STERLITE INDUSTRIES (INDIA) LTD
Form 20-F
May 25, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

FORM 20-F

(Mark One)

¨ **Registration statement pursuant to section 12(b) or 12(g) of the Securities Exchange Act of 1934**

or

þ **Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended March 31, 2012

or

¨ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

or

¨ **Shell company report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
Date of event requiring this shell company report

Commission file number 001-33175

Sterlite Industries (India) Limited

(Exact Name of Registrant as specified in its charter)

SIPCOT Industrial Complex,

Republic of India	**Madurai Bypass Road, T. V. Puram P.O., Tuticorin - 628002, Tamil Nadu, India**
(Jurisdiction of Incorporation or Organization)	**(Address of Principal Executive Offices)**

Rajiv Choubey

Company Secretary and Head Legal

SIPCOT Industrial Complex, Madurai Bypass Road, TV Puram P.O.

Tuticorin 628002

Tamil Nadu, India

(91) 461 424 2982

rajiv.choubey@vedanta.co.in

(Name, Telephone, E-mail and/or facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

American Depositary Shares each representing four equity shares par value Re. 1 per equity share.	**New York Stock Exchange**
(Title of Class)	**(Name of Exchange On Which Registered)**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

As of March 31, 2012, 3,361,207,534 equity shares, par value Re. 1 per equity share, were

issued and outstanding, of which 418,419,208 equity shares were held in the form of 104,604,802

American Depository Shares or ADSs.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See the definitions of large accelerated filer and accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ¨	International Financial Reporting Standards as issued by the International Accounting Standards Board þ	Other ¨

If Other has been checked in the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ¨ No þ

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CONVENTIONS USED IN THIS ANNUAL REPORT

In this annual report, we refer to information regarding the copper, zinc, aluminum and power industries and our competitors from market research reports, analyst reports and other publicly available sources. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of the information. We caution you not to place undue reliance on this data.

With effect from June 25, 2010, there was a stock split of each of the Rs. 2 shares into two equity shares of par value Re. 1 each and bonus issue of one equity share in the ratio of 1:1 (stock split and bonus issue). Prior to the stock split and bonus issue, each ADS represented one equity share, par value Rs. 2 each. Following the stock split and bonus issue, each ADS represents four equity shares, par value Re. 1 each. The computations of basic and diluted EPS have been adjusted retroactively for all periods presented to reflect the change in capital structure. All references in these consolidated financial statements to number of shares and per share amounts have been retroactively restated to reflect bonus and stock split made.

In this annual report, references to ADS offering are to the initial public offering of our equity shares in the form of ADSs, each currently representing four equity shares, in the United States completed in June 2007.

Unless otherwise indicated, our accompanying financial information has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, or IASB, (IFRS) for the fiscal years ended March 31, 2010, 2011 and 2012. Our consolidated financial statements as of and for the year ended March 31, 2009 were originally prepared in accordance with US GAAP and were restated in accordance with IFRS for comparative purposes only. For the years prior to fiscal 2010, we prepared our financial statements in accordance with accounting principles generally accepted in the United States, or US GAAP which differs in certain significant respects from and is not comparable with IFRS. References to a particular fiscal year are to our fiscal year ended March 31 of that year. Our fiscal quarters end on June 30, September 30 and December 31. References to a year other than a fiscal year are to the calendar year ended December 31.

In this annual report, references to US or the United States are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to Namibia are to the Republic of Namibia. References to South Africa, SA or RSA are to the Republic of South Africa. References to Ireland are to the Republic of Ireland. References to $, US$, dollars or US dollars are to the legal currency of the United States. References to Rs. , Re. , Rupees or Indian Rupees are to t currency of the Republic of India. References to AUD , Australian dollars or A$ are to the legal currency of the Commonwealth of Australia. References to N$, NAD or Namibian dollars are to the legal currency of Namibia. References to R, ZAR or RAND are to the legal curren the Republic of South Africa. References to ¢ are to US cents. References to lb are to the imperial pounds (mass) equivalent to 0.4536 kilograms, references to mt or tons are to metric tons, references to tpa are to tons per annum, a unit of mass equivalent to 1,000 kilograms or 2,204.6 lb, references to oz are to ounces, with one kilogram being equivalent to 35.2740 oz and one ton equivalent to 32,000 oz, references to mm are to millimeters and references to ha are to hectares, a unit of area equal to 10,000 square meters or 107,639 square feet.

We conduct our businesses both directly and through a consolidated group of companies that we have ownership interests in. See Item 4. Information on the Company A. History and Development of our Company for more information on these companies and their relationships to us. Unless otherwise stated in this annual report or unless the context otherwise requires, references in this annual report to we, us, our, Sterlite, SIIL, our company, or our consolidated group of companies mean Sterlite Industries (India) Limited, its consolidated subsidiaries and its predecessors, collectively, including Monte Cello BV, or Monte Cello, Copper Mines of Tasmania Proprietary Limited, or CMT, Thalanga Copper Mines Proprietary Limited, or TCM, Bharat Aluminium Company Limited, or BALCO, Sterlite Energy Limited, or Sterlite Energy, Hindustan Zinc Limited, or HZL, Sterlite Infra Limited (formerly known as Sterlite Paper Limited), or SIL, Fujairah Gold FZE, Sterlite (USA), Inc., or Sterlite USA, Talwandi Sabo Power Limited, or TSPL, THL Zinc Ventures Limited or THLZVL, THL Zinc Limited, or THLZL, THL Zinc Holding B.V., or THLZBV, THL Zinc Namibia Holdings (Proprietary) Limited, or Skorpion, Skorpion Zinc (Proprietary) Limited, Skorpion Mining Company (Proprietary) Limited, Namzinc (Proprietary) Limited, Amica Guesthouse (Proprietary) Limited, Rosh Pinah Health Care (Proprietary) Limited, Black Mountain Mining (Proprietary) Limited, or BMM, Vedanta Lisheen Holdings Limited, or Lisheen (formerly Vedanta Lisheen Finance Limited), Vedanta Lisheen Mining Limited, Killoran Lisheen Mining Limited, Killoran Lisheen Finance Limited, Lisheen Milling Limited, Sterlite Ports Limited (formerly known as Malco Power Company Limited), or MPCL, Sterlite Infraventures Limited (formerly known as Malco Industries Limited), or MIL, Vizag General Cargo Berth Private Limited, or VGCB, Paradip Multi Cargo Berth Private Limited, or PMCB, Pecvest 17 Proprietary Limited and Lakomasko B.V.

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Our consolidated financial information does not include our controlling shareholder Vedanta Resources Plc, or Vedanta, its shareholders and various companies owned directly or indirectly by it (other than us and our consolidated group of companies described above), including without limitations, Vedanta Resources Holdings Limited, or VRHL, Konkola Copper Mines Plc, or KCM, Konkola Resources Plc, Twin Star Holdings Limited, or Twin Star, Welter Trading Limited, or Welter Trading, the Anil Agarwal Discretionary Trust, Ekaterina Limited, Onclave PTC Limited, or Onclave, Sterlite Technologies Limited, or STL, Monte Cello Corporation NV, or MCNV, Twin Star Infrastructure Limited, The Madras Aluminium Company Limited or MALCO, Sesa Goa Limited, or Sesa Goa, Sesa Industries Limited, Sesa Resources Limited (earlier V.S. Dempo & Company Private Limited), Sesa Mining Corporation Private Limited (earlier Dempo Mining Corporation Private Limited), Cairn India Limited, or Cairn India, and its subsidiaries and Vedanta Aluminium Limited, or Vedanta Aluminium, except that as to Vedanta Aluminium, our consolidated financial statements account for our 29.5% non-controlling interest therein under the equity method of accounting, but Vedanta Aluminium is not otherwise included in our consolidated group of companies or our consolidated financial statements. References to the Vedanta group are to Vedanta and its subsidiaries.

In this annual report, references to The London Metal Exchange Limited, or LME, price of copper, zinc or aluminum are to the cash seller and settlement price on the LME for copper, zinc or aluminum for the period indicated. References to primary market share in this annual report are to the market that includes sales by producers of metal from copper concentrate or alumina, as applicable, and do not include sales by producers of recycled metal or imports.

On February 25, 2012, we, Sesa Goa and Vedanta announced an all-share merger of our company and Sesa Goa to create Sesa Sterlite and a consolidation of various subsidiaries held within Vedanta through a Scheme of Arrangement under Indian law. The Scheme of Arrangement is also subject to certain approvals. Please see Item 5. Operating and Financial Review and Prospects Recent Developments Consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium and MALCO to form Sesa Sterlite and transfer of Vedanta s shareholding in Cairn India to Sesa Sterlite .

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements as defined in the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about our company and our industry. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project should and similar expressions. These forward-looking statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that, although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. Factors which could cause these assumptions to be incorrect include, but are not limited to:-

- consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium and MALCO to form Sesa Sterlite and transfer of Vedanta s shareholding in Cairn India to Sesa Sterlite;
- a decline or volatility in the prices of or demand for copper, zinc, aluminum or power;
- events that could cause a decrease in our production and higher cost of production of copper, zinc, aluminum or power;
- unavailability or increased costs of raw materials for our products;
- fluctuations in metal prices on LME, ore prices or power prices;

fluctuations in currency exchange rates;

our actual economically recoverable copper ore, lead-zinc ore or bauxite reserves being lower than we have estimated;

our ability to expand our business, effectively manage our growth or implement our strategy;

our ability to retain our senior management team and hire and retain sufficiently skilled labor to support our operations;

regulatory, legislative and judicial developments and future regulatory actions and conditions in our operating areas;

increasing competition in the copper, zinc, aluminum or power industries;

political or economic instability in India or around the region;

worldwide economic and business conditions;

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- our ability to successfully consummate strategic acquisitions;
- our ability to simplify our group structure and reduction in non-controlling stake in group companies;
- the outcome of outstanding litigation in which we are involved;
- our ability to maintain good relations with our trade unions and avoid strikes and lock-outs;
- any actions of our controlling shareholder, Vedanta;
- our business future capital requirements and the availability of financing on favorable terms;
- the continuation of tax holidays, exemptions and deferred tax schemes we currently enjoy;
- changes in tariffs, royalties, customs duties and government assistance; and
- terrorist attacks and other acts of violence, natural disasters and other environmental conditions and outbreaks of infectious diseases and other public health concerns in India, Asia and elsewhere.

These and other factors are more fully discussed in Item 3. Key Information D. Risk Factors, Item 5. Operating and Financial Review and Prospects and elsewhere in this annual report. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions to any of these forward-looking statements to reflect future events or circumstances.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

A. Selected Consolidated Financial Data

Our consolidated financial statements as of and for the years ended March 31, 2010, 2011 and 2012 included in this annual report on Form 20-F have been prepared in conformity with the IFRS as issued by the IASB. Our consolidated financial statements as of and for the year ended March 31, 2009 were originally prepared in accordance with US GAAP and were restated in accordance with IFRS for comparative purposes only.

In accordance with rule amendments adopted by the US Securities Exchange Commission, or SEC, which became effective on March 4, 2008, we do not provide a reconciliation to US GAAP.

The selected historical consolidated statements of income, cash flows and other consolidated financial data presented below for fiscal 2009, 2010, 2011 and 2012, and the selected historical consolidated financial position data as of March 31, 2009, 2010, 2011 and 2012, have been derived from our audited consolidated financial statements, which have been audited by Deloitte Haskins & Sells, Mumbai, India, or Deloitte, our independent registered public accounting firm, and included elsewhere in this annual report.

Our historical results do not necessarily indicate our expected results for any future period. The translations of Indian Rupee amounts to US dollars are solely for the convenience of the reader and are based on the noon buying rate of Rs. 50.89 per $ 1.00 in the City of New York for cable transfers of Indian Rupees, respectively, as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2012. No representation is made that the Indian Rupee amounts represent US dollar amounts or have been, could have been or could be converted into US dollars at such rates or any other rates.

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You should read the following information in conjunction with Item 5. Operating and Financial Review and Prospects and the consolidated financial statements included elsewhere in this annual report.

	For the year ended March 31,				
	2009 (Rs.) (in millions except shares and per share data)	2010 (Rs.) (in millions except shares and per share data)	2011 (Rs.) (in millions except shares and per share data)	2012 (Rs.) (in millions except shares and per share data)	2012 (US Dollar) (in millions except shares and per share data)
Revenue	212,192	244,903	302,472	412,063	8,097.1
Cost of sales	(165,097)	(181,928)	(226,134)	(319,719)	(6,282.6)
Gross profit	**47,095**	**62,975**	**76,338**	**92,344**	**1,814.5**
Other operating income	3,750	1,907	2,366	1,398	27.5
Distribution expenses	(3,388)	(3,022)	(3,516)	(7,446)	(146.3)
Administration expenses	(4,367)	(8,026)	(7,614)	(15,002)	(294.8)
Operating profit	**43,090**	**53,834**	**67,574**	**71,294**	**1,400.9**
Investment and other income	18,772	13,811	21,933	28,829	566.5
Finance and other costs	(6,244)	214	1,096	(12,042)	(236.6)
Share in consolidated (loss)/profit of associate	(3,160)	2,051	(3,082)	(8,767)	(172.3)
Profit before tax	**52,458**	**69,910**	**87,521**	**79,314**	**1,558.5**
Income tax expense	(7,782)	(13,247)	(18,810)	(20,077)	(394.5)
Profit for the year	**44,676**	**56,663**	**68,711**	**59,237**	**1,164.0**
Profit attributable to:					
Equity holders of the parent	32,228	39,263	48,898	38,998	766.3
Non controlling interest	12,448	17,400	19,813	20,239	397.7
Earnings per share (refer to Note 29 to consolidated financial statements)					
Basic	11.37	12.27	14.55	11.60	0.2
Diluted	11.37	12.03	13.87	11.60	0.2
Weighted average number of equity shares used in computing earnings per share					
Basic	2,833,583,490	3,199,826,061	3,361,207,534	3,361,207,534	3,361,207,534
Diluted	2,833,583,490	3,236,000,281	3,446,945,134	3,361,207,534	3,361,207,534
Dividend declared per share [(1) (2)]	3.50	3.75	1.10	1.00	0.0

Notes:

(1) The final dividend of Rs.1.1 per equity share for fiscal 2011 was recommended by our board of directors on April 25, 2011 and approved by our shareholders at the general meeting held on July 23, 2011. On October 24, 2011, our board of directors declared an interim dividend of Re. 1 for the year ended March 31, 2012. The dividend was paid as on November 1, 2011. A final dividend of Rs. 1 per equity share for fiscal 2012 was recommended by our board of directors on April 25, 2012 and is yet to be approved by our shareholders at the general meeting scheduled to be held on June 30, 2012.

(2) On June 11, 2010, our shareholders approved the sub-division of our equity shares from Rs.2 each to Re.1 each. Our shareholders also approved the bonus issue in the ratio of one equity share of Re. 1 each for one equity share of Re.1. With effect from June 25, 2010, the equity shares have a par value of Re.1 each.

Consolidated Financial Position Data	2009 (Rs. in millions)	2010 (Rs. in millions)	As of March 31, 2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US Dollars in millions)
Cash and cash equivalents	2,701	2,021	21,487	17,173	337.5
Restricted cash and cash equivalents	2,011	60	39	59	1.2
Total assets	444,578	606,854	746,723	842,889	16,563.1
Net assets	320,603	451,988	519,873	571,185	11,223.9
Long-term borrowings	14,384	43,578	53,559	74,490	1,463.7
Short-term borrowings	20,202	19,121	37,948	53,983	1,060.8
Total shareholders equity	250,533	365,172	410,170	445,477	8,753.7

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	For the Year Ended March 31,				
	2009 (Rs. in millions)	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US Dollars in millions)
Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	72,585	14,249	127,529	66,998	1,316.5
Investing activities	(95,295)	(117,582)	(128,562)	(94,705)	(1,861.0)
Financing activities	13,442	102,322	20,650	22,634	444.8
Other Consolidated Financial Data:					
Revenue to external customers:					
Copper	116,525	130,608	156,610	201,647	3,962.4
Zinc India	55,724	79,434	98,444	111,319	2,187.4
Zinc International			9,961	41,272	811.0
Aluminum	39,170	28,289	30,175	31,089	610.9
Power	773	6,572	7,282	24,333	478.2
Others				2,403	47.2
Total	**212,192**	**244,903**	**302,472**	**412,063**	**8,097.1**
Operating profit:					
Copper	11,121	3,138	9,198	7,770	152.6
Zinc India	25,158	44,071	50,914	54,018	1,061.5
Zinc International			1,592	6,008	118.1
Aluminum	6,494	3,189	3,495	1,345	26.4
Power	323	3,445	2,437	2,200	43.2
Others	(6)	(9)	(62)	(47)	(0.9)
Total	**43,090**	**53,834**	**67,574**	**71,294**	**1,400.9**
Segment profit:[(1)]					
Copper	13,312	5,120	11,247	9,943	195.4
Zinc India	27,773	47,124	55,343	59,254	1,164.3
Zinc International			4,247	17,367	341.3
Aluminum	9,103	5,499	5,866	3,998	78.6
Power	931	4,160	3,354	5,881	115.5
Others	(5)	(8)	(61)	(46)	(0.9)
Total	**51,114**	**61,895**	**79,996**	**96,397**	**1,894.2**

Notes:

(1) Segment profit is calculated by adjusting operating profit for depreciation and amortization. Our segment profit may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. We have included our segment profit because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Our segment profit should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. We believe that the inclusion of supplementary adjustments applied in our presentation of segment profit are appropriate because we believe it is an indicative measure of our baseline performance as it excludes certain charges that our management considers to be outside of our core operating results. In addition, our segment profit is among the primary indicators that our management uses as a basis for planning and forecasting of future periods. The following table reconciles operating profit to segment profit for the periods indicated:

	For the Year Ended March 31,				
	2009 (Rs. in millions)	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US Dollars in millions)
Copper:					
Operating profit	11,121	3,138	9,198	7,770	152.6
Plus: Depreciation and amortization	2,191	1,982	2,049	2,173	42.8
Segment profit	**13,312**	**5,120**	**11,247**	**9,943**	**195.4**
Zinc India:					
Operating profit	25,158	44,071	50,914	54,018	1,061.5
Plus: Depreciation and amortization	2,615	3,053	4,429	5,236	102.8
Segment profit	**27,773**	**47,124**	**55,343**	**59,254**	**1,164.3**
Zinc International:					
Operating profit			1,592	6,008	118.1
Plus: Depreciation and amortization			2,655	11,359	223.2
Segment profit			**4,247**	**17,367**	**341.3**
Aluminum:					
Operating profit	6,494	3,189	3,495	1,345	26.4
Plus: Depreciation and amortization	2,609	2,310	2,371	2,653	52.2
Segment profit	**9,103**	**5,499**	**5,866**	**3,998**	**78.6**
Power:					
Operating profit	323	3,445	2,437	2,200	43.2
Plus: Depreciation and amortization	608	715	917	3,681	72.3
Segment profit	**931**	**4,160**	**3,354**	**5,881**	**115.5**
Others:					
Operating profit	(6)	(9)	(62)	(47)	(0.9)
Plus: Depreciation and amortization	1	1	1	1	0
Segment profit	**(5)**	**(8)**	**(61)**	**(46)**	**(0.9)**

(2) Cost of production is not a recognized measure under IFRS. We have included cost of production as a measure of effectiveness because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Our computation of cost of production should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. Cost of production is a measure intended for monitoring the operating performance of our Operations. This measure is presented by other non-ferrous metal companies, though our measure may not be comparable to similarly titled measures reported by other companies. Costs of production as reported for our metal products consists of:

direct cash costs relating to production and conversion costs of metal (such as energy costs, ore extraction costs and processing costs at our captive mines, labor costs and other manufacturing expenses); and

excludes depreciation and finance costs.

