



STRONGER: STRENGTHENING OUR BALANCE SHEET

CASE STUDY



During the year we announced a new 5.5-year USD fixed rate bond offering with a yield of 6.375%, the largest single-tranche G3 high yield bond issuance from Asia ex-Japan since 2015. This bond issue was well received by investors, and attracted strong demand from a range of high quality institutional shareholders across the US, Asia, Europe and the Middle East.

A simultaneous tender offer enabled us to refinance all of our existing 2018 and 2019 bonds using the proceeds from the new issue, as a result proactively extending our average debt maturity years and strengthening our balance sheet.

STRONGER

FINANCIAL POSITION AND PRODUCTION GROWTH

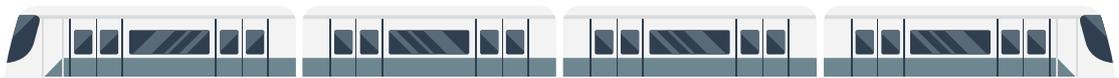
As commodity prices improved in FY2017 and continue to be favourable, we are reaping the benefits of the steps we have taken over the past few years to increase our resilience through the cycle: during the year, we achieved record production at Zinc India, Aluminium and Copper India, as well as significant ramp up of volumes at Aluminium, Power and Iron Ore.

Our focus on optimising costs across our business through operational efficiencies has delivered savings of US\$814 million over two years.

Our successful US\$1 billion bond issuance in January 2017 was a step towards proactive balance sheet management that has reduced our cost of debt and extended our debt maturities. Our international credit rating has improved to B+ with a stable outlook by S&P and B1 with a stable outlook by Moody's from B2 with a negative outlook.

The completion of the Vedanta Limited – Cairn India merger at the end of the financial year has helped us to simplify our Group structure and will enable more flexibility in capital allocation, for the creation of long-term sustainable value.

As a result, we are now a stronger company and well positioned to benefit from the improving market environment across our portfolio of diversified low-cost, long-life assets. A disciplined ramp up of production across our Zinc, Aluminium, Iron Ore and Power businesses is delivering significant growth.



Iron ore from Goa mining operations



Engineers at the aluminium wire rods facility



SMARTER

INNOVATION AND USE OF TECHNOLOGY

Digitalisation of the mining industry is gaining traction and Vedanta is capitalising on India's leading position and expertise in information technology. Building on two of our core values of entrepreneurship and innovation, during the year we have stepped up our efforts to discover and implement new, innovative and disruptive technologies through the introduction of new systems and incentive programmes.

One example is Eureka, our new digital platform to nurture and incubate in-house innovation and technology, which is currently being embedded throughout the business. It encourages our employees to come up with innovative ideas

focusing on using technology to support mining in a sustainable way by reducing waste and improving energy efficiency. To date, around 1,000 ideas have been submitted and 200 were selected for implementation, and these will be rolled out across our operations. Quarterly innovation awards reward those employees who produce the most innovative ideas, providing employees with a further incentive. The top three ideas were awarded after evaluation by an expert committee comprising of business CEOs and senior cross-functional managers.

Our aim is to work smarter, improving the sustainability of our operations and optimising our costs.



