiently at lower interest costs
- › Shareholder returns

- › Realise benefits of the Vedanta Limited – Cairn India merger

- › Zero fatal incidents and 26% reduction in LTIFR
- › Standardise and undertake water risk assessment across sites
- › Water saving of 2.2 million m³
- › Achieve 50% fly ash utilisation rates
- › Complete social impact studies across sites
- › Expand flagship Nand Ghar programme to all sites

- › Leverage expertise of central mining exploration group
- › Optimise oil exploration activities, while preserving growth options