Further these costs are offset for any amounts we receive upon sale of immaterial by-products from such operations. We explain the cost of production for each metal as set forth below:

In the case of copper, cost of production relates only to our custom smelting and refining operations (and not for our mining operations), and consists of converting copper concentrate into copper cathodes, including the cost of freight of copper anodes from Tuticorin to Silvassa. Revenue earned from the sale of by-product, sulphuric acid, and copper metal recovered in excess of paid copper metal are deducted from the cash costs. The total cash costs are divided by the total number of pounds of copper metal produced to calculate the cost of production per pound of copper metal produced.

In the case of Zinc India operations, where we have integrated operations from production of zinc ore to zinc metal, cost of production is the cost of extracting ore and conversion of the ore into zinc metal ingots. Royalty is paid on mining and this cost is included in determining the cost of production. Revenue earned from by-product, sulphuric acid, is deducted from the cost of production. The total cash cost is divided by the total number of tons of zinc metal produced to calculate the cost of production per ton of zinc metal. Our Zinc India segment also includes lead and silver. However, the cost of production presented for Zinc India operations does not include lead and silver.

Our Zinc International operations consists of the Skorpion mine and refinery in Namibia, Black Mountain Mine in South Africa and Lisheen mine in Ireland. Skorpion produces special high grade zinc ingots. As a result, the cost of production with respect to the Skorpion mine consists of the total direct cost of procuring zinc ore from the mining company and producing zinc in the refinery through a leaching refining and electrowinning process. Skorpion does not produce any material by-products. Black Mountain mine consists of direct mining costs, concentrate costs, direct services cost and allocated indirect costs. Lisheen mine produces zinc and lead concentrate. Therefore, the cost of production with respect to the Lisheen mine consists of direct mining costs, mill processing costs, other overhead costs, treatment charges and other direct cash costs. The by-product revenue of lead and silver are credited to the cost of production. Royalties paid are excluded from the cost of production of zinc as the same is levied on turnover. The total cash cost is divided by the total number of tons of zinc metal produced or zinc metal in concentrate produced to calculate the cost of production per ton of zinc metal produced zinc metal in zinc concentrate produced.

In the case of aluminum, cost of production for BALCO s smelters includes cost of purchased alumina, the cost of producing bauxite and conversion of bauxite/alumina into aluminum metal. Revenue earned from the sale of byproducts, such as vanadium, reduces the total cash costs. The total cost is divided by the total quantity of hot metal produced to determine the cost of production per ton of aluminum hot metal produced. Hot metal production output is used instead of the cash metal production output disclosed elsewhere in this annual report in calculating cost of production as the hot metal production, which excludes the value added cost of casting, is the measure generally used in the aluminum metal industry for calculating cost of production.

Cost of production is divided by the daily average exchange rate for the year to calculate US dollar cost of production per lb or per ton of metal as reported.

Cost of production of power for Sterlite Energy s power plant (and not for the 274 MW HZL power plant and 270 MW BALCO power plant) includes the cost of coal and other liquid fuels used for generating power and other overhead costs such as operating , maintenance and manpower costs. The total costs is divided by the total net units generated to calculate the cost of production per unit of energy produced.

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The following table reconciles segment cost, calculated as segment sales less segment profit, to cost of production for the periods presented:

	For the Year Ended March 31,			
	2009 (Rs.) (in millions, except Production output and Cost of production)	2010 (Rs.) (in millions, except Production output and Cost of production)	2011 (Rs.) (in millions, except Production output and Cost of production)	2012 (Rs.) (in millions, except Production output and Cost of production)
Copper[2]:				
Segment sales	Rs. 116,670	Rs. 130,608	Rs. 156,610	201,647
Less:				
Segment profit	(13,312)	(5,120)	(11,247)	(9,943)
	103,358	125,488	145,363	191,704
Less:				
Purchased concentrate/rock	(94,873)	(114,923)	(135,651)	(181,766)
By-product/free copper net sale	(4,337)	(1,981)	(4,686)	(6,685)
Cost for downstream products	(1,613)	(1,543)	(1,638)	(1,481)
Others, net	(1,556)	(3,386)	(2,153)	(1,773)
Total	Rs. 979	Rs. 3,655	Rs. 1,235	Rs. (1)
Production output (in tons)	312,833	334,202	303,991	325,877
Cost of production[a]	**3.1 ¢/lb**	**10.46 ¢/lb**	**4.0 ¢/lb**	**0.0 ¢/lb**
Zinc India[2]:				
Segment sales	Rs. 55,724	Rs. 79,434	Rs. 98,444	Rs. 111,319
Less:				
Segment profit	(27,773)	(47,124)	(55,343)	(59,254)
	27,951	32,310	43,101	52,065
Less:				
Cost of tolling including raw material cost	(409)			
Cost of intermediary product sold	(1,301)	(3,060)	(3,350)	(3,270)
By-product revenue	(4,848)	(1,871)	(3,762)	(5,315)
Cost of lead metal sold	(2,079)	(2,652)	(3,028)	(5,260)
Others, net	(1,312)	(1,406)	(815)	(1,481)
Total	Rs. 18,002	Rs. 23,321	Rs. 32,146	Rs. 36,739
Production output (in tons)	551,724	578,411	712,471	758,716
Cost of production (per ton)[a]	**$ 710**	**$ 850**	**$ 990**	**$ 1,010**
Zinc International[3]:				
Segment sales			Rs. 9,961	Rs. 42,771
Less:				
Segment profit			(4,247)	(17,367)
			5,714	25,404
Less:				
Cost of intermediary product sold			(82)	
TcRc				4,340
By-product revenue			(706)	(1,621)

Cost of lead metal sold						(453)		(6,240)
Royalty						(197)		(1,212)
Others, net						(345)		(2,228)
Total					Rs.	3,931	Rs.	18,443
Production output (in tons) Zinc International						80,066		359,728
Cost of production (per ton)[(a)]					**$**	**1,077**	**$**	**1,069**
Aluminum[(2)]:								
Segment sales	Rs.	39,336	Rs.	28,367	Rs.	30,245	Rs.	31,119
Less:								
Segment profit		(9,103)		(5,499)		(5,866)		(3,998)
		30,233		22,868		24,379		27,121
Less: Cost of intermediary product sold				(304)				
By-product revenue		(328)		(126)		(229)		(290)

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	For the Year Ended March 31,			
	2009 (Rs.) (in millions, except Production output and Cost of production)	2010 (Rs.) (in millions, except Production output and Cost of production)	2011 (Rs.) (in millions, except Production output and Cost of production)	2012 (Rs.) (in millions, except Production output and Cost of production)
Cost for downstream products	(1,966)	(1,767)	(2,597)	(2,674)
Others, net	(314)	(1,455)	(973)	(542)
Total	Rs. 27,625	Rs. 19,216	Rs. 20,580	Rs. 23,615
Production output (hot metal) (in tons)	355,733	262,760	253,157	246,579
Cost of production (per ton)[(a)]	**$ 1,700**	**$ 1,542**	**$ 1,784**	**$ 1,997**
Power				
Segment Sales				25,461
Less: Segment profit				(5,881)
				19,580
Less: Cost of power at BALCO and HZL				(5,469)
Others, net				(1,572)
Total				12,539
Production output (in MU)[(b)]				4,790
Cost of production (per unit)				Rs. 2.62

(a) Exchange rates used in calculating cost of production were based on the daily Reserve Bank of India, or RBI, reference rates for the years ended March 31, 2009, 2010, 2011 and 2012 of Rs. 45.91 per $ 1.00, Rs. 47.42 per $ 1.00, Rs. 45.58 per $ 1.00 and Rs. 47.95 per $ 1.00, respectively.

(b) Production does not include units generated from the 274 MW HZL wind power plant and 270 MW BALCO power plant.

B. Capitalization and Indebtedness

Not applicable

C. Reasons for the Offer and Use of Proceeds

Not applicable

D. Risk Factors

This annual report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the following risk factors and elsewhere in this annual report. If any of the following risks actually occur, our business, financial condition and results of operations could suffer and the trading price of our equity shares and ADSs could decline.

Risks Relating to Our Business

Our copper business depends upon third party suppliers for a substantial portion of its copper concentrate, and its profitability and operating margins depends upon the market prices for those raw materials.

Our copper business sources a majority of its copper concentrate from third parties. For example, in fiscal 2012, we sourced 92.0% of our copper requirements from third parties. As a result, profitability and operating margins of our copper business depends upon our ability to obtain the required copper concentrate at prices that are low relative to the market prices of the copper products that we sell.

We purchase copper concentrate at the LME price for copper metal for the relevant quotational period less a treatment charge and refining charge, or TcRc, that we negotiate with our suppliers but which is influenced by the prevailing market rate for the TcRc. The TcRc has historically fluctuated independently and significantly from the copper LME price. We attempt to make the LME price a pass through for us as both our copper concentrate purchases and sales of finished copper products are based on LME prices. Nevertheless, we are also exposed to differences in the LME price between the quotational periods for the purchase of copper concentrate and sale of the finished copper products, and any decline in the copper LME price between these periods will adversely affect us. In addition, some of our long-term copper concentrate supply agreements provide for a TcRc that is a percentage of the prevailing LME price, and hence would fluctuate with the LME price, or provide our third party supplier with price participation terms linked to LME prices. See Item 5. Operating and Financial Review and Prospects Factors Affecting Results of Operations Metal Prices and Copper TcRc.

The market price of the copper concentrate that we purchase and the market price of the copper metal that we sell have experienced volatility in the past, and any increases in the market price of this raw material relative to the market price of the metal that we sell would adversely affect the profitability and operating margins of our copper business, which could have a material and adverse effect on our results of operations and financial condition.

Material changes in the regulations that govern us, or the interpretation of recent legislation, could have a material adverse effect on our business, financial condition and result of operations.

The Indian Mines (Amendment) Bill, 2011, or Mining Bill, under consideration by the Indian Parliament, proposes several amendments to the Mines Act, 1952, including significant enhancement to the monetary penalties and terms of imprisonment for violations under the Mines Act, 1952. The Indian Ministry of Mines has also proposed a draft statute which provides that the holder of a mining lease or prospecting licence shall be liable to pay reasonable compensation to the stakeholders holding occupation, legal rights or traditional rights of the surface of the land over which the licence and lease has been granted, as mutually agreed (failing which the relevant state government will determine the compensation payable).

Under the Indian Competition Act, 2002 and the regulations thereunder, or the Competition Act, certain provisions of which came into force on June 1, 2011, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and will attract substantial monetary penalties. The Competition Act also requires a notice to be given to the Competition Commission of India for seeking its approval for any proposed combination. In the event that the Competition Commission requires further information or determines that the proposed combination is likely to cause an appreciable adverse effect on competition in India, the proposed combination may be delayed or may not take effect. In addition, the implications of the Direct Tax Code, which is expected to come into effect in 2013, and the Indian Companies Bill, 2011 (both of which are under consideration by the Parliament), on our operations is presently unclear.

The Land Acquisition, Rehabilitation and Resettlement Bill, 2011, under consideration by the Indian Parliament, aims to address concerns of affected persons whose livelihoods are dependent on the land being acquired while facilitating land acquisition for industrialisation, infrastructure and urbanization.

If we are affected, directly or indirectly, by any such legislation, or face any enforcement proceedings initiated under any such legislation, it may harm our reputation and our business, financial condition and result of operations may be adversely affected.

Our operations are subject to operating risks that could result in decreased production, increased cost of production and increased cost of or disruptions in transportation, which could adversely affect our revenue, results of operations and financial condition.

We are subject to operating conditions and events beyond our control that could, among other things, increase our mining, transportation or production costs, disrupt or halt operations at our mines and production facilities permanently or for varying lengths of time or interrupt the transport of our products to our customers. These conditions and events include:

Disruptions in mining and production due to equipment failures, unexpected maintenance problems and other interruptions. All of our operations are vulnerable to disruptions. Our aluminum smelters are particularly vulnerable to disruptions in the supply of power which, even if lasting only a few hours, can cause the contents of the furnaces or cells to solidify, which would necessitate a plant closure and a shutdown in operations for a significant period, as well as involve expensive repairs. For example, power interruptions caused BALCO to partially suspend operations at its 245,000 tons per annum, aluminum smelter at Korba, or Korba smelter in May 2006, and as a result of this interruption the Korba smelter did not become fully operational again until November 2006. Similarly, our Tuticorin copper refining and smelting facility had a four-day delay in ramp-up following a scheduled maintenance shutdown between April and May 2008 due to stabilization issues faced during the post-shutdown ramp-up and an unscheduled 34-day interruption in production between November and December 2008 due to damage in a cooling tower as a result of the collapse of its foundation. CMT s Mt. Lyell processing plant was disrupted and experienced a 68-day shutdown due to a mud slide at the mine resulting from high rainfall in end August 2009. Further during fiscal 2012, CMT s Mt. Lyell processing plant was disrupted and experienced a 23 day interruption and the mining contractor s inability to meet his

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contractual obligation. For example, our tuticorin smelter plant shut down for nine days in February 2012 due to the unavailability of copper concentrate. This was caused primarily due to the declaration of force majeure by some copper mines with which we have contracted for the supply of copper concentrate. We incurred loss of production to the extent of 8,000 metric tons and other costs due to this interruption. The losses from these interruptions include lost production, repair costs and other expenses.

Availability of raw materials for energy requirements. Any shortage of or increase in the prices of any of the raw materials needed to satisfy our businesses energy requirements may interrupt our operations or increase our cost of production. We are particularly dependent on coal, which is used in many of our captive power plants. Our aluminum business, which has high energy consumption due to the energy-intensive nature of aluminum smelting, is significantly dependent on receiving allocations from Coal India Limited, or Coal India, the government-owned coal monopoly in India, and its subsidiaries. A shortage of coal from April 2005 led Coal India to reduce the amount of coal supplied to all of its non-utility customers, including BALCO. As a result, BALCO was forced to utilize higher-priced imported coal and coal from non-linkage sources, which resulted in higher power generation costs. In fiscal 2012, 99.0% of the allocated coal was supplied.

Availability of water. The mining operations of our zinc and aluminum businesses, smelter operations of copper business and our captive power plants depend upon the supply of a significant amount of water. There is no assurance that the water required will continue to be available in sufficient quantities or that the cost of water will not increase. For example, BALCO is currently in a dispute with the National Thermal Power Corporation Limited, or NTPC, regarding the right of way for a water pipeline that provides one of BALCO s captive power plants access to a body of water adjacent to NTPC premises. Arbitration proceedings commenced on May 18, 2009 and are ongoing. An unfavorable resolution to this dispute may significantly increase BALCO s costs of obtaining water for that power plant.

Disruptions to or increased costs of transport services. We depend upon seaborne freight, inland water transport, rail, trucking, overland conveyor and other systems to transport bauxite, alumina, zinc concentrate, copper concentrate, coal and other supplies to our operations and to deliver our products to customers. Any disruption to or increase in the cost of these transport services, including as a result of interruptions that decrease the availability of these transport services or as a result of increases in demand for transport services from our competitors or from other businesses, or any failure of these transport services to be expanded in a timely manner to support an expansion of our operations, could have a material adverse effect on our operations and operating results.

Accidents at mines, smelters, refineries, cargo terminals and related facilities. Any accidents or explosions causing personal injury, property damage or environmental damage at or to our mines, smelters, refineries, cargo terminals and related facilities may result in expensive litigation, imposition of penalties and sanctions or suspension or revocation of permits and licenses. Risks associated with our open-pit mining operations include flooding of the open-pit, collapses of the open-pit wall and operation of large open-pit mining and rock transportation equipment. Risks associated with our underground mining operations include underground fires and explosions (including those caused by flammable gas), cave-ins or ground falls, discharges of gases or toxic chemicals, flooding, sinkhole formation and ground subsidence and underground drilling, blasting and removal and processing of ore. Injuries to and deaths of workers at our mines and facilities have occurred in the past and may occur in the future. We are required by law to compensate employees for work-related injuries. Failure to make adequate provisions for our workers compensation liabilities could harm our future operating results.

Strikes and industrial actions or disputes. The majority of the total workforce of our consolidated group of companies is unionized. Strikes and industrial actions or disputes have in the past and may in the future lead to business interruptions and halts in production. For example, the trade unions of BALCO initiated a 67-day-long strike in May 2001 in opposition to the divestment of equity shares of BALCO by the Government of India. We also experienced short strikes and work stoppages in 2005 and 2006. In addition, we may be subject to union demands and litigation for pay raises and increased benefits, and our existing arrangements with the trade unions may not be renewed on terms favorable to us, or at all. The wage settlement agreement with HZL was executed on November 13, 2009 for a period of five years with effect from July 1, 2007. The wage settlement agreement entered into by BALCO with the union expired on April 1, 2009 and was renewed on November 25, 2010 for a period of five years with effect from April 1, 2009. Other work stoppages or other labor-related developments, including the introduction of new labor regulations in India or Australia, may occur in the future.