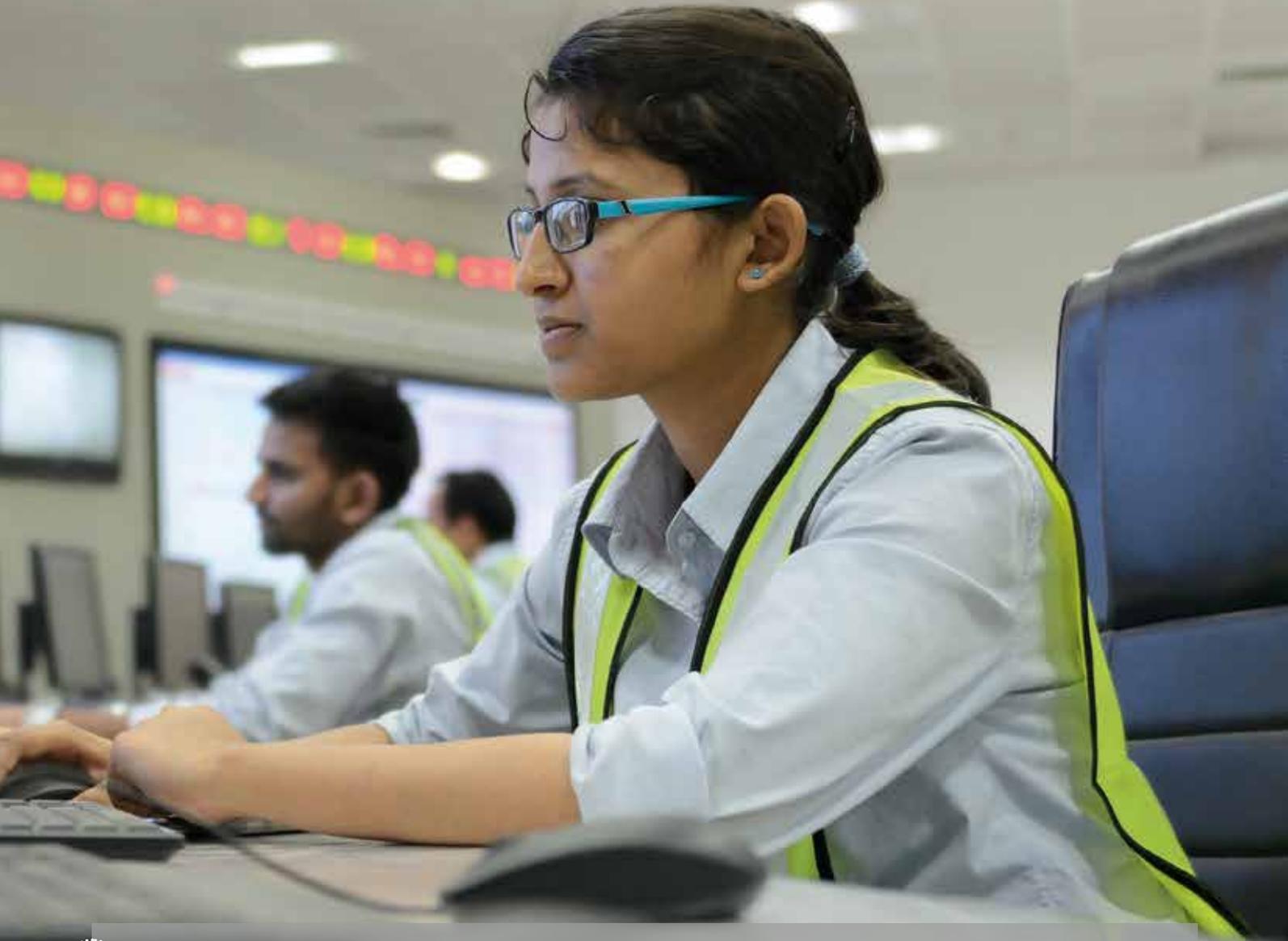
Employee at control room



Quality assurance lab at Lanjigarh



Main image: Control room at BALCO power plant



SMARTER: DEVELOPING INNOVATIVE SOLUTIONS

CASE STUDY



Last year we ran a contest with the theme 'Waste to Value' on Eureka, our new digital platform to create and incubate in-house innovation and technology. The competition, which looked at ways to reduce wastage, received over 200 ideas from across our businesses, and the top three were selected to be further developed by an expert committee consisting of business CEOs and senior management. These are now being fast-tracked through the business.

Eureka is now hosting two new contests: 'Ease of Doing Business and Reduce Cycle Time' which is looking at ways of optimising and improving processes and technology, and 'Finance 2.0' targeted at crowdsourcing ideas to improve and enhance the Finance function. Future contests will continue our focus on developing innovative technological solutions.



SUSTAINABLE: RESPONDING PROACTIVELY TO BIODIVERSITY RISK

CASE STUDY



The Gamsberg mine is located in the Succulent Karoo Biodiversity hotspot area – one of four hotspots in South Africa and 35 around the world. This area is home to more than 6,000 species of plants (40% of which are only found here) and also hosts 250 birds, 80 mammals and 32 reptile and amphibian species. Throughout the development of the mine, we will be taking multiple steps to reduce our environmental footprint and preserve the biodiversity of the area. We are currently implementing an Environmental Management

Programme (EMP) and a Biodiversity Management Plan (BMP) to monitor and guide the construction phase. These programmes are based on the following four principles:

- › avoid sensitive areas;
- › minimise impacts;
- › remedy impacts through rehabilitation;
- › offset areas to be identified to relocate current plant species.

An International Union for Conservation of Nature review panel will monitor our progress throughout the process.

SUSTAINABLE ¹⁷

CONTRIBUTION TO COMMUNITIES, EMPLOYEES AND THE ENVIRONMENT

We operate as a responsible business, minimising our impacts and promoting social inclusion across our operations through our focus on safety, environmental protection and community engagement.

Employee safety and achieving zero harm remains our number one priority. We deeply regret to report seven fatalities at our operations this year. We have learnt from these incidents and continue to work towards our zero harm strategy.

We continue to focus on reducing our environmental footprint, improving our resource efficiency through higher waste water recycling rates, implementing

biodiversity plans across our operations, including the new Gamsberg project, and successfully rehabilitating the Lisheen mine in Ireland following its closure in 2015. We have also introduced a long-term carbon strategy which supports India's approach to managing climate change.

Our aim is to create sustainable value for all our stakeholders. To this end, we empower local communities and proactively engage them in resolving any concerns they have. Where we plan new operations we ensure free, prior and informed consent of the local communities. We also undertake focused CSR activities which create positive social impacts.



Tom Albanese, CEO, at the Sustainable Development Day of Vedanta Resources plc in London in June 2016



Skill development training to local youth through the Yuva Pragati Kendra and Rural BPO initiatives at Lanjigarh

Main image: Livelihood initiative for women self-help group members under Project Sakhi in Lanjigarh