

02 Strategic report **We are Vedanta**

Highlights



Vedanta has produced a robust set of results in a volatile market and the fundamentals of our business remain strong.

Group highlights

Financial highlights

- Revenue of US\$12.9 billion in line with the previous year
- EBITDA¹ of US\$3.7 billion (FY2014: US\$4.5 billion), adjusted EBITDA margin of 38%² (FY2014: 45%)
- Underlying Earnings/(Loss) Per Share³ of (14.2) US cents (FY2014: 14.7 US cents)
- Basic Earnings Per Share (EPS) of (654.5) US cents primarily on account of an impairment of US\$4.5 billion (net of tax)
 - Non-cash impairment reflecting lower commodity price
- Free cash flow after growth capex of US\$1.0 billion (FY2014: US\$1.3 billion)
- Gross debt reduced by US\$0.6 billion in H2 FY2015 and US\$0.2 billion in FY2015 with gross debt at US\$16.7 billion in FY2015 (FY2014: US\$16.9 billion)
- Net debt up by US\$0.5 billion to US\$8.5 billion; US\$0.8 billion spent on increasing our stake in subsidiaries, Vedanta Limited and Cairn India Limited
- Credit rating changed from BB to BB- by S&P, Moody's retained at Ba1 with change in outlook to negative mainly on account of lower oil prices
- Final dividend of 40 US cents per share, full year dividend 63 US cents per share, up 3%

Business highlights

- Record full-year mined metal production at Zinc India; better positioned for underground transition
- Copper India: Record production
- Copper Zambia: Production for the full year lower; KDMP Shaft # 1 back online and production improving at Konkola
- Record full year aluminium and alumina production; started new Jharsuguda-II and Korba-II smelters
- Recommended iron ore production at Karnataka, final approval awaited at Goa; record annual production of pig iron
- Iron ore export duty in India reduced from 30% to 10% for less than 58% Fe iron ore, effective 1 June 2015
- Oil & Gas production normalised after the planned shutdown in Q2 FY2015

Caption: Operator at packing area of Jharsuguda aluminium casthouse.

Revenue (US\$bn)

15	12.9
14	12.9
13	14.6
12	14.0
11	11.4

EBITDA (US\$bn)

15	3.7
14	4.5
13	4.9
12	4.0
11	3.6

Free cash flow post capex (US\$bn)

15	1.0
14	1.3
13	1.5
12	0.1
11	0.2

Dividend per share (US cents)

15	63.0
14	61.0
13	58.0
12	55.0
11	52.5

Consolidated Group results

(in US\$ millions, except as stated)	FY2015	FY2014
Revenue	12,878.7	12,945.0
EBITDA ¹	3,741.2	4,491.2
EBITDA ¹ margin (%)	29.1%	34.7%
EBITDA margin excluding custom smelting ² (%)	38.0%	44.9%
Operating profit before special items	1,735.5	2,288.1
Loss attributable to equity holders	(1,798.6)	(196.0)
Underlying attributable profit ³	(38.9)	40.2
Basic (loss)/earnings per share (US cents)	(654.5)	(71.7)
Earnings per share on underlying profit (US cents)	(14.2)	14.7
ROCE (excluding project capital work in progress and exploratory assets and one-time impairment charge) (%)	8.7%	14.9%
Total dividend (US cents per share)	63.0	61.0

- 1 Earnings before interest, taxation, depreciation, amortisation/impairment and special items.
- 2 Excludes custom smelting revenue and EBITDA at Copper and Zinc-India operations as custom smelting has different business economics.
- 3 Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and non-controlling interest effects. In the prior period, the underlying attributable profit included the net tax benefit from the Sesa Sterlite merger offset by a deferred tax charge due to the change in tax rates at Cairn India.

“ Throughout this year, we have remained focused on our stated strategic priorities. Our diversified portfolio has enabled us to withstand global volatility in commodity prices.

Mr Anil Agarwal, Chairman of Vedanta Resources plc



Group highlights



Resilient performance in falling crude oil environment

We have revised capex but continue to focus on opportunities, with Cairn delivering the largest exploration and appraisal programme in its history. We spent US\$1.1 billion in FY2015 out of US\$3 billion, retaining flexibility on spend going forward.

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Ramping up aluminium

Production reached record levels at Lanjigarh and we have initiated a number of innovative, cost-saving projects. The new Korba-II smelter and Jharsuguda-II smelter started production with significant ramp up planned in 2016.

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Improving production volumes at Copper India

Higher production volumes at Copper India, while maintenance work at Konkola reduced production in Zambia. An easing of documentation requirements for VAT refunds in Zambia will enable us to increase utilisation rates of the smelter.

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Resuming operations at Sesa Goa

Production recommenced at Karnataka and in Goa, environment restrictions were lifted, with Vedanta allocated an interim annual mining quantity of 5.5mt of saleable ore. We are implementing cost reductions to counter the low-price environment.

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