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The occurrence of any one or more of these conditions or events could have a material adverse effect on our results of operations and financial condition.

We are involved in certain litigation seeking cancellation of permits and environmental approval for the alleged violation of certain air, water and hazardous waste management regulations at our Tuticorin plant.

Various writ petitions were filed before the High Court of Madras between 1996 and 1998 by various non-governmental organisations such as The National Trust for Clean Environment political parties and some private citizens alleging, among other things, that sulphur dioxide emissions from our copper smelting operations at Tuticorin are causing air and water pollution and hazardous waste resulting in damage to the marine ecosystem and the lives of people living in and around Tuticorin.

On September 28, 2010, the High Court of Madras ordered the closure of our copper smelting plant at Tuticorin and following our application to the Supreme Court of India against the order of the High Court of Madras, the Supreme Court stayed the order until further notice. The Supreme Court directed the Tamil Nadu Pollution Control Board , National Environmental Engineering Research Institute and the Central Pollution Control Board to implement certain measures for the improvement of the copper smelter unit at Tuticorin. The copper smelter unit is in the process of complying with such measures and the matter is scheduled for hearing in the fourth week of August, 2012.

The stay order granted by the Supreme Court is in effect and the copper smelter plant at Tuticorin continues to operate at rated capacity. In the event that we are not successful in complying with all the measures, our copper smelting plant at Tuticorin may be ordered to shut down and consequently, our business and operations may be materially and adversely affected.

We are substantially dependent upon our Rampura Agucha zinc mine, and any interruption in our operations at that mine could have a material adverse effect on our results of operations and financial condition.

Our Rampura Agucha zinc mine produced 88.0% of the total mined metal in zinc concentrate that we produced in fiscal 2012 and constituted 63.4% of our total proven and probable zinc ore reserves as of March 31, 2012 in India. Our Zinc India business provided 75.8% of our operating income in fiscal 2012. Our results of operations have been and are expected to continue to be substantially dependent on the reserves and low cost of production of our Rampura Agucha mine and any interruption in our operations at the mine for any reason could have a material adverse effect on the results of operations and financial condition of our business as a whole.

If we are unable to secure additional reserves of copper, zinc and bauxite that can be mined at competitive costs or cannot mine existing reserves at competitive costs, our profitability and operating margins could decline.

If our existing copper, zinc and bauxite reserves cannot be mined at competitive costs or if we cannot secure additional reserves that can be mined at competitive costs, we may become more dependent upon third parties for copper concentrate, zinc concentrate and alumina. Because our mineral reserves decline as we mine the ore, our future profitability and operating margins depend upon our ability to access mineral reserves that have geological characteristics enabling mining at competitive costs. Replacement reserves may not be available when required or, if available, may not be of a quality capable of being mined at costs comparable to the existing or exhausted mines.

We may not be able to accurately assess the geological characteristics of any reserves that we acquire, which may adversely affect our profitability and financial condition. Because the value of reserves is calculated based on that part of our mineral deposits that are economically and legally exploitable at the time of the reserve calculation, a decrease in commodity prices of the metals may result in a reduction in the value of any mineral reserves that we do obtain as less of the mineral deposits contained therein would be economically exploitable at the lower prices. Exhaustion of reserves at particular mines may also have an adverse effect on our operating results that is disproportionate to the percentage of overall production represented by such mines. Further, with depletion of reserves, we will face higher unit extraction costs per mine.

Our ability to obtain additional reserves in the future could be limited by restrictions under our existing or future debt agreements, competition from other copper, zinc and aluminum companies, lack of suitable acquisition candidates, government regulatory and licensing restrictions, difficulties in obtaining mining leases and surface rights or the inability to acquire such properties on commercially reasonable terms, or at all. To increase production from our existing bauxite and lead-zinc mines, we must apply for governmental approvals, which we may not be able to obtain in a timely manner, or at all. These events could have a material adverse effect on the results of operations and financial condition of our business.

Our business requires substantial capital expenditures and the dedication of management and other resources to maintain ongoing operations and to grow our business through projects, expansions and acquisitions, which projects, expansions and acquisitions are subject to additional risks that could adversely affect our business, financial condition and results of operations.

Capital requirements. We require capital for, among other purposes, expanding our operations, making acquisitions, managing acquired assets, acquiring new equipment, maintaining the condition of our existing equipment and maintaining compliance with environmental laws and regulations. To the extent that cash generated internally and cash available under our existing credit facilities are not sufficient to fund our capital requirements, we will require additional debt or equity financing, which may not be available on favorable terms, or at all. Since the second half of 2008, this uncertainty has increased due to the disruption in the global financial markets. See - Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations Global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs. Future debt financing, if available, may result in increased finance charges, increased financial leverage, and decreased income available to fund further acquisitions and expansions and the imposition of restrictive covenants on our business and operations. In addition, future debt financing may limit our ability to withstand competitive pressures and render us more vulnerable to economic downturns. If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance our indebtedness.

In light of this, our planned and any proposed future expansions and projects may be materially and adversely affected if we are unable to obtain funding for such capital expenditures on satisfactory terms, or at all, including as a result of any of our existing facilities becoming repayable before its due date. In addition, there can be no assurance that our planned or any proposed future expansions and projects will be completed on time or within budget, which may adversely affect our cash flow. These expansions and projects include those described in Item 4. Information on the Company B. Business Overview Our Business Competitive Strengths Strong pipeline of growth projects.

Cost overruns and delays. Our current and future projects may be significantly delayed by failure to receive regulatory approvals or renewal of approvals, failure to obtain sufficient funding, and technical difficulties due to human resource, technological or other resource constraints or for other unforeseen reasons, events or circumstances. As a result, these projects may incur significant cost overruns and may not be completed on time, or at all. Our decision to undertake or continue any of these projects will be based on assumptions of future demand for our products which may not materialize. As a consequence of project delays, cost overruns, changes in demand for our products and other reasons, we may not achieve the reductions in the cost of production or other economic benefits expected from these projects, which could adversely affect our business, financial condition and results of operations. For example, we have obtained clearance from the Ministry of Environment and Forest, or MOEF, for setting up a 400,000 tpa, capacity copper smelter at Tuticorin. The expansion project has been rescheduled as we are awaiting the consent from the State Pollution Control Board.

Demands on management. Our efforts to continue our growth will place significant demands on our management and other resources and we will be required to continue to improve operational, financial and other internal controls, both in India and elsewhere. Our ability to maintain and grow our existing business and integrate new businesses will depend on our ability to maintain the necessary management resources and on our ability to attract, train and retain personnel with skills that enable us to keep pace with growing demands and evolving industry standards.

We are, in particular, dependent to a large degree, on the continued service and performance of our senior management team and other key team members in our business units. These key personnel possess technical and business capabilities that are difficult to replace. The loss or diminution in the services of members of our senior management or other key team members, or our failure otherwise to maintain the necessary management and other resources to maintain and grow our business or our ability to attract, train and retain highly qualified personnel, could have a material adverse effect on our results of operations, financial condition and prospects.

Acquisition risks. As part of our growth strategy, we intend to continue to pursue acquisitions to expand our business. There can be no assurance that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired will be profitable. If we attempt to acquire non-Indian companies, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need to obtain the prior approval of the RBI which we may not be able to obtain. In addition, acquisitions and investments involve a number of risks,

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including possible adverse effects on our operating results, diversion of management s attention, failure to retain key personnel, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments. Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on our business, results of operations or financial condition.

We are subject to restrictive covenants for the credit facilities including term loans and working capital facilities provided to us and our subsidiaries.

There are restrictive covenants in agreements which we have entered into with certain banks and financial institutions for borrowings by our subsidiaries. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks and financial institutions for various activities, including, among others, any change in our capital structure, issue of equity, preferential capital or debentures, raising any loans and deposits from the public, undertaking any new project, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business.

If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of production may increase relative to our competitors, which would have a material adverse effect on our ability to compete, results of operations, financial condition and prospects.

Our profitability and competitiveness are in large part dependent upon our ability to maintain a low cost of production as we sell commodity products with prices we are unable to influence. Unless we continue to invest in newer technologies and equipment and are successful at integrating such newer technologies and equipment to make our operations more efficient, our cost of production relative to our competitors may increase and we may cease to be profitable or competitive. However, newer technologies and equipment are expensive and the necessary investments may be substantial. Moreover, such investments entail additional risks as to whether the newer technologies and equipment will reduce our cost of production sufficiently to justify the capital expenditures to obtain them. Any failure to make sufficient or the right investments in newer technologies and equipment or in integrating such newer technologies and equipment into our operations could have a material adverse effect on our ability to compete and our financial condition, results of operations and prospects.

Asarco has filed a complaint alleging that we and Sterlite USA have breached our prior agreement to acquire Asarco s assets. Any adverse judgment or settlement may have a material adverse effect on our business, results or operations, financial condition and prospects.

On March 17, 2010, Asarco filed a complaint in the U.S. Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, against us and Sterlite USA alleging that we and Sterlite USA had breached an agreement dated May 30, 2008 (May 2008 Agreement) by, among other things, refusing to pay the $ 2.6 billion purchase price and refusing to assume the liabilities and contractual obligations as allegedly required under the May 2008 Agreement. Asarco is seeking to recover from us and Sterlite USA the damages allegedly suffered by it, as a result of the alleged breach and certain other amounts, including costs associated with Asarco s efforts to complete their reorganization and costs, disbursements and attorney s fees in connection with the proceedings. Asarco has claimed these damages to be in the range of $ 533 million to $ 1,509 million and has also claimed applicable pre-judgment interest.

The May 2008 Agreement was only a stalking horse bid, the consummation of which was subject to various approvals from creditors of Asarco s estate, the U.S. Bankruptcy Court and competition from any other bidders. The reorganization plan proposed by Asarco s parent companies (Parent Plan) was finally approved by the U.S. District Court on November 13, 2009 and was consummated. It paid all the creditors in full along with interest and provided substantial benefits to the equity holders. The Parent Plan provided for a cash contribution of $ 2.205 billion to the estate of Asarco, a promissory note of $ 280 million to the trust set up for the benefit of asbestos claimants, assumption of certain liabilities and waiver of certain claims against Asarco. Asarco s estate also provided substantial tax benefits to the equity holders. Asarco disclosed in the joint disclosure statement filed by it during the bankruptcy proceedings, in its view that the recovery, if any, against such potential claims may be approximately $ 100 million.

Further, Asarco terminated the agreement it entered with us on March 6, 2009 (the March 2009 Agreement). This agreement superseded the May 2008 Agreement in its entirety. The March 2009 Agreement provided for the settlement and release of any potential claims against us arising out of the May 2008 Agreement. Asarco drew the $ 50 million provided as deposit under this agreement. We filed an application to the U.S. Bankruptcy Court for the return of the $ 50 million drawn by Asarco which was subsequently rejected.

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The trial on Asarco s complaint and our application was completed on August 17, 2011. The U.S. Bankruptcy Court, by its order dated February 27, 2012 ruled that Asarco is entitled to a gross amount of $ 132.75 million in incidental damages. This amount shall be reduced by $ 50 million drawn by Asarco under the March 2009 Agreement, making Asarco entitled for a net amount of $ 82.75 million. We and Asarco have filed a notice of appeal against this judgment. Additionally, Asarco filed a motion seeking pre-judgement interest on the incidental damages and for reimbursement of legal fees and expenses of $ 37 million. The U.S. Bankruptcy Court rejected Asarco s motion for $ 37 million. We have provided for the amount of Rs. 4,233 million ($ 83.2 million) in our consolidated statement of income as part of our administration expenses for fiscal 2012.

An adverse judgment or settlement relating to Asarco s breach of contract claim against us may have a material adverse effect on our business, results of operations, financial condition and prospects.

We are developing our commercial power generation business, a line of business in which we have limited experience, from which we may never recover our investment or realize a profit and which may result in our management s focus being diverted from our core copper, zinc and aluminum businesses.

In August 2006, our shareholders approved a new strategy for us to enter into the commercial power generation business in India. We are investing approximately Rs. 82,000 million ($ 1,611.3 million) to build a 2,400 megawatt, or MW, thermal coal-based power facility (comprising four units of 600 MW each) in Jharsuguda in the State of Orissa. The project is being pursued by our wholly-owned subsidiary Sterlite Energy. The first three units of 600 MW are operational and the remaining one unit has already been synchronised in the last quarter of fiscal 2012 and is under trial run. For more information, see Item 4. Information on the Company B. Business Overview Our Business Our Commercial Power Generation Business Our Plans for Commercial Power Generation.

In July 2008, Sterlite Energy succeeded in an international bidding process and was awarded the project for the construction of a 1,980 MW coal-based commercial thermal power plant at Talwandi Sabo in the State of Punjab in India at an estimated cost of Rs. 92,450 million ($ 1,816.7 million). Commissioning of this project will be carried out in stages and the first unit is expected to be commissioned by the fourth quarter of fiscal 2013 and the remaining two units in fiscal 2014. In addition, TSPL also signed a memorandum of understanding with the Government of Punjab in October 2010 to expand the current capacity of the Talwandi Sabo coal-based thermal power plant by 660 MW. In view of the current coal and power tariff, we have decided to drop the expansion plan of the fourth unit.

On September 1, 2008, Sterlite Energy completed the acquisition of TSPL for a purchase price of Rs. 3,868.4 million ($ 76.0 million). Our commercial power generation business also includes wind power plants. The establishment of additional wind power plants of 151 MW by HZL increased our wind power generation to 274 MW of which 48 MW and 103 MW has been commissioned during fiscal 2011 and 2012 respectively. For more information, see Item 4. Information on the Company B. Business Overview Our Business Our Commercial Power Generation Business Our Plans for Commercial Power Generation.

Although we have some experience building and managing captive power plants to provide a significant percentage of the power requirements of our copper, zinc and aluminum businesses, and in March 2007 commissioned our first wind power plant, we have limited experience competing in the commercial power generation business. In addition to the significant capital investment, our management s focus will also be directed towards this new business.

In particular, the building of coal-based power facilities is a long and capital-intensive process, with typically several years elapsing and significant capital investment required between the time that a decision to commence a project is made and the commencement of commercial operations. The completion targets for our projects and any other projects we may undertake are estimates and are subject to numerous risks and uncertainties, such as:

- We may face many uncertainties, including regulatory requirements and restrictions which may change by the time our planned power facility is completed. These may include a change in the tariff policy, which may have an adverse impact on our revenues and reduce our margins. We may also face delays in the development of our power plants and any coal mines we may seek to develop, as other coal and power companies in India and Southeast Asia recently have, as a result of protests or other obstructive or delaying activities by displaced persons and others who may oppose such developments.

- We must obtain the consent of certain of our lenders to commence a new business, and there can be no assurance that we will obtain such consents.

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We will be dependent upon third parties for the construction, delivery and commissioning of the power facilities, the supply and testing of equipment and transmission and distribution of any power we produce.

We do not have our own coal mines, and given recent shortages in coal supplies in India, we may also not be successful at procuring an adequate supply of coal at sufficiently attractive prices, or at all, for our power plant to operate and generate a return on our investment.

We may face opposition to our projects by local communities where these projects are located or from special interest groups, including as a result of the perceived negative impact of coal mines and coal-based power plants to the environment or any required displacement and resettlement of individuals and families in the area of a project.

The commercial power generation business is highly competitive and we will be competing with established commercial power generation companies, including NTPC, the Tata Power Company Limited, or Tata Power, and Reliance Energy Limited, with significant resources and many years of experience in the commercial power generation business.

We may face constraints related to the availability of water which is a critical requirement for power generation.

There can be no assurance that we will recover our investment in this new business, that we will realize a profit from this new business or that diverting our management s attention to this new business will not have a material adverse effect on our existing copper, zinc and aluminum businesses, any of which results may have a material adverse effect on our results of operations, financial condition and prospects.

If any power facilities we build and operate as part of our commercial power generation business do not meet operating performance requirements and agreed norms as may be set out in our agreements, or otherwise do not operate as planned, we may incur increased costs and penalties and our revenue may be adversely affected.

Operating power plants involves many operational risks, including the breakdown or failure of generation equipment or other equipment or processes, labor disputes, fuel interruption and operating performance below expected levels. In addition, below are some of the risks involved:

Dependence on third parties. We depend on third parties for the construction, delivery and commissioning of the power facilities, supply and testing of equipment and transmission and distribution of electricity that we generate, which is beyond our control. For instance, the external contractors may not be able to complete construction and installation on time, within budget, or to the specifications set forth in our contracts with them, or the contractors may otherwise cause delays in meeting project milestones or achieving commercial operation by the scheduled completion date, which could in turn cause forecast budgets to be exceeded or result in delayed payment by customers, invoke liquidated damages, penalty clauses or performance guarantees or result in termination of contracts.

We may not receive the coal block allocations that we expect or may not be allowed to use such allocations for our commercial power generation business. Any coal block allocations that we receive may not be sufficient for our planned operations and we may not be successful in procuring a sufficient supply of coal at economically attractive prices, or at all. Additionally, we are subject to certain restrictive covenants contained in the coal block allocation agreements including specified end use and submission of mining plans within a specified period.

Price volatility and changes in tariff policy. As we sell the power we generate in the open market (rather than to captive schemes), we are exposed to spot prices, which are subject to factors beyond our control.

Further, the power purchase agreements and other agreements we have entered into, or may enter into may require us to guarantee certain minimum performance standards, such as plant availability and generation capacity, to the power purchasers. If our facilities do not meet the required performance standards, the power purchasers with whom we have power purchase agreements may not reimburse us for any increased costs arising as a result of our plants failure to operate within the agreed norms, which in turn may affect our results of operations and financial condition. In addition to the performance requirements specified in our power purchase and other agreements, national and state regulatory bodies and other statutory and government mandated authorities may from time to time impose minimum performance standards upon us. Failure to meet these requirements could expose us to the risk of penalties, including, in certain instances plant shut downs.

In addition, as a result of increased industrial development in India in recent years, the demand for contractors with specialist design, engineering and project management skills and services has increased, resulting in a shortage of, and increasing costs of services of, such contractors. There can be no assurance that such skilled and experienced contractors will continue to be available at reasonable rates and we may be exposed to risks relating to the cost and quality of their services, equipment and supplies.

The Government of India may allege a breach of a covenant by us and seek to exercise a put or call right with respect to shares of HZL, which may result in substantial litigation and serious financial harm to our business, results of operations, financial condition and prospects.

A shareholders agreement was entered into between the Government of India and SOVL. By order of the High Court of Madras dated March 29, 2012, SOVL was merged into SIIL. If the Government of India claims that we have breached the covenant related to the Kapasan Project under the shareholders agreement, resulting in litigation, and it was determined that we had breached such covenant triggering an event of default, the Government of India, under the terms of the shareholders agreement, may become entitled to the right, which is exercisable at any time within 90 days from the day it became aware of such event of default, to either sell any or all of the shares of HZL held by the Government of India to us at a price equivalent to 150.0% of the market value of such shares, or purchase any or all of the shares of HZL held by us at a price equivalent to 50.0% of the market value of such shares.

Based solely on the closing market price of HZL s shares on the National Stock Exchange of India Limited, or the NSE, on May 11, 2012 of Rs. 118.90 ($ 2.3) per share, if the Government of India were determined to have, and were to exercise, a right to sell all of its 1,247,950,590 shares of HZL at a price equivalent to 150.0% of their market value, we would be required to pay Rs. 222,572 million ($ 4,373.6 million) for those shares, and if the Government of India were determined to have, and were to exercise, a right to purchase all of the 2,743,154,310 shares of HZL held by us at a price equivalent to 50.0% of their market value, we would receive Rs. 163,080 million ($ 3,204.6 million) for those shares.

If the Government of India were to assert that an event of default occurred and seek to exercise a put or call right with respect to shares of HZL, we may face expensive and time-consuming litigation over the matter, uncertainty as to the future of our zinc business, an inability to exercise our call option to acquire the Government of India s remaining 29.5% ownership interest in HZL and the possibility of serious financial harm if we were unsuccessful in litigation, any of which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our option to purchase the Government of India s remaining shares in HZL may be challenged.

Under the terms of the shareholders agreement between the Government of India and us (previously entered into between the Government of India and SOVL. By order of the High Court of Madras dated March 29, 2012, SOVL was merged into SIIL.), we were granted two call options to acquire all the shares in HZL held by the Government of India at the time of exercise. We exercised the first call option on August 29, 2003.

By a letter dated July 21, 2009, we exercised the second call option. The Government of India has stated that the clauses of the shareholders agreement relating to Sterlite s option violated the provisions of Section 111A of the Companies Act, 1956, or the Indian Companies Act, by restricting the right of the Government of India to transfer its shares and that as a result the shareholders agreement was null and void. As such, the Government of India has refused to act upon the second call option. Consequently, we commenced arbitral proceedings under the terms of the shareholders agreement and has appointed its arbitrator. Under the terms of the shareholders agreement, the Government of India is required to nominate an arbitrator, but the Government of India has not made such a nomination. As a result, we have filed an arbitration application pursuant to section 11(6) of the Arbitration and Conciliation Act 1996 in the Delhi High Court petitioning the court to constitute an arbitral tribunal. The arbitration application was heard on May 18, 2010, and the Government of India informed that they had appointed Justice V. N. Khare as their arbitrator. By an order dated May 18, 2010 the court directed the parties to appoint mediators for mediation of the dispute. The mediation was unsuccessful. Consequently an arbitral tribunal was constituted. The tribunal has directed us to submit its claim statement and its response and has scheduled the next date for hearing on August 11, 2012. See Item 8. Information on the Company B. Business Overview Our Business Options to Increase Interests in HZL and BALCO Call Options Over Shares in HZL.

There can be no assurance we will be successful in its arbitral proceedings with the Government of India. Any adverse ruling in the arbitration proceedings, if commenced, may preclude or delay us from exercising our option to increase our ownership interest in HZL, and such an outcome would be likely to have a material adverse effect upon our operational flexibility, results of operations and prospects. Alternatively, we may only be able to acquire the Government of India s remaining ownership interest in HZL at a price in excess of the market value or fair value of those shares, which could have a material adverse effect on our results of operations and financial condition.

The Government of India has disputed our exercise of the call option to purchase its remaining 49.0% ownership interest in BALCO.

Under the terms of the shareholders agreement between us and the Government of India, we were granted an option to acquire the shares of BALCO held by the Government of India at the time of exercise. We exercised this option on March 19, 2004. However, the Government of India contested the purchase price and validity of the option. As negotiations for an amicable resolution were unsuccessful, on direction of the court, arbitrators were appointed by the parties, as provided for under the terms of the shareholders agreement. Arbitration proceedings commenced on February 16, 2009 and concluded on October 9, 2010. By an award dated January 25, 2011, the arbitral tribunal dismissed our claims on the basis that the option was invalid as it violated Section 111A(2) of the Indian Companies Act. The arbitral tribunal also ruled that the first valuation report of SBI Capital Markets Limited, which valued the shares of the Government of India at Rs. 77.93 per share, was correct and that we had the right to purchase the Government of India s shares at 75.0% of its valuation. The arbitral tribunal s ruling in relation to the valuation and our right to purchase at 75.0% is inconsequential as the arbitral tribunal had already made a ruling that our call option was invalid. Following the issuance of the award, we filed an application in the High Court of Delhi to set aside the ruling made in the award relating to the invalidity of our call option. The High Court of Delhi has fixed a hearing date for the application on November 9, 2011. The Government also filed an application in the High Court of Delhi to set aside the ruling made in the award relating to the valuation report and our right to purchase the Government of India s shares at 75.0% of the valuation. The High Court of Delhi has kept the Government of India s application in abeyance until our application has been determined. This application is listed for final hearing on August 6, 2012. Notwithstanding the outcome of the dispute, the Government of India retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See Item 4. Information on the Company B. Business Overview Our Business Options to Increase Interests in HZL and BALCO Call Option Over Shares in BALCO.

There is no assurance that the outcome of our application or the Government of India s application to the High Court of Delhi will be favorable to us. In the event of an unfavorable outcome, we may be unable to purchase the Government of India s remaining 49.0% stake in BALCO or may be required to pay a higher purchase price, which may adversely affect our operational flexibility, results of operations and prospects.

Appeal proceedings in the High Court of Bombay have been brought by the Securities and Exchange Board of India, or SEBI, to overrule a decision by the Securities Appellate Tribunal, or SAT, that we have not violated regulations prohibiting fraudulent and unfair trading practices.

In April 2001, SEBI ordered prosecution proceedings to be brought against us, alleging that we have violated regulations prohibiting fraudulent and unfair trading practices and also passed an order prohibiting us from accessing the capital markets for a period of two years. This order of SEBI was overruled by the SAT on October 22, 2001 on the basis of lack of sufficient material evidence to establish that we had, directly or indirectly, engaged in market manipulation and that SEBI had exercised its jurisdiction incorrectly in prohibiting us from accessing the capital markets. On November 9, 2001, SEBI appealed to the High Court of Bombay. A hearing date has not been fixed.

SEBI s order was based on its finding that we had manipulated the price of our shares in connection with our proposed acquisition of shares in Indian Aluminium Company Limited, or INDAL, and our proposed open offer to the shareholders of INDAL in 1998. SEBI also alleged that MALCO, our associate company, provided funds to an entity we allegedly controlled to enable its associate to purchase our shares, as part of a connected price manipulation exercise.

In the event the High Court of Bombay decides the above matters unfavorably against us, we may be prohibited from accessing the capital markets for a period of two years and may become liable to pay penalties. Further, certain of our key officers and directors may be imprisoned, which would have an adverse effect on our business and operations.

In addition to the civil proceedings, SEBI also initiated criminal proceedings before the Court of the Metropolitan Magistrate, Mumbai, against us, our present Non-Executive Chairman, Mr. Anil Agarwal and Mr. Tarun Jain, one of our directors until March 31, 2009, and the chief financial officer of MALCO at the time of the alleged price manipulation. When SEBI s order was overturned in October 2001, we filed a petition before the High Court of Bombay to quash those criminal proceedings on the grounds that the SAT had overruled SEBI s order on price manipulation. An order was passed by the High Court of Bombay in our favor, granting an interim stay of the criminal proceedings. The proceedings before the Court

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of the Metropolitan Magistrate, Mumbai is currently pending and is scheduled for hearing on July 17, 2012. The petition filed by us before the High Court of Bombay is also pending with the next date of hearing yet to be fixed. If we and the individuals named in the criminal proceedings do not prevail before the High Court of Bombay and the Court of Metropolitan Magistrate, our business and operations may be materially and adversely affected.

We are involved in a number of litigation matters, both civil and criminal in nature, and any final judgments against us could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are involved in a variety of litigation matters, including matters relating to alleged violations of environmental and tax laws and alleged price manipulation of our equity shares on the NSE and the Bombay Stock Exchange Limited, or the BSE. A final judgment against us or our directors in one or more of these disputes may result in damages being awarded that we must pay or injunctions against us, or criminal proceedings being instituted against us or our directors, which may require us to cease or limit certain of our operations and have a material adverse effect on our business, results of operations, financial condition and prospects.

For a detailed discussion of material litigation matters pending against us, see Item 8. Financial Information A. Consolidated Statements and Other Financial Information Legal Proceedings.

Defects in title or loss of any leasehold interests in our properties could limit our ability to conduct operations on our properties or result in significant unanticipated costs.

Our ability to mine the land on which we have been granted mining lease rights is dependent on the surface rights that we acquire separately and subsequently to the grant of mining lease rights and generally over only part of the land leased. Additional surface rights may be negotiated separately with landowners, though there is no guarantee that these rights will be granted. Although we expect to be able to continue to obtain additional surface rights in the future in the ordinary course, any delay in obtaining or inability to obtain surface rights could negatively affect our financial condition and results of operations.

A significant part of our mining operations are carried out on leasehold properties. Our right to mine some of our reserves may be materially and adversely affected if defects in title or boundary disputes exist or if a lease expires and is not renewed or if a lease is terminated due to our failure to comply with its conditions. Any challenge to our title or leasehold interests could delay our mining operations and could ultimately result in the loss of some or all of our interests. Also, in any such case, the investigation and resolution of title issues would divert management s time from our business and our results of operations could be adversely affected. Further, if we mine on property that we do not own or lease, we could incur liability for such mining.

We can also be subject to claims challenging our title to our non-mine properties. For example, BALCO is currently engaged in a dispute with the State Government of Chhattisgarh regarding alleged encroachment on state-owned land at its Korba smelter. On February 6, 2009, the Chhattisgarh High Court held that BALCO is in legal possession of the land and is required to pay premium and rent on the land according to the rates offered by the Government of Chhattisgarh in 1968. The State Government of Chhattisgarh challenged this order in an appeal before the division bench of the Chhattisgarh High Court. This appeal was dismissed on February 25, 2010. Consequent to this order, the State Government of Chhattisgarh has decided to issue a formal lease deed to BALCO for the land subject to the requisite approvals. See Item 8. Financial Information A. Consolidated Statements and Other Financial Information Legal Proceedings.

Our operations are subject to extensive governmental, health and safety and environmental regulations which have in the past and could in the future cause us to incur significant costs or liabilities or interrupt or close our operations, any of which events may adversely affect our results of operations and financial condition.

Numerous governmental permits, approvals and leases are required for our operations as the industries in which we operate and seek to operate are subject to numerous laws and extensive regulation by national, state and local authorities. We are currently primarily subject to laws and regulations relating to operations in India, Australia, Namibia and South Africa. Failure to comply with any laws or regulations or to obtain or renew the necessary permits, approvals and leases may result in the loss of the right to mine or operate our facilities, the assessment of administrative, civil or criminal penalties, the imposition of cleanup or site restoration costs and liens, the imposition of costly compliance procedures, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures could have the effect of closing or limiting production from our operations. In addition, a significant number of approvals are required from government authorities for metals and mining and commercial power generation projects, and any such approvals may be subject to challenge.

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Further, our ability to mine new areas of land for which we seek mining rights is dependent on our separate acquisition of surface rights. While we expect to obtain additional surface rights, any delay, or inability to obtain or substantial compensation costs incurred in obtaining additional surface rights could have a material adverse effect on our business, operating results and financial condition. In addition, we and HZL are required to comply with the various regulations of the Securities and Exchange Board of India and the relevant stock exchanges, as amended from time to time. Any inability on our or HZL s part to comply with such regulations may attract regulatory action and imposition of penalties.

The costs, liabilities and requirements associated with complying with existing and future governmental, health and safety and environmental laws and regulations may be substantial and time-consuming and may delay the commencement or continuation of exploration, mining or production activities. For example, a gas leak at HZL s sulphuric acid plant in Chanderiya caused the Rajasthan State Pollution Control Board to shut down the entire plant for a period of 12 days in November 2005. Environmental regulations may also subject us to substantial costs and liabilities for the closure of our mines and other facilities.

New legislation or regulations may be adopted in the future that may materially and adversely affect our operations, our cost structure or our customers ability to use our products. New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws and regulations, may also require us or our customers to change operations significantly or incur increased costs, which could have a material adverse effect on our business, operating results and financial condition.

Any increase in competition in our target markets could result in lower prices or sales volumes of the copper, zinc and aluminum products we produce, which may cause our profitability to suffer.

There is substantial competition in the copper, zinc and aluminum industries, both in India and internationally, and we expect this to continue. Our competitors in the copper, zinc and aluminum markets outside India include major international producers. Certain of these international producers have significantly larger scale of operations, greater financial resources and manufacturing and technological capabilities, more established and larger marketing and sales organizations and larger technical staffs than we do.

In the Indian copper market, we compete primarily against Hindalco Industries Limited, or Hindalco, the government-owned Hindustan Copper Limited, or Hindustan Copper, and imports. In the Indian zinc market, we compete primarily against imports. In the Indian aluminum market, we compete primarily against National Aluminium Company Limited, or NALCO, a Government of India enterprise, Hindalco and imports. Many of our competitors are also expanding their production capacities. If domestic demand is not sufficient to absorb these increases in capacity, our competitors could reduce their prices, which may force us to do the same or cause us to lose market share or sell our products in overseas markets at lower prices.

The end-user markets for our metal products are highly competitive. Copper competes with a number of other materials, including aluminum and plastics. Zinc metal faces competition as a result of substitution of materials, including aluminum, stainless steel and other alloys, plastics and other materials being substituted for galvanized steel and epoxies, paints and other chemicals being used to treat steel in place of galvanization in the construction market. Aluminum competes with materials such as plastic, steel, iron, glass and paper, among others, for various applications. In the past, customers have demonstrated a willingness to substitute other materials for copper, zinc and aluminum. The willingness of customers to accept substitutes could have a material adverse effect on our business, results of operations and prospects.

Our insurance coverage may prove inadequate to satisfy future claims against us.

We maintain insurance which we believe is typical in our industry in India and Australia and in amounts which we believe to be commercially appropriate. Nevertheless, we may become subject to liabilities, including liabilities for pollution or other hazards, against which we have not insured adequately, or at all, or cannot be insured. Our insurance policies contain exclusions and limitations on coverage. In addition, our insurance policies may not continue to be available at economically acceptable premiums, or at all. As a result, our insurance coverage may not cover the extent of any claims against us, including for environmental or industrial accidents or pollution. See Item 4. Information on the Company B. Business Overview Our Business Insurance.

Third party interests in our subsidiary companies and restrictions due to stock exchange listings of our subsidiary companies will restrict our ability to deal freely with our subsidiaries, which may have a material adverse effect on our operations.

We do not wholly own all of our operating subsidiaries. Although we have management control of HZL and BALCO, and we intend to increase our ownership interests in both, each of these companies has other shareholders who, in some cases, hold substantial interests in them. The non-controlling interests in our subsidiaries and the listing of HZL on the NSE and the BSE may limit our ability to increase our equity interests in these subsidiaries, combine similar operations and utilize synergies that may exist between the operations of different subsidiaries or reorganize the structure of our business in a tax effective manner. For example, the Government of India, which is a minority shareholder in each of HZL and BALCO, has entered into shareholders agreements for HZL and BALCO and it is a term of the shareholders agreements that HZL and BALCO may not grant loans to companies which are under the same management as HZL or BALCO, as the case may be, without the prior consent of the Government of India.

In addition, the Government of India has the right to appoint directors and has veto power over certain management decisions. These restrictions on our ability to deal freely with our subsidiaries caused by the non-controlling interests may have a material adverse effect on our results of operations or financial condition as our ability to move funds among the different parts of our business will be restricted and we will be unable to access cash held in HZL or BALCO except through dividend payments by HZL and BALCO which would be payable to all shareholders. This will limit our ability to make payments of interest and principal in respect of financial liabilities and obligations which we have undertaken on behalf of our consolidated group of companies. Further, pursuant to the requirements for the continued listing of the shares of HZL on the NSE and BSE, in the event we exercise our call option to acquire the Government of India s remaining ownership interest in HZL, we would have to either divest a portion of our shareholding in HZL within a period of one year from the acquisition such that the minimum public shareholding requirement of 25.0% is complied with or delist HZL s shares from the NSE and BSE by making an offer to purchase the equity shares held by the remaining HZL s shareholders at a price determined by way of a reverse book-build process, which could adversely impact our financial condition and results of operations. See Item 4. Information on the Company B. Business Overview Our Business Options to Increase Interests in HZL and BALCO.

We may be liable for additional taxes if the tax holidays, exemptions and tax deferral schemes which we currently benefit from expire without renewal, and the benefits of the tax holidays, exemptions and tax deferral schemes are limited by the minimum alternative tax, or MAT.

We currently benefit from significant tax holidays, exemptions and tax deferral schemes. These tax holidays, exemptions and tax deferral schemes are for limited periods. For example, HZL s captive power plant at Debari, Chanderiya, and Zawar benefits from tax exemptions on the profits generated from transfers of power to HZL s other units, which are expected to generate substantial savings. We also have wind mills located in states such as Gujarat, Karnataka, Tamil Nadu, Maharashtra and Rajasthan which are also eligible for tax exemption.

HZL S zinc ingot melting and casting at Haridwar , silver refinery, zinc ingot melting and casting plant and lead ingot melting and casting plant at Pantnagar was set up in the state of Uttarkhand and is eligible for tax incentives applicable to hilly states. Our copper refinery and copper rod plant at Tuticorin and our first hydrometallurgical zinc smelters at Chanderiya with a capacity of 210,000 tpa, of which one has been awarded the status of export oriented units, under which we are eligible for tax exemptions on raw materials, capital goods procured and finished goods sold until March 31, 2011. New captive power plants will not be eligible for such tax exemptions if the capitalization is effected after March 31, 2012. Captive power plants will continue to have the benefit of any existing tax exemptions after March 31, 2012 until such tax exemptions expire. The expiry or loss of existing tax holidays, exemptions and tax deferral schemes or the failure to obtain new tax holidays, exemptions or tax deferral schemes will likely increase our tax obligations and any increase could have a material adverse effect on our financial condition or results of operations.

In addition, we are subject to a MAT which sets a minimum amount of tax that must be paid each year based on our book profits. The Finance Act, 2011 has increased the MAT rate from 18.0% to 18.5%, and surcharge has been reduced to 5.0% from 7.5% resulting in an overall increase in the MAT rate from 19.93% to 20.01%, including surcharge, education cess and secondary and higher secondary education cess. The MAT prevents us from taking full advantage of any tax holidays, exemptions or tax deferral schemes that may be available to us.

Shortage of skilled labor in the metals and mining industry could increase our costs and limit our ability to maintain or expand our operations, which could adversely affect our results of operations.

Mining and metal refining, smelting and fabrication operations require a skilled and experienced labor force. If we experience a shortage of skilled and experienced labor, our labor productivity could decrease and costs could increase, our operations may be interrupted or we may be unable to maintain our current production or increase our production as otherwise planned, which could have a material adverse effect on our results of operations, financial condition and business prospects.

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Risks Relating to Our Industry

Commodity prices and the copper TcRc may be volatile, which would affect our revenue, results of operations and financial condition.

Historically, the international commodity prices for copper, zinc and aluminum and the prevailing market TcRc rate for copper have been volatile and subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, such commodities, market uncertainties, the overall performance of world or regional economies and the related cyclicality in industries we directly serve and a variety of other factors. For example, between March 31, 2010 and March 31, 2011, the average LME prices of copper, aluminum, zinc, and lead increased by 33.1%, 20.8%, 12.9% and 12.8%, respectively. However between March 31, 2011 and March 31, 2012, volatility decreased and the average LME prices of copper, aluminum and lead increased by 4.1%, 2.5% and 1.1%, respectively whereas the average LME prices of zinc decreased by 4.0%. Commodity prices and the market TcRc rate for copper may continue to be volatile and subject to wide fluctuations in the future. A decline in the prices we receive for our copper, zinc or aluminum metals and in the market TcRc rate for copper would adversely affect our revenue and results of operations, and a sustained drop would have a material adverse effect on our revenue, results of operations and financial condition.

Our ore reserves are estimates based on a number of assumptions, any changes to which may require us to lower our estimated reserves.

The ore reserves stated in this annual report are estimates and represent the quantity of copper, zinc, lead and bauxite that we believed, as of March 31, 2012, could be mined, processed, recovered and sold at prices sufficient to cover the estimated future total costs of production, remaining investment and anticipated additional capital expenditures. These estimates are subject to numerous uncertainties inherent in estimating quantities of reserves and could vary in the future as a result of actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and other costs and economic parameters such as metal prices, smelter treatment charges and exchange rates, many of which are beyond our control. As a result, you should not place undue reliance on the reserve data contained in this annual report. In the event that any of these assumptions turn out to be incorrect, we may need to revise our ore reserves downwards and this may adversely affect our life-of-mine plans and consequently the total value of our mining asset base, which could increase our costs and decrease our profitability.

Changes in tariffs, royalties, customs duties and government assistance may reduce our Indian market domestic premium, which would adversely affect our profitability and results of operations.

Copper, zinc and aluminum are sold in the Indian market at a premium to the international market prices of these metals due to tariffs payable on the import of such metals. Between March 2003 and June 2009, basic customs duties on imported copper, zinc, lead and alumina and aluminium decreased cumulatively from 25.0% to 5.0%, and have remained at 5.0% since June 2009. The Government of India may reduce or abolish customs duties on copper and aluminum in the future, although the timing and extent of such reductions cannot be predicted. As we sell the majority of the commodities we produce in India, any reduction in Indian tariffs on imports will decrease the premiums we receive in respect of those sales. Our profitability is dependent to a small extent on the continuation of import duties and any reduction would have an adverse effect on our results of operations and financial condition.

We pay royalties to the State Governments of Chhattisgarh and Rajasthan based on our extraction of bauxite and lead-zinc ore, respectively, and to the State Government of Tasmania in Australia based on our extraction of copper ore. Most significant of these is the royalty that HZL is required to pay to the State Government of Rajasthan, where all of HZL s mines are located, at a rate of 8.4%, with effect from August 13, 2009 (with the rate being 6.6% prior to August 13, 2009), of the zinc LME price payable on the zinc metal contained in the concentrate produced and 12.7% (with the rate being 5.0% prior to August 13, 2009) of the lead LME price payable on the lead metal contained in the concentrate produced. The royalties we pay are subject to change after August 2012. Any upward revision to the royalty rates being charged currently may adversely affect our profitability.

We also pay royalties to the State Government of Tasmania in Australia based on the operations at CMT at a rate equal to (a) the sum of (x) 1.9% of the revenue plus (y) 0.4 times the profit multiplied by (b) the profit margin over revenue, subject to a cap of 5.35% of revenue, effective from January 1, 2012. Our royalties in Zinc International business are 3.0%, 7.0% and 3.5% by Skorpion, BMM and Lisheen respectively.

Indian exports of copper, aluminum and zinc receive assistance premiums from the Government of India, which have been reduced since 2002. These export assistance premiums have been reduced in recent years and may be further reduced in the future. Any reduction in these premiums will decrease the revenue we receive from export sales and may have a material adverse effect on our results of operations or financial condition. See Item 5. Operating and Financial Review and Prospects Factors Affecting Results of Operations Government Policy.

Regulation of greenhouse gas emissions effects and climate change issues may adversely affect our operations and markets.

Our mining, smelting and refining operations are energy intensive and depend heavily on electricity, thermal coal, diesel fuel and fuel oil. In addition, our commercial power generation business depends on coal-fired power plants. Many scientists believe that emissions from the combustion of carbon-based fuels contribute to greenhouse effects and therefore potentially to climate change.

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. International treaties or agreements may also result in increasing regulation of greenhouse gas emissions, including the introduction of carbon emissions trading mechanisms, in jurisdictions in which we operate. Any such regulation will likely result in increased future energy and compliance costs. From a medium and long-term perspective, we are likely to see an increase in costs relating to our assets that emit significant amounts of greenhouse gases as a result of these regulatory initiatives. These regulatory initiatives will be either voluntary or mandatory and may impact our operations directly or through our suppliers or customers. Assessments of the potential impact of future climate change regulation are uncertain, given the wide scope of potential regulatory change in countries in which we operate.

The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances. These may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperatures. These effects may adversely impact the cost, production and financial performance of our operations.

Risks Relating to Our Relationship with Vedanta

We are controlled by Vedanta and our other shareholders ability to influence matters requiring shareholder approval will be extremely limited.

We are a majority-owned and controlled subsidiary of Vedanta. Volcan Investments Limited, or Volcan holds 56.6% of the share capital and 63.2% of the voting rights of Vedanta. Volcan is a holding company, 100% owned and controlled by the Anil Agarwal Discretionary Trust. Onclave PTC Limited, or Onclave, is the trustee of the Anil Agarwal Discretionary Trust and controls all voting and investment decisions of the Anil Agarwal Discretionary Trust. As a result, shares beneficially owned by Volcan may be deemed to be beneficially owned by the Anil Agarwal Discretionary Trust and, in turn, by Onclave. The beneficiaries of the Anil Agarwal Discretionary Trust are members of the Agarwal family, who are related to Mr. Anil Agarwal. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Non-Executive Chairman, as protector of the Anil Agarwal Discretionary Trust, may be deemed to have deemed beneficial ownership of shares that are beneficially owned by the Anil Agarwal Discretionary Trust. Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal are parties to a relationship agreement that seeks to enable Vedanta to carry on its business independently of Volcan, its direct and indirect shareholders, and their respective associates, or collectively, the Volcan Parties. See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Parties Vedanta. However, we cannot assure you that the relationship agreement will be effective at insulating Vedanta, and in turn we, from being influenced or controlled by the Volcan Parties, which influence or control could have a material adverse effect on the holders of our equity shares and ADSs.

As long as Vedanta, through its subsidiaries, owns a majority of our outstanding equity shares, Vedanta will have the ability to control or influence significant matters requiring board approval and to take shareholder action without the vote of any other shareholder, and the holders of our equity shares and ADSs will not be able to affect the outcome of any shareholder vote. Vedanta will have the ability to control all matters affecting us.

In the event Vedanta ceases to be our majority shareholder, we will be required to immediately repay some of our outstanding long-term debt.

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Vedanta s voting control may discourage transactions involving a change of control of us, including transactions in which holders of our equity shares and ADSs might otherwise receive a premium therefore over the then current market prices. Vedanta is not prohibited from selling a controlling interest in us to a third party and may do so without the approval of holders of our equity shares and ADSs and without providing for a purchase of our equity shares or ADSs. Accordingly, our equity shares and ADSs may be worth less than they would be if Vedanta did not maintain voting control over us.

Vedanta may decide to allocate business opportunities to other members of the Vedanta group instead of us, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Vedanta s control of us means it can determine the allocation of business opportunities among us, itself and its other subsidiaries. For example, as of March 31, 2012, Vedanta owned 79.4% of KCM, an integrated copper producer in Zambia, 55.1% of Sesa Goa, 78.8% of MALCO through Twin Star and 16.0% through Welter Trading, an aluminum metals and mining company in India with which we compete, and 70.5% of Vedanta Aluminium through Twin Star, an alumina refining and aluminum smelting business and 58.9% of Cairn India, an oil exploration company based in India. As Vedanta controls KCM, MALCO, Vedanta Aluminium, Sesa Goa, Cairn India and us, it determines the allocation of business opportunities among, as well as strategies and actions of, KCM, MALCO, Vedanta Aluminium, Sesa Goa, Cairn India and us. Vedanta may determine to have KCM, MALCO, Vedanta Aluminium, Sesa Goa or Cairn India, instead of us, pursue business opportunities in the copper, zinc, aluminum or commercial power generation business, or any other business, or cause such companies or us to undertake corporate strategies, the effect of which is to benefit such companies instead of us and which could be detrimental to our interests. If Vedanta were to take any such actions, our business, results of operations, financial condition and prospects could be materially and adversely affected and the value of our equity shares and the ADSs may decline.

We have issued several guarantees as security for the obligations of certain of our subsidiaries and other companies within the Vedanta group and we will have liability under these guarantees in the event of any failure by such entities to perform their obligations, which could have a material adverse effect on our results of operations and financial condition.

We have issued several guarantees in respect of the obligations of certain of our subsidiaries and other companies within the Vedanta group, including guarantees issued as security for loan obligations, credit facilities or issuance of customs duty bonds for import of capital equipment at concessional rates of duties. Our outstanding guarantees cover obligations aggregating Rs. 66,198 million ($ 1,300.8 million) as of March 31, 2012, the liabilities for which have not been recorded in our consolidated financial statements. We will have a liability in the event that any of these entities fails to perform its obligations under the loan agreements, credit facilities or bonds, which could have a material adverse effect on our results of operations and financial condition. See Item 5. Operating and Financial Review and Prospects Guarantees.

Any disputes that arise between us and Vedanta or other companies in the Vedanta group could harm our business operations.

Disputes may arise between Vedanta or other companies in the Vedanta group and us in a number of areas, including:

- intercompany agreements setting forth services and prices for services between us and Vedanta or other companies in the Vedanta group;
- business combinations involving us;
- sales or distributions by Vedanta of all or any portion of its ownership interest in us; or
- business opportunities that may be attractive to us and Vedanta, or other companies in the Vedanta group.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party.

Our agreements with Vedanta and other companies in the Vedanta group may be amended upon agreement between the parties. As we are controlled by Vedanta, Vedanta may require us to agree to amendments to these agreements that may be less favorable to us than the original terms of the agreements.

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Some of our directors and executive officers may have conflicts of interest because of their ownership of Vedanta shares, options to acquire Vedanta shares and positions with Vedanta.

Some of our directors and executive officers own Vedanta shares and options to purchase Vedanta shares, including through their continued participation in the Vedanta Long-Term Incentive Plan 2003, or the Vedanta LTIP. In addition, some of our directors and executive officers are directors or executive officers of Vedanta. Ownership of Vedanta shares and options to purchase Vedanta shares and the presence of an executive officer of Vedanta on our board of directors could create, or appear to create, potential conflicts of interest and other issues with respect to their fiduciary duties to us when our directors and officers are faced with decisions that could have different implications for Vedanta than for us.

In addition, we are a party to a shared services agreement with Vedanta and certain other subsidiaries of Vedanta under which our management s time and services are shared between the Vedanta group and us. As a result, our management, including our senior management, is not solely focused on our business and may be distracted by, or have conflicts as a result of, the demands of Vedanta or other businesses within the Vedanta group, which may materially and adversely affect our business, results of operations and financial condition. For more information on the shared services agreement, see Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations

A substantial portion of our assets and operations are located in India and we are subject to regulatory, economic, social and political uncertainties in India.

We are incorporated in India. Our primary operating subsidiaries, HZL, BALCO and Sterlite Energy, as well as our associate company, Vedanta Aluminium, are also incorporated in India. A substantial portion of our assets and employees are located in India and we intend to continue to develop and expand our facilities in India. Consequently, our financial performance and the market price of our equity shares and ADSs will be affected by changes in exchange rates and controls, interest rates, changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India.

The Government of India has exercised and continues to exercise significant influence over many aspects of the Indian economy. Since 1991, successive Indian governments have pursued policies of economic liberalization, including by significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. The present government has announced policies and taken initiatives that support the continued economic liberalization policies that have been pursued by previous governments. The present government continues to be a multiparty coalition and therefore there is no assurance that it will be able to generate sufficient cross-party support to implement its liberalization policies. The rate of economic liberalization could change, and specific laws and policies affecting metals and mining companies, foreign investments, currency exchange rates and other matters affecting investment in India could change as well. Further, protests against privatizations and government corruption scandals, which have occurred in the past, could slow the pace of liberalization and deregulation. Given the changes in government policy on divestments, there can be no assurance that any of the proposed privatizations which we may be interested in pursuing will be implemented or completed in the near future, or at all. A significant change in India s policy of economic liberalization and deregulation could adversely affect business and economic conditions in India generally and our business in particular if new restrictions on the private sector is introduced or if existing restrictions are increased.

Global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs.

Global market and economic conditions have been unprecedented and challenging and have resulted in tighter credit conditions and recession in most major economies in the last several years. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. In the second half of 2008, added concerns fueled by the United States government conservatorship of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, the declared bankruptcy of Lehman Brothers Holdings Inc., the United States government financial assistance to American International Group Inc., Citigroup Inc., Bank of America and other federal government interventions in the United States financial system led to increased market uncertainty and instability in both United States and international capital and credit markets. Further, since late 2009, fears of a sovereign debt crisis developed among investors as a result of the rising government debt levels around the world together with a wave of downgrading of government debt in some European states. Concerns intensified in early 2010 and thereafter, Europe s finance ministers approved the European Financial Stability Facility (EFSF) in 2010 aimed at

ensuring financial stability across Europe. In October 2011 and February 2012, the EU leaders agreed on more measures designed to prevent the collapse of member economies. Further, to restore confidence in Europe, EU leaders also agreed to create a common fiscal union which included the commitment of each participating country to introduce a balanced budget amendment. While sovereign debt has risen substantially in only a few EU countries, it has become a global issue.

These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs. For example, in response to global economic conditions and a decline in commodity prices, we had ceased operations at one of our aluminum smelters at the Korba complex in previous years which had an adverse effect on our business and financial performance.

As the domestic Indian market constitutes the major source of our revenue, the downturn in the rate of economic growth in India due to the unprecedented and challenging global market and economic conditions, or any other such downturn for any other reason, will be detrimental to our results of operations.

In fiscal 2012, approximately 56.0% of our revenue was derived from commodities that we sold to customers in India. The performance and growth of our business are necessarily dependent on the health of the overall Indian economy. Any downturn in the rate of economic growth in India, whether due to political instability or regional conflicts, economic slowdown elsewhere in the world or otherwise, may have a material adverse effect on demand for the commodities we produce. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of the monsoon, which is difficult to predict. In the past, economic slowdowns have harmed manufacturing industries, including companies engaged in the copper, zinc and aluminum sectors, as well as the customers of manufacturing industries. Any future slowdown in the Indian economy could have, a material adverse effect on the demand for the commodities we produce and, as a result, on our financial condition and results of operations.

Terrorist attacks and other acts of violence involving India or other neighboring countries could adversely affect our operations directly, or may result in a more general loss of customer confidence and reduced investment in these countries that reduces the demand for our products, which would have a material adverse effect on our business, results of operations, financial condition and cash flows.

Terrorist attacks and other acts of violence or war involving India or other neighboring countries may adversely affect the Indian markets and the worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and generally have a material adverse effect on our businesses, results of operations, financial condition and cash flows. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of our equity shares and ADSs.

South Asia has also experienced instances of civil unrest and hostilities among neighboring countries from time to time, especially between India and Pakistan. In recent years, military confrontations between India and Pakistan have occurred in the region of Kashmir and along the India-Pakistan border. There have also been incidents in and near India such as terrorist attacks in Mumbai, Jaipur, Delhi and on the Indian Parliament, troop mobilisations along the India-Pakistan border and an aggravated geopolitical situation in the region. Such military activity or terrorist attacks in the future could adversely affect the Indian economy by disrupting communications and making travel more difficult and could create the perception that investments in Indian companies involve a high degree of risk. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue our operations.

If natural disasters or environmental conditions in India, including floods and earthquakes, affect our mining and production facilities, our revenue could decline.

Our mines and production facilities are spread across India, and our sales force is spread throughout the country. Natural calamities such as floods, rains, heavy downpours (such as heavy downpours in Tuticorin in 2008 which caused the closure of our Tuticorin facilities for two to three days, as well as the rains in Mumbai and other parts of the State of Maharashtra in 2005 and other states in 2006) and earthquakes could disrupt our mining and production activities and distribution chains and damage our storage facilities. Other regions in India have also experienced floods, earthquakes, tsunamis and droughts in recent years. In December 2004, Southeast Asia, including the eastern coast of India, experienced a massive tsunami, and in October 2005, the State of Jammu and Kashmir experienced an earthquake, both of which events caused significant loss of life and property damage. Substantially all of our facilities and employees are located in India and there can be no assurance that we will not be affected by natural disasters in the future. In addition, if there were a drought or general water shortage in India or any part of India where our operations are located, the Government of India or local, state or other authorities may restrict water supplies to us and other industrial operations in order to maintain water supplies for drinking and other public necessities which would cause us to reduce or close our operations.

Currency fluctuations among the Indian Rupee, the Australian dollar and the US dollar could have a material adverse effect on our results of operations.

Although substantially all of our revenue is tied to commodity prices that are typically priced by reference to the US dollar, most of our expenses are incurred and paid in Indian Rupees or Australian dollars, South African Rand or Namibian Dollar. In addition, in fiscal 2012, approximately 44.0% of our revenue was derived from commodities that we sold to customers outside India. The exchange rates between the Indian Rupee, Australian dollar, South African Rand or Namibian dollar and the US dollar and between the Australian dollar and the US dollar have changed substantially in recent years and may fluctuate substantially in the future. Our results of operations could be adversely affected if the US dollar depreciates against the Indian Rupee or Australian dollar or South African Rand or Nambian dollar, or if the Indian Rupee or Australian dollar or South African Rand or Namibian dollar appreciates against the US dollar. We seek to mitigate the impact of short-term movements in currency on our business by hedging most of our near-term exposures. Typically, most of our exposures with a maturity of less than two years are hedged completely. However, large or prolonged movements in exchange rates may have a material adverse effect on our results of operations and financial condition.

If India s inflation worsens or the prices of oil or other raw materials rise, we may not be able to pass the resulting increased costs to our customers and this may adversely affect our profitability or cause us to suffer operating losses.

India has recently experienced fluctuating wholesale price inflation compared to historical levels due to the global economic downturn. In addition, international prices of crude oil have recently experienced significant volatility, including a rise to historical highs that increased transportation costs followed more recently by a significant decline as global economic conditions have deteriorated. Inflation, increased transportation costs and an increase in energy prices generally, which may be caused by a rise in the price of oil, or an increase in the price of thermal coking coal in particular, could cause our costs for raw material inputs required for production of our products to increase, which would adversely affect our financial condition and results of operations if we cannot pass these added costs along to customers.

Stringent labor laws in India may adversely affect our profitability.

India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee compensation for injury or death sustained in the course of employment, and imposes financial obligations on employers upon employee layoffs. This makes it difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business and profitability.

As a foreign private issuer and a controlled company within the meaning of the New York Stock Exchange, or NYSE, rules, we are subject to different NYSE rules than non-controlled domestic US issuers. Consequently, the corporate governance standards which we are required to adhere to are different than those applicable to such companies, which may limit the information available to, and the shareholder rights of, holders of our ADSs.

We qualify as a controlled company within the meaning of the NYSE rules as Vedanta has effective control of a majority of our equity shares. This will allow Vedanta to, among other things, control the composition of our board of directors and direct our management and policies.

As a foreign private issuer and a controlled company, we are exempt from complying with certain corporate governance requirements of the NYSE, including the requirement that a majority of our board of directors consist of independent directors. As the corporate governance standards applicable to us are different than those applicable to domestic non-controlled US issuers, holders of our equity shares and ADSs may not have the same protections afforded under the NYSE rules as shareholders of companies that do not have such exemptions. It is also possible that the Agarwal family s significant ownership interest of us as a result of its majority ownership of Vedanta s majority shareholder, Volcan, could adversely affect investors perceptions of our corporate governance. For a summary of the differences between the corporate governance standards applicable to us as a listed company in India and as a foreign private issuer and controlled company in the United States and such standards applicable to a domestic non-controlled US issuer, see Item 10. Additional Information B. Memorandum and Articles of Association Comparison of Corporate Governance Standards.

There are certain differences in shareholder rights and protections between the laws of India and the United States and between governance standards for a US public company and a foreign private issuer such as us.

We are incorporated in India and investors should be aware that there are certain differences in the shareholder rights and protections between the laws of India and the United States. There are also certain differences in the corporate governance standards for a domestic US issuer and those applicable to a foreign private issuer such as us. See Item 10. Additional Information B. Memorandum and Articles of Association Comparison of Shareholders Rights.

SEBI and the various Indian stock exchanges are responsible for improving and setting standards for disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. Nevertheless, there may be less information made publicly available in respect of Indian companies than is regularly made available by public companies in the United States as a result of differences between the level of regulation and monitoring of the Indian securities markets and of the transparency of the activities of investors and brokers in India compared to the United States. Similarly, our disclosure obligations under the rules of the NSE and BSE on which our equity shares are listed may be less than the disclosure obligations of public companies on the NYSE.

Risks Relating to our ADSs

Substantial future sales of our equity shares or ADSs in the public market, or the perception of such sales, could cause the market price of our ADSs to fall.

If our existing shareholders sell a substantial number of our equity shares in the open market, or if there is a perception that such sale or distribution could occur, the market price of our equity shares and ADSs could be adversely affected. These sales, or the perception that these sales could occur, also might make it more difficult for us to sell securities in the future at a time or at a price that we deem appropriate or pay for acquisitions using our equity securities.

As of March 31, 2012 we had 3,361,207,534 equity shares outstanding, including 418,419,208 equity shares represented by 104,604,802 ADSs. All our 3,361,207,534 outstanding equity shares are freely tradable on the NSE and BSE Furthermore, Vedanta, through Twin Star and MALCO, continued to have effective control over 1,956,383,435 of our total outstanding equity shares (including equity shares representing ADSs), which represented 58.2% of our outstanding share capital as of March 31, 2012.

Fluctuations in the exchange rate between the Indian Rupee and the US dollar could have a material adverse effect on the value of our ADSs, independent of our actual operating results.

The price of the ADSs is quoted in dollars. Our equity shares are quoted in Indian Rupees on the NSE and BSE. Any dividends in respect of our equity shares will be paid in Indian Rupees and subsequently converted into US dollars for distribution to ADS holders.

Currency exchange rate fluctuations will affect the dollar equivalent of the Indian Rupee price of our equity shares on the NSE and BSE and, as a result, the prices of our ADSs, as well as the US dollar value of the proceeds a holder would receive upon the sale in India of any of our equity shares withdrawn from the depositary under the deposit agreement and the US dollar value of any cash dividends we pay on our equity shares. Holders may not be able to convert Indian Rupee proceeds into US dollars or any other currency, and there is no guarantee of the rate at which any such conversion will occur, if at all. Currency exchange rate fluctuations will also affect the value received by ADS holders from any dividends paid by us in respect of our equity shares. Holders of our ADSs will bear all of the risks with respect to a decline in the value of the Indian Rupee as compared to the US dollar, which would adversely affect the price of our ADSs and the US dollar value of any dividends we pay that are received by ADS holders.

Transfers of the underlying shares by persons resident outside India to residents of India are subject to certain pricing norms.

Under current Indian regulations, subject to certain conditions, no prior regulatory approval is required for the sale of any equity shares, including any equity shares withdrawn from the ADS facilities, by a person resident outside India to a resident of India. However, certain reporting requirements would need to be complied with by the parties to the sale

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transaction. Also, the prior approval of the RBI would be required in the event of a sale of the equity shares underlying our ADSs by a non-resident investor to a resident investor if the sale price is greater than the maximum price set by the RBI under Indian foreign exchange laws. Any such approval required from the RBI or any other government agency may not be obtained on terms favorable to a non-resident investor, or at all.

Holders of ADSs may be restricted in their ability to exercise preemptive rights under Indian law and thereby may suffer future dilution of their ownership positions.

Under the Indian Companies Act, the holders of equity shares of a company incorporated in India have a preemptive right to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares by the company, unless the preemptive rights have been waived by adopting a special resolution passed by 75% of the shareholders present and voting at a general meeting.

Holders of ADSs may be unable to exercise preemptive rights for the underlying equity shares of the ADSs unless a registration statement under the Securities Act of 1933, as amended, or the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with any such registration statement, as well as any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances. If we issue any such securities in the future, such securities may be issued to the depositary, which may sell the securities for the benefit of the holders of the ADSs. The value the depositary would receive from the sale of such securities cannot be predicted. To the extent that holders of ADSs are unable to exercise preemptive rights granted in respect of our equity shares represented by their ADSs, their proportional ownership interests in us would be diluted.

We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences to US Holders.

Based on the market prices of our equity shares and ADSs and the composition of our income and assets, including goodwill, although not clear, we do not believe we were a PFIC for United States federal income tax purposes for our taxable year ended March 31, 2012. However, the application of the PFIC rules is subject to uncertainty in several respects and, therefore, the US Internal Revenue Service may assert that, contrary to our belief, we were a PFIC for such taxable year. Moreover, although the asset test (defined below) is required to be calculated based on the fair market value of our assets, we did not do a valuation of our assets and our belief that we were not a PFIC for our taxable year ended March 31, 2012 is based on the book value of our assets. A non-United States corporation will be considered a passive foreign investment company, or PFIC, for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the total value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets, including cash, that produce or are held for the production of passive income, or passive assets. In addition, a separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the aggregate value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs and equity shares, fluctuations in the market price of the ADSs and equity shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. Accordingly, we cannot assure you that we will not be a PFIC for the taxable year that will end on March 31, 2013 or any future taxable year. If we were a PFIC for any taxable year during which a US Holder (as defined under Item 10. Additional Information E. Taxation United States Federal Income Taxation) holds an ADS or an equity share, certain adverse United States federal income tax consequences could apply to the US Holder. See Item 10. Additional Information E. Taxation United States Federal Income Taxation Passive Foreign Investment Company.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of our Company

SIIL was incorporated on September 8, 1975 under the laws of India and maintains a registered office at SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin, State of Tamil Nadu 628 002, India. Our principal executive office is located at SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin, State of Tamil Nadu 628 002, India and the telephone number for this office is (91) 461 424 2982. Our website address is www.sterlite-industries.com. Information contained on our website, or the website of any of our subsidiaries or affiliates, including Vedanta and other members of the Vedanta group, is not a part of this annual report. Our agent for service in the United States is CT Corporation System, 111 Eighth Avenue, New York, New York 10011.

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We were acquired by Mr. Anil Agarwal and his family in 1979 and have grown from a small wire and cable manufacturing company to one of India s leading non-ferrous metals and mining companies. In 1988, we completed an initial public offering of our shares in India to finance in part our first polythene insulated jelly filled copper telephone cables plant. As part of our strategy to concentrate on businesses with high growth potential, we discontinued production of polyvinyl chloride power and control cables and enameled copper wires in 1990 and in 1991 commissioned a continuous cast copper rod plant.

In 1997, in order to obtain captive sources of copper for our copper rod plant, we commissioned the first privately developed copper smelter in India at Tuticorin.

In 2000, we acquired CMT, which owns the Mt. Lyell copper mine in Australia. CMT had been acquired by Monte Cello in 1999, and we acquired it through our acquisition of Monte Cello from a subsidiary of Twin Star in 2000.

In July 2000, our telecommunications cables and optical fiber business was spun-off into a new company, STL. The Agarwal family has substantial interests in STL. STL is not a part of our group companies.

We acquired our aluminum business through our acquisition of a 51.0% interest in BALCO from the Government of India on March 2, 2001. On March 19, 2004, we gave notice to exercise our call option to purchase the Government of India s remaining 49.0% shareholding in BALCO at a price determined in accordance with the shareholders agreement entered into by us and the Government of India. The exercise of this option has been contested by the Government of India. Further, the Government of India retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See B. Business Overview Our Business Options to Increase Interests in HZL and BALCO Call Option Over Shares in BALCO for more information.

On April 11, 2002, we acquired, through SOVL, a 26.0% interest in HZL from the Government of India and a further 20.0% interest through an open market offer. On November 12, 2003, we acquired, through SOVL, a further 18.9% interest in HZL following the exercise of a call option granted by the Government of India, taking our interest in HZL to 64.9%. In addition, SOVL has a call option, which became exercisable beginning on April 11, 2007, to acquire the Government of India s remaining ownership interest in HZL. As per the order of the High Court of Madras dated March 29, 2012, SOVL has been merged into SIIL.

On October 3, 2006, we acquired 100% of Sterlite Energy from Mr. Anil Agarwal and Mr. Dwarka Prasad Agarwal, one of our directors until March 31, 2009, for a total consideration of Rs. 4.9 million ($ 0.1 million). Sterlite Energy is our subsidiary through which we are setting up a thermal coal-based 2,400 MW power facility in the State of Orissa.

On September 1, 2008, Sterlite Energy completed the acquisition of TSPL for a purchase price of Rs. 3,868 million ($ 76.0 million). On October 30, 2009, Sterlite Energy filed its draft red herring prospectus with SEBI for a proposed initial public offering of its equity shares for up to Rs. 51,000 million ($ 1,002.2 million). The permission to proceed with the initial public offering by SEBI lapsed on April 1, 2011.

In June 2007, we completed an initial public offering of our shares in the form of ADSs in the US and our ADSs were listed on the NYSE. Vedanta s ownership interest, held through its subsidiaries, decreased to 59.9%.

In July 2009, in connection with our follow-on offering of ADS, each representing one equity share of par value Rs. 2, we issued 131,906,011 new equity shares in the form of ADSs, at a price of $ 12.15 per ADS, aggregating approximately $ 1,602.7 million. Out of 131,906,011 equity shares, 41,152,263 equity shares were allotted to our parent company, Twin Star, which is a wholly-owned subsidiary of Vedanta.

In October 2009, we issued $ 500 million aggregate principal amount of 4% Convertible Senior Note, or Convertible Notes. Subject to certain exceptions, the Convertible Notes are convertible, at the option of the holder, into ADSs at a conversion rate of 42.8688 ADSs per $ 1,000 principal amount of Convertible Notes, which is equal to a conversion price of approximately $ 23.33 per ADS. The Convertible Notes will mature on October 30, 2014, unless earlier repurchased or redeemed by us or converted.

On May 10, 2010, Sterlite agreed to acquire the zinc business of Anglo American Plc for a total consideration of Rs. 69,083 million ($ 1,513.1 million). The zinc business comprises of:

(1) a 100.0% stake in Skorpion which owns the Skorpion mine and refinery in Namibia;
(2) a 74.0% stake in BMM, which includes the Black Mountain mine and the Gamsberg Project, in South Africa; and

(3) a 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

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On December 3, 2010, we announced the completion of the acquisition of 100.0% stake in Skorpion by SIL, a wholly-owned subsidiary of Sterlite for a consideration of Rs. 32,098 million ($ 706.7 million). On February 4, 2011, we announced the completion of the acquisition of the 74.0% stake in BMM for a consideration of Rs. 11,529 million ($ 250.9 million), net of refund of $ 9.3 million. On February 15, 2011, we announced the completion of the acquisition of 100.0% stake in Lisheen for a consideration of Rs. 25,020 million ($ 546.2 million). The purchase price for the zinc business was paid in US dollars and has been converted into Indian Rupees based on the exchange rate as on the date of each such acquisition.

On February 3, 2011, our board of directors approved the acquisition of 100% ownership of MPCL for a consideration of Rs. 0.5 million and MIL for a consideration of Rs. 1.3 million. MPCL would be the proposed holding company for all port business and functions and MIL would be the proposed holding company for all the infrastructure business of the company. The acquisition of MPCL and MIL was completed on February 19, 2011 and March 4, 2011 respectively. MPCL has been renamed to Sterlite Ports Limited and it received its new certificate of incorporation on October 5, 2011. MIL has been renamed as Sterlite Infraventures Limited and it received its new certificate of incorporation on January 23, 2012. Subsequent to the change in name of MPCL and MIL, the registered offices of both the companies has been shifted from Mettur, Tamil Nadu to Tuticorin, Tamil Nadu.

On November 28, 2011, THLZBV acquired the entire outstanding share capital of Lakomasko BV for a consideration of $ 37.7 million from VRHL, a wholly owned subsidiary of Vedanta. Consequently, Lakomasko BV became a subsidiary of us. Further THL Zinc Holding Cooperatief U.A. ceased to be a subsidiary of us as it was liquidated with effect from November 29, 2011.

Further, Vedanta Base Metals (Ireland) Limited, Killoran Concentrates Limited, Killoran Lisheen Limited, Azela Limited and Killoran Lisheen Holdings Limited have also ceased to be our subsidiaries as they have been struck off from the Companies Registrar Office.

On February 25, 2012, we, Sesa Goa and Vedanta announced an all-share merger of our company and Sesa Goa to create Sesa Sterlite and a consolidation of various subsidiaries held within Vedanta through a Scheme of Arrangement under Indian law. The Scheme of Arrangement is subject to certain approvals. See Item 5. Operating and Financial Review and Prospects Recent Developments - Consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium and MALCO to form Sesa Sterlite and transfer of Vedanta s shareholding in Cairn India to Sesa Sterlite .

Our equity shares are listed and traded on the NSE and BSE. Our equity shares have been included in S&P CNX Nifty, a diversified index of 50 Indian stocks listed on the NSE, since April 5, 2007 and has been included in BSE Sensex, a diversified index of 30 Indian stocks listed on the BSE, since July 28, 2008. Our ADSs are quoted on the NYSE (NYSE: SLT).

We are a majority-owned and controlled subsidiary of Vedanta, a London listed FTSE 100 diversified global natural resources major. Vedanta produces aluminium, copper, zinc, lead, silver, iron ore, oil and gas and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Liberia, Ireland, Australia and Sri Lanka and it has a strong pipeline of projects. We and Vedanta share a common management team with a common strategic vision, and we form the core of Vedanta s operations.

Volcan Investments Limited, or Volcan holds 56.6% of the share capital and 63.2% of the voting rights of Vedanta. Volcan is a holding company, 100% owned and controlled by the Anil Agarwal Discretionary Trust. Onclave is the trustee of the Anil Agarwal Discretionary Trust and controls all voting and investment decisions of the Anil Agarwal Discretionary Trust. As a result, shares beneficially owned by Volcan may be deemed to be beneficially owned by the Anil Agarwal Discretionary Trust and, in turn, by Onclave. The beneficiaries of the Anil Agarwal Discretionary Trust are members of the Agarwal family, who are related to Mr. Anil Agarwal. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Non-Executive Chairman, as protector of the Anil Agarwal Discretionary Trust, may be deemed to have deemed beneficial ownership of shares that are beneficially owned by the Anil Agarwal Discretionary Trust. Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal are parties to a relationship agreement that seeks to enable Vedanta to carry on its business independently of the Volcan Parties. See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Parties Vedanta.

Our capital expenditures in fiscal 2010, 2011 and 2012 were Rs. 61,875 million, Rs.50,016 million and Rs. 67,670 million ($ 1,329.7 million) , respectively. See Item 5. Operating and Financial Review and Prospects Off Balance Sheet Arrangements Capital Expenditures and Commitments for more information.

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B. Business Overview

OUR INDUSTRY

Unless otherwise indicated, all data relating to the copper, zinc and aluminum industries contained in this annual report is primarily derived from Brook Hunt & Associates Limited, or Brook Hunt, (a Wood Mackenzie company), Harbor Alumina/Bauxite Intelligence Report and other industry sources.

Unless otherwise indicated, all financial and statistical data relating to the power industry in India in the following discussion is derived from the Ministry of Power s Annual Report (2005-06, 2006-07, 2007-08, 2009-10 and 2010-11), the Central Electricity Authority of India s General Review (2004-05 to 2011-12), and the Ministry of Power website. The data may have been re-classified for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive power generation capacity and captive power generation. The term units as used herein refers to kilowatt-hours or kWh.

Copper

Global Copper Market

Background

Copper is a non-magnetic, reddish-colored metal with a high electrical and thermal conductivity (among pure metals at room temperature, only silver has a higher electrical conductivity), high tensile strength and resistance to corrosion.

The copper market is geographically diverse in terms of both production and consumption. The different geographical locations of the copper mines and the smelting and refining facilities have led to the development of custom smelters/refineries , which tend to be heavily reliant on imported concentrates.

Copper consumption can be divided into three main product groups: copper wire rods, copper products and copper alloy products. The predominant use of copper has been the production of copper wire rods, which accounted for an estimated 55% of total global consumption (i.e. including scrap) and approximately 70% of primary consumption in 2011. Wire rod is consumed in five main wire and cable markets which include general and industrial cable, utility power cable, telecommunication cable, other insulated wire and winding wire.

In the global copper consumer market in 2011, the construction segment accounted for 33% of copper consumption, followed by the electric and electronic products segment (33%) , the industrial machinery and equipment segment (13%), the copper tube segment (13%) and the consumer and general products segment 8%).

The copper industry has three broad categories of producers:

- miners, which mine the copper ore and produce copper concentrate;
- custom smelters, which smelt and refine copper concentrate to produce copper metal; and
- integrated producers, which mine copper ore from captive mines and produce copper metal either through smelting and refining or through leaching.

Global Copper Reserves

Global copper reserves were estimated to be, as of December 31, 2011, 690 million tons, according to preliminary estimates by US Geological Survey, Chile, Peru, Australia, Mexico and United States have the majority of copper reserves and collectively account for 64.0% of world reserves.

Refined Copper Consumption

Global refined copper consumption increased from 19.3 million tons globally in 2010 to 19.8 million tons in 2011.

China continued lead in 2011 with an increase of 8.0% as continued strong economic growth underpinned expansion. In particular, spending in the infrastructure spending continued to form the major part of end use demand. However, overall growth in 2011 was 2.6% lower than the overall growth of 11.3% increase in 2010. The lower growth in 2011 as compared to the growth in 2010, reflects increase in growth in North America (3.2%), Middle East (3.6%), Europe (3.2%), Asia (3.0%) and a decrease in rest of Asia (other than China) (4.9%) and Latin America (1.8%).

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China was the largest end user of copper in 2011 with a global market share of 39.3%, totalling Asia s combined market share to 63.3%, followed by Europe (20.0%), North America (9.9%) and Latin America (4.4%). Previously, Europe and North America accounted for over 60% of copper consumption during the 1980s, but strong growth in Asia, led by China and Japan, has since significantly changed global consumption patterns. This trend of Asia s rising and growing dominance in global copper consumption is expected to continue.

The following table sets forth the regional consumption pattern of refined copper from 2007 to 2011:

	2007		2008		2009		2010		2011	
Region	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**
Latin America	864	4.81%	889	4.96%	768	4.43%	903	4.69%	887	4.48%
Rest of Asia[1]	4,415	24.55%	4,294	23.95%	3,868	22.34%	4,391	22.79%	4,174	21.09%
China	4,670	25.97%	5,100	28.45%	6,375	36.81%	7,204	37.39%	7,780	39.31%
Europe	4,787	26.62%	4,482	25.00%	3,536	20.42%	3,861	20.04%	3,986	20.14%
North America	2,307	12.83%	2,188	12.20%	1,780	10.28%	1,899	9.86%	1,959	9.90%
Africa	274	1.52%	296	1.65%	309	1.78%	296	1.54%	280	1.41%
Oceania	148	0.82%	151	0.84%	130	0.75%	131	0.68%	131	0.66%
India	516	2.87%	529	2.95%	552	3.19%	580	3.01%	593	3.00%
Total	**17,981**	**100.00%**	**17,929**	**100.00%**	**17,318**	**100.00%**	**19,265**	**100.00%**	**19,790**	**100.00%**

Note:

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Brook Hunt Metals Market Service Report, March 2012
Copper Supply

Global mine production is the principal source of copper, with scrap recycling accounting for only a minor part of the aggregate supplies.

The five largest copper mining countries were Chile (32.6%), China (8.4%), Peru (7.3%), the United States (7.0%) and Australia (5.8%), which together accounted for approximately 61.1% of the total copper mined worldwide for 2011. Less than 50.0% of global copper mine production is integrated, with the remainder of copper concentrate sold in the custom smelting market. The five largest copper mining companies as of March 2012 were Corporación Nacional del Cobre, Chile, or Codelco (10.0%), Freeport-McMoran Copper and Gold Corporation, or Freeport-McMoran (8.0%), BHP Billiton (6.9%), Xstrata AG, or Xstrata (5.2%), and Rio Tinto Alcan Limited, or Rio Tinto (4.2%).

The major smelting locations include China (27.7%), Chile (10.0%), Japan (8.5%), Russia (5.0%) and India (4.3%), which together accounted for 55.67% of global production and thus are major importers of copper concentrate in 2011. The five largest copper smelting companies as at March 31, 2012 were Codelco (6.2%), Xstrata(4.5%), Jiangxi Copper Corporation, or Jiangxi Company (4.3%), The Aurubis Group, or Aurubis (4.4%) and Nippon Mining and Metals Co. Limited (3.7%).

The five largest refined copper producing countries were China (26.4%), Chile (15.8%), Japan (6.8%), the United States (5.1%) and Russia (4.6%), which together accounted for about 58.67% of the total copper produced worldwide in 2011. The five largest copper refining companies as of March 31, 2012 were Codelco (8.5%), Aurubis (5.5%), Freeport-McMoran (5.1%), Jiangxi Copper (4.7%) and Xstrata (3.2%).

Global refined copper production increased from 19.0 million tons in 2010 to 19.7 million tons in 2011, an increase of 0.69%.

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The following table sets forth the regional production pattern of refined copper from 2007 to 2011:

	Year Ended December 31,									
	2007		2008		2009		2010		2011	
Region	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**
	(thousands of tons, except percentages)									
Latin America	3,956	21.95%	4,064	22.26%	4,197	22.93%	4,135	21.75%	4,178	21.21%
Rest of Asia[(1)]	3,530	19.58%	3,421	18.73%	3,221	17.60%	3,350	17.62%	3,210	16.30%
China	3,519	19.52%	3,795	20.78%	4,109	22.45%	4,566	24.02%	5,197	26.38%
Europe	3,427	19.01%	3,490	19.11%	3,380	18.46%	3,596	18.92%	3,687	18.72%
North America	1,792	9.94%	1,710	9.36%	1,496	8.17%	1,405	7.39%	1,280	6.50%
Africa	648	3.60%	608	3.33%	742	4.05%	883	4.65%	971	4.93%
Oceania	444	2.46%	501	2.74%	449	2.45%	427	2.25%	500	2.54%
India	709	3.93%	672	3.68%	712	3.89%	647	3.40%	674	3.42%
Total	**18,025**	**100.00%**	**18,261**	**100.00%**	**18,306**	**100.00%**	**19,009**	**100.00%**	**19,697**	**100.00%**

Note:

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: *Brook Hunt Metals Market Service Report, March 2012*

Pricing

Copper is traded on the LME. Although prices are determined by LME price movements, producers normally charge a regional premium that is market driven. The significant price increase in 2006 resulted from healthy demand growth and supply and due to limited ore availability and labor disruptions at several large mines. Large volumes of copper was imported into China due to increased domestic consumption in 2007. This reduced international inventories and resulted in the price increasing to above $ 7,000 per ton for most of the second and third quarters of 2007. The same trend continued in the first nine months of 2008, but in the fourth quarter of 2008 the price fell below $ 4,000 per ton mainly due to the turmoil in the financial markets and the subseuquent fall in global demand. Copper prices on the LME increased consistently during the second half of 2009 and increased to an average of around $ 8,800 per ton by 2011.

The following table sets forth the movement in copper prices from 2001 to 2011:

	Year Ended December 31,										
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
	($ per ton, except percentages)										
LME Cash Price($)	1,577	1,557	1,779	2,868	3,683	6,729	7,124	6,951	5,163	7,536	8,810
% Change	(13.1)	(1.3)	14.3	61.2	28.4	82.7	5.9	(2.4)	(25.7)	46.0	16.9

Source: Brook Hunt Metals Market Service Report, March 2012

The LME copper cash price was $ 8,457 per ton as of March 31, 2012.

For custom smelters, TcRc rates have a significant impact on profitability as prices for copper concentrate are equal to the LME price net of TcRc and prices of finished copper products are equal to the LME price plus a premium. A significant proportion of concentrates are sold under frame contracts and TcRc are negotiated annually. The main conditions of the contract which are subject to negotiation are the TcRcs that are expressed in US dollars per dry ton of concentrate or Tc (treatment charge) and in cents per pound of payable copper or Rc (refining charge) and, until the end of 2006 (under long-term contracts) included price participation. The TcRc rates are influenced by the demand-supply situation in the concentrate market, prevailing and forecasted LME prices and mining and freight costs.

With another year of high prices combined with a marked deficit in copper concentrate in 2010, substantial portion of profits was distributed to the miners. Since 2006, TcRc have fallen significantly, reflecting ongoing tightening in the physical concentrate demand/supply balance. Traditionally, the benchmark copper concentrate TcRc (excluding price participation, if any) is based on the annual negotiations between the Japanese smelters and BHP Billiton. However, in 2010, the benchmark was set by negotiations between Freeport-McMoran and Sumitomo Metal Mining, which settled at $ 46.5 per ton and $ 0.0465 per pound, an increase from the $ 45.0 per ton and $ 0.045 per pound terms agreed for 2008, but a decrease from the $ 75.0 per ton and $ 0.075 per pound terms agreed for 2009. In fiscal 2012, annual negotiation and multiple settlements have been agreed for contracts with a range of $ 60 to $ 65 per ton and 6 to 6.5 cents per lb compared to a single benchmark level. The range of settlements represent a modest increase on the 2011 benchmark of $ 56 per ton and 5.6 cents per lb.

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The following table sets forth the movement in copper TcRc from 1998 to 2011:

Spot TC/RCs (Mines to Traders) 1998-2011 (in nominal US$)

Spot TC/RCs	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Jan	17.9	8.2	12.3	15.1	11.5	5.1	4.6	34.6	33.1	12.8	11.8	18.2	2.6	14.1
Feb	16.7	6.4	14.1	17.4	11.5	5.1	2.6	38.5	29.5	10.3	2.3	16.7	1.3	14.1
Mar	15.4	6.4	16.2	17.4	10.5	4.4	0.0	46.2	24.4	10.8	0.0	11.5	0.5	29.5
Apr	12.8	6.4	17.7	17.7	10.0	4.4	0.0	44.9	19.2	5.1	3.8	7.7	1.3	28.2
May	12.8	9.0	21.0	16.9	10.0	2.6	5.1	43.6	7.2	5.1	3.8	8.5	1.3	21.3
Jun	11.5	6.4	20.3	16.2	8.2	3.8	13.6	34.6	11.5	5.6	2.3	6.4	0.0	19.2
Jul	11.5	8.2	19.2	16.2	6.9	3.1	16.7	30.8	14.1	0.5	2.6	4.4	3.3	15.9
Aug	11.5	7.9	16.7	14.9	6.4	3.1	22.6	32.1	9.0	1.3	4.1	3.3	3.8	12.3
Sep	10.3	10.3	16.7	14.1	5.6	3.6	27.0	32.1	7.7	5.1	9.0	4.6	11.5	12.3
Oct	9.0	10.0	13.8	15.1	4.6	4.6	27.0	38.5	9.0	7.2	10.8	1.4	20.0	9.0
Nov	9.0	10.3	14.6	15.4	5.1	3.1	28.2	38.5	15.4	10.3	17.9	3.3	20.0	5.1
Dec	8.2	11.5	13.6	15.4	5.1	3.9	28.2	38.5	15.4	12.8	19.3	3.1	20.0	8.2
Ave	**12.2**	**8.4**	**16.3**	**16.0**	**8.0**	**3.9**	**14.6**	**37.7**	**16.3**	**7.2**	**7.3**	**7.4**	**7.1**	**15.8**

Source: Brook Hunt, a Wood Mackenzie Company

Note:

Source: Brook Hunt Copper Metal Service Report.

Indian Copper Market

Background

The Indian copper industry consists primarily of custom smelters as there are limited copper deposits in the country. The available deposits are owned by the government-owned Hindustan Copper Limited, or HCL, which was the only producer in India until 1995 and has transformed significantly with our entry and the entry of Birla Copper, now owned by Hindalco. The Indian industry can be classified into two broad categories manufacturers of refined copper (copper cathodes) and manufacturers of copper products. Of the three manufacturers of refined copper, HCL is the only primary producer, which mines and refines copper. Hindalco Industries Limited, or Hindalco, and Sterlite process primarily imported copper concentrate to produce end products such as copper bars, rods and wires.

The Indian copper industry opened to private sector investment in 1992. Prior to 1992, the industry was dominated by HCL, a public sector undertaking, or PSU, owned by the Government of India. HCL was incorporated in November 1967 with the objectives of carrying out mining operations and producing copper and related products. We are one of the two custom copper smelters in India with a primary market share of 46.5% in fiscal 2012, according to the International Copper Promotion Council, India, or ICPCI.

Consumption Pattern

Consumption in the Indian primary copper market increased from 580,000 ton in 2010 to 593,000 ton in 2011. However the share for refined copper from HCL, Hindalco and us, has decreased due to rising imports of refined copper and copper scrap. In addition, the demand for copper in India is expected to grow from 614,000 tons in 2012 to 1.91 million tons in 2025, representing a Compounded Annual Growth Rate (CAGR) of 9.1%. This compares to world demand for copper, which Brook Hunt estimates will grow from 20.5 million tons in 2012 to 32.1 million tons in 2020, representing a CAGR of 3. 5%.

India s manufacturing sector has shown resilience to increasing interest rates and inflation. Growth has been modest due to cautious investment and expansions on account of tight monetary policies. The overall Indian copper consumption grew by approximately 3.0% in fiscal 2012. The year began with a 6.0% annualized growth in the first quarter. However, consumption dipped in the second quarter on account of rising LME prices and increased use of scrap and secondary metal.

Pricing and Tariff

Indian copper prices track global prices as the metal is priced on the basis of landed costs of imported metal. The following table sets out the customs duties that were applicable on copper for the period indicated:

	22 January 2007 to 28 April 2008	29 April 2008 to 02 January 2009	03 January 2009 to February 27, 2011	February 28, 2011 to present
Copper	5%	5%	5%	5%
Copper concentrate	2%	2%	2%	2.5%

In addition, the Finance Act (2 of 2004) of India, which has been in effect since July 8, 2004, levies an additional surcharge at the rate of 2.0% of the total customs duty payable, which has been further increased to 3.0% of the total customs duty payable effective as of March 1, 2007.

On February 28, 2011, the Government of India announced the increase of import duty on copper concentrate from 2.0% to 2.5%.

Market Outlook

Global Copper Outlook

The developing Asian market is expected to drive copper consumption growth. The countries from Asia that are contributing to this growth are primarily China and India. Global refined consumption of copper is expected to increase from 19.8 million tons in 2011 to 20.5 million tons in 2012, an increase of 0.7%. Asia is expected to contribute 64.5% of this incremental growth.

The mine production is expected to rise by 9.0% in 2012 Year on Year (YoY), mainly due to an increase in investments in Africa (20.4% in 2012 YoY) and Latin America (11.8% in 2012 YoY). However, the long term view on the availability of concentrates remains subdued since the mining projects are taking longer to implement due to depleting resources of copper. Existing mining projects are experiencing problems such as power shortage, depleting ore grades and labor issues. Global copper concentrate demand is expected to exceed mine production and is expected to be stable in 2012.

Global copper smelter production capacity is expected to increase by 8.54% in 2012 YoY with a production of 16.8 million tons, and by 7.9% and 4.9% for the years 2013 and 2014 at a production of 18.2 million tons and 19.1 million tons, respectively.

One possible catalyst for any meaningful recovery in long-term TcRcs will be a rationalization, or at least restructuring, of the custom smelting industry and a likely substantial increase in global copper concentrate production. Until then, TcRcs are likely to remain well below their previous long-term average.

Indian Copper Outlook

India s copper market is expected to remain positive with strong growth in key user segments such as power, construction and engineering. Indian refined copper consumption is expected to continue to grow strongly inline with the overall growth of the economy. Continued growth in the industrial, housing, infrastructure and power sectors is expected to drive the demand for copper over the medium term.

The Government of India s 11th Plan expects domestic demand for refined copper to grow at about 6.0% per annum while production of refined copper is expected to increase by 15.0% per annum. The five major industries that consume 82.0% of the copper in India are electrical, telecom, engineering, construction and transport. Copper consuming sectors have been recognised by the Government of India as key infrastructure sectors to sustain the growth of the Indian economy. For example, under the projections of investment in infrastructure during the 11th Plan, the power, telecom and railway industries are expected to attract 30.4%, 13.2% and 12.7%, respectively, of the total projected investment in infrastructure of $ 581.68 billion during the 11th Plan. The power industry has seen a CAGR of 5.1% from fiscal 2003 to fiscal 2007 and has a target growth rate of 9% for fiscal 2008 to fiscal 2012 according to the Indian Ministry of Power. This is in conjunction with the program of providing electricity to 80,000 Indian villages by 2012, with India s power capacity targeted to double to 200,000 megawatts by 2012. According to the Ministry of Railways, the railway industry has seen average annual growth of over 7% in both freight and passenger traffic from fiscal 2002 to fiscal 2007. The Ministry of Heavy Industries & Public Enterprises calculated that production in the automotive industry has grown 16% with exports having grown at a CAGR of 30% per year for fiscal 2002 to fiscal 2006 and identified investment of Rs.110-120 billion per annum as required for the automotive industry to reach its growth potential during the 11th Plan period.

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India s per capita copper consumption was less than 0.5 kilograms in 2009. This has increased to 0.59 kilograms in 2011 as compared to that of China which had approximately 5 kilograms and North America of 7.5 kilograms. If India s per capita copper consumption moves towards the per capita copper consumption levels in the rest of the world, we believe that India s copper market has the potential for significant growth.

Zinc

Global Zinc Market

Background

Zinc is the fourth most common metal in the world, trailing only iron, aluminum and copper in worldwide annual production.

The principal use for zinc in the world is galvanizing, which involves coating steel with zinc to guard against corrosion. Galvanizing, including sheet, tube, wire and general galvanizing, accounted for approximately 57.0% of world consumption of zinc in 2011. The main end-use industries for galvanized steel products are the automobile manufacturing, domestic appliance manufacturing and construction industries, and it is these industries on which zinc consumption ultimately depends. Other major uses for zinc include die-casting alloys (12.0%), brass semis, alloys and castings (11.0%), oxides and chemicals (8.0%) and semi-manufactured products (8.0%). Alloys are principally used in vehicles and building hardware.

The zinc industry has three broad categories of producers:

- miners, which mine the lead-zinc ore and produce zinc concentrate for sale to smelters, and usually receive payment for 85.0% of the zinc contained in the concentrate less a Tc;

- smelters, which purchase concentrate and sell refined metal, with some smelters also having some integrated production downstream; and

- integrated producers, which are involved in both the mining and smelting of zinc.

Most integrated producers are only partially integrated and therefore need to either buy or sell some concentrate. Only approximately one-third of total western world zinc production can be attributed to integrated producers.

Global Zinc Reserves

Global zinc reserves were estimated to be, as of December 31, 2011, 250 million tons, according to preliminary estimates by US Geological Survey. Australia, China, Peru, Kazakhstan and Mexico collectively account for 60.0% of world reserves.

The following table sets for the world zinc reserves:

	Reserves (in million tons)
Australia	56
China	43
Peru	19
Kazakhstan	12
Mexico	17
United States	12
India	12

Bolivia	5
Canada	4
Ireland	2
Other countries	68
World Total (rounded)	**250**

Zinc Consumption

Global zinc consumption grew by 7.6% in 2011. Zinc consumption increased from 11.7 million tons in 2010 to 12.6 million tons in 2011 according to Brook Hunt Zinc Metal Market Service Long Term Outlook, March 2012. The ongoing process of urbanization and industrialization, especially in the developing economies of China and India has contributed to this growth. US and Europe recovered to post strong growth in 2011.

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In both absolute and percentage terms, galvanizing is forecast to be the fastest growing end use with the principal applications being found in the construction and automotive industries. By 2020, it is expected to account for 55.0% of global zinc usage.

China, Europe and North America together accounted for approximately 70.0% of global zinc consumption in 2010. With a CAGR of 10.0% and 7.0% between 2007 and 2011, China and India respectively have been the fastest growing zinc markets in the world. These two countries are expected to lead future growth as well.

The following table sets forth the regional consumption pattern of refined zinc from 2007 to 2011:

	Year Ended December 31,									
	2007		2008		2009		2010		2011	
Region	Volume	%	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tons, except percentages)									
Europe	2,831	25	2,581	23	1,921	19	2,290	20	2,451	19
China	3,531	31	3,795	34	4,100	40	4,705	40	5,257	42
India	469	4	479	4	495	5	561	5	597	5
Rest of Asia(1)	2,173	19	2,075	19	1,694	17	2,057	18	2,124	17
North America	1,276	11	1,131	10	1,021	10	1,074	9	1,146	9
Latin America	674	6	671	6	535	5	604	5	633	5
Oceania	285	2	284	2	217	2	223	2	226	2
Africa	198	2	180	2	153	2	165	1	173	1
Total	**11,437**	**100.0**	**11,196**	**100.0**	**10,136**	**100**	**11,679**	**100**	**12,607**	**100**

Note:

(1) Rest of Asia is Asia excluding China and India and includes Middle East

Source: Brook Hunt Zinc Metals Market Service Long Term Outlook, March 2011

Zinc Supply

There are zinc mining operations in approximately 40 countries. The six largest zinc mining countries are China (33.7%), Australia (11.6%), Peru (9.3%), India (5.8%), USA (5.9%) and Canada (5.1%) which together accounted for more than 70.0% of total zinc mined worldwide in 2011. India accounted for about 5.8% of the global mine output in 2011. Mine production has fallen in North America in the last few years as a result of mine closures, which has resulted principally from reserve exhaustion and also from economic pressures. China and India, on the other hand, have expanded their mine output to more than offset this decrease. The five largest zinc mining companies in 2011 were Xstrata (8.2%), Hindustan Zinc (5.8%), Teck Resources Limited (5.1%), China Minmetals Corp (4.9%) and Glencore International AG (2.9%).

Australia and Peru are the largest concentrate exporters. Much of this is supplied through traders rather than sold directly to smelters. The largest concentrate importing region is Europe, followed by China, the Korea Republic and Japan. The main custom smelters are located in these regions.

Zinc smelting is less geographically concentrated than zinc mining. With a production of 5.2 million tons of zinc in 2011, China is the largest single zinc-producing country in the world. The other major zinc producing countries and regions include Western Europe and North America, which along with China accounts for approximately 60% of total global zinc production. The three largest zinc producing companies in 2011 were Nyrstar NV, or Nyrstar (8.6%), Korea Zinc Company Limited (8.1%) and HZL (5.8%), which together accounted for about 22.0% of the total zinc produced worldwide in 2011.

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The following table sets forth the regional production pattern of refined zinc from 2007 to 2011:

	Year Ended December 31,									
	2007		2008		2009		2010		2011	
Region	Volume	%	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tons, except percentages)									
Europe	2,474	22.2	2,444	21.3	2,023	18.1	2,339	18.4	2,414	18.4
China	3,717	33.3	3,905	34.0	5,246	38.0	5,099	40.1	5,224	39.7
India	444	4.0	595	5.2	646	5.8	727	5.7	819	6.2
Rest of Asia[1]	1,893	17.0	1,973	17.2	1,814	16.2	1,971	15.5	2,004	15.2
North America	1,057	9.5	1,020	8.9	888	8.0	936	7.4	909	6.9
Latin America	778	7.0	785	6.8	752	6.7	866	6.8	969	7.4
Australia	501	4.5	498	4.3	525	4.7	499	3.9	519	3.9
Africa	287	2.6	268	2.3	279	2.5	275	2.2	287	2.2
Total	**11,151**	**100.0**	**11,487**	**100.0**	**11,174**	**100.0**	**12,712**	**100**	**13,144**	**100**

Note:

(1) Rest of Asia is Asia excluding China and India and includes Middle East.

Source: Brook Hunt Zinc Metals Market Service Long Term Outlook, March 2012.

Pricing

Zinc is traded on the LME. Although prices are determined by LME price movements, producers normally charge a regional premium that is market driven. A surge of large mine start-ups in the period from 1999 to 2000 led to substantial global zinc supply surpluses and a build-up of commercial stocks from 2002 to 2003. As a result, the refined zinc price slumped, reaching a low of $ 779 per ton in 2002. The most vulnerable mines closed down during this period. However, China s consumption growth increased rapidly and in 2004, refined zinc consumption surpassed production. With strong consumption growth and rapidly falling commercial stocks, zinc prices appreciated strongly in 2004 and 2005. A fundamentally strong market in 2006, also fueled by speculation as base metals, including zinc, were increasingly traded like financial instruments, saw a market deficit of 659,000 tons and prices reaching a peak of $ 4,620 per ton in November 2006.

Zinc prices declined in 2007 and continued to decline during 2008 as the metal market remained in surplus throughout 2008. The LME cash price for zinc in October 2008 averaged $ 1,301 per ton, an approximate 70.0% decline in value from its peak reached in 2006. A wave of zinc mine closings and cutbacks (particularly in Australia, Canada, and the United States) began in mid-2008 as prices began to fall below operating costs, and a few smelters announced production cutbacks towards the end of the year in order to prevent an accumulation of stocks. Mines in New York and Tennessee closed in 2008 because of low zinc prices.

Towards the later part of 2009, prices began to increase continuously. This increase was fuelled by expectations and improved industry performance. In 2010, the average price of zinc on the LME was up by 30.0% to $ 2,157, as compared to $ 1,659 in 2009. This increase was principally driven by keen investors interest in the metal coupled with strong demand. In 2011, the average price of zinc on the LME increased from $ 2,157 to $ 2,190 representing a 1.5% increase.

The following table sets forth the movement in zinc prices from 2001 to 2011:

	Year Ended December 31,										
Zinc	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	($ per ton, except percentages)										

LME Cash Price	$ 886	$ 778	$ 828	$ 1,048	$ 1,381	$ 3,272	$ 3,248	$ 1,870	$ 1,659	$ 2,157	$ 2,190
% Change	(21.4)	(12.2)	6.4	26.5	31.8	136.9	(0.7)	(42.4)	(11.3)	30.1	1.5

Source: Brook Hunt Zinc Metals Market Service Long Term Outlook- March 2012

Indian Zinc Market

Background

The Indian zinc industry has only two producers. The leading producer is our majority-owned subsidiary, HZL, which had an 82.0% market share in India in fiscal 2012, according to the India Lead Zinc Development Association, or ILZDA, HZL has a refining capacity of 879,000 tpa. The other producer is Binani Zinc Limited, or Binani Zinc, with a 6% market share which has a refining capacity of 38,000 tpa with the balance being served by imports.

Consumption Pattern

Consumption of refined zinc in India reached 597 kilo tons during 2011. The principal use of zinc in the Indian market is in the galvanizing sector, which currently accounts for an estimated 75.0% of total consumption. Galvanization is primarily used for tube, sheet and structural products. The other significant end-user of zinc in India is the alloys sector. This contrasts with western world consumption trends, where galvanizing, although still the most common use of zinc, is relatively less important and increased demand has been seen for die-casting alloys. With expected infrastructure development such as roads, irrigation, construction, oil and gas and ports, there is expected to be increased demand for steel, thus providing significant opportunities for zinc in India.

Pricing and Tariff

Indian zinc prices track global prices as the metal is priced on the basis of the landed costs of imported metal.

The following table sets out the customs duties that were applicable on zinc for the periods indicated:

	January 22, 2007 to April 28, 2008	April 29, 2008 to January 2, 2009	January 3, 2009 to present
Zinc	5%	0%	5%

In addition, the Finance Act (2 of 2004) of India levies an additional surcharge at the rate of 3.0% of the total customs duty payable, which is an increase from 2.0% prior to March 1, 2007.

Market Outlook

Global Zinc Outlook

According to Brook Hunt, as a consequence of the stabilization and improvement in global economic growth, zinc consumption is forecast to grow at a robust pace in the near term with an increasing growth rate of 5.0% in 2012 and 2013 increasing global consumption to 13.9 million tons in 2012. For the period from 2012 to 2025, consumption growth is forecast to grow at an average of 3.7% per annum. As a result of these growth rates, global zinc consumption is forecast to reach 17.8 million tons in 2020, an increase of 6 million tons from 2010.

Indian Zinc Outlook

The Indian market outlook is expected to remain positive, with strong growth in key user segments such as sheet galvanizing and zinc alloys for the construction segment. Indian Zinc demand is expected to grow in the next few years based on a positive gross domestic product forecast. The key components for growth are the ongoing and upcoming infrastructure projects, telecom and power projects and automobile sector. By the end of the Eleventh Five Year Plan (2007-2012), power capacity is expected to have an addition of 54,000 MW. The National Highway Authority of India and the Ministry of Road, together have awarded 62 projects in 2012. A total of $ 500 billion was approved by the Government of India as part of the current five year plan across power, telecom, roads, ports, aviation and other growth sectors. This investment is envisaged to double in the Twelfth Five Year Plan (2012-2017).

Aluminum

Global Aluminum Market

Background

Aluminum is lightweight in relation to its strength, durability and resistance to corrosion. It can be extruded, rolled, formed and painted for a wide variety of uses.

The importance of different sectors in aluminum demand varies significantly between developed and developing nations. In mature economies, transport plays a more important role in aluminium demand than construction. In 2011, the four largest sectors of end-uses for aluminium were transport (23.0%), packaging (12.0%), construction (27.0%) and electrical (14.0%).

The raw material from which aluminum is produced is bauxite, which is a very common mineral found mainly in tropical regions. It normally occurs close to the surface and can be mined by open-pit methods. The bauxite is refined into alumina. Typically, bauxite ranges from 35.0% to 60.0% contained alumina. There are several different types of bauxite, and alumina refineries are usually designed to treat a specific type. The majority of alumina refineries are therefore integrated with mines.

Aluminum Consumption

World primary aluminum consumption increased from 35.4 million tons in 2009 to 44.7 million tons in 2011, an increase of 9.3%. The growth was primarily due to increased demand in China, which between 2008 and 2011 saw demand increasing at a CAGR of 15.2%, compared to a 0.5% for the rest of the world demand (excluding China). The CAGR in demand in each of Europe and North America between 2008 and 2011 was (1.7)% and (3.3)%, respectively, which reflected the impact of a slowing economy in these regions.

Brookhunt has forecast global primary aluminum consumption in 2012 to be 47.4 million mt, 2.7 million mt higher than 2011.

The following table sets forth the regional consumption of primary aluminum from 2007 to 2011:

	Year ended December 31									
	2007		2008		2009		2010		2011	
	Volume	%	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tons, except percentage)									
China	12,347	32.4%	12,560	33.4%	13,879	39.2%	16,519	40.4%	19,222	43.0%
Europe	9,116	23.9%	8,856	23.5%	7,154	20.2%	7,992	19.5%	8,420	18.8%
North America	6,721	17.6%	6,073	16.1%	4,724	13.4%	5,285	12.9%	5,492	12.3%
Rest of Asia (1)	6,308	16.5%	6,264	16.6%	5,704	16.1%	6,553	16.0%	6,704	15.0%
Latin America	1,525	4.0%	1,694	4.5%	1,587	4.5%	1,829	4.5%	1,996	4.5%
India	1,207	3.2%	1,284	3.4%	1,478	4.2%	1,715	4.2%	1,839	4.1%
Africa	492	1.3%	468	1.2%	424	1.2%	531	1.3%	546	1.2%
Oceania	444	1.2%	461	1.2%	437	1.2%	466	1.1%	459	1.0%
Total	**38,160**	**100.0%**	**37,660**	**100.0%**	**35,387**	**100.0%**	**40,890**	**100.0%**	**44,678**	**100.0%**

Note:

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.
Source Brook Hunt Aluminium Metal Service Report, LTO Q1 2012.

Aluminum Supply

Brook Hunt has forecasted that global aluminum production will grow from 45.6 million mt in 2011 to 52.9 million mt in 2013 with a compounded annual growth rate of 6.7%. Driven by rising LME aluminum prices, global production growth increased steadily since April 2009, due to increase in production in China. LME inventory levels have been at an average of around 4.6 million mt in 2011 and there are indications that inventories are also being accumulated elsewhere. The forward structure of the aluminium price in the LME will continue to favour stock financing, so aluminium demand for investment will compete with aluminium demand for consumption over the remainder of 2012 and 2013.

The following table sets forth the actual and estimated regional production of primary aluminum from 2007 to 2011:

	Year ended December 31									
	2007		2008		2009		2010		2011	
	Volume	%	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tons, except percentage)									
China	12,588	33.0%	13,600	34.0%	13,500	36.0%	17,300	40.9%	19,200	42.1%
Europe	9,220	24.2%	9,750	24.4%	8,144	21.7%	8,378	19.8%	8,667	19.0%
North America	5,643	14.8%	5,785	14.4%	4,759	12.7%	4,689	11.1%	4,971	10.9%
Rest of Asia(1)	2,763	7.2%	2,936	7.3%	3,220	8.6%	3,977	9.4%	4,793	10.5%
Latin America	2,559	6.7%	2,660	6.6%	2,507	6.7%	2,307	5.5%	2,185	4.8%
Oceania	2,316	6.1%	2,296	5.7%	2,212	5.9%	2,278	5.4%	2,307	5.1%
Africa	1,816	4.8%	1,715	4.3%	1,682	4.5%	1,745	4.1%	1,803	4.0%
India	1,222	3.2%	1,296	3.2%	1,479	3.9%	1,608	3.8%	1,660	3.6%
Total	**38,127**	**100.0%**	**40,038**	**100.0%**	**37,503**	**100.0%**	**42,282**	**100.0%**	**45,586**	**100.0%**

Note

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.
Source: Brook Hunt: Metals Market ServiceLTO Q1 2012.

Alumina

Alumina is a key raw material for aluminum production. Generally it takes two tons of alumina to produce one ton of primary aluminum. According to data provided by Harbor Alumina/ Bauxite Intelligence Report , the four largest alumina producing companies in 2011 were ALCOA (17.5%), CHALCO (15.5%), Rio Tinto (9.4%) and UC RUSAL (9.1%) which together accounted for approximately 51.5% of the total alumina produced in 2011.

The following table sets forth the regional production of alumina from 2007 to 2011:

	Year Ended 31 December									
	2007		2008		2009		2010		2011	
Region	Volume	%	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tons, except percentages)									
Oceania	18,987	25.62%	19,416	25.03%	19,958	27.09%	19,647	24.25%	19,115	21.75%
Latin America	14,750	19.90%	14,868	19.17%	12,937	17.56%	13,609	16.80%	14,745	16.78%
China	18,544	25.02%	21,785	28.09%	22,895	31.08%	28,071	34.65%	33,430	38.04%
North America	5,303	7.15%	5,277	6.80%	3,540	4.81%	4,446	5.49%	4,823	5.49%
Western Europe	5,554	7.49%	5,118	6.60%	3,501	4.75%	4,005	4.94%	3,981	4.53%
East/Central Europe	5,333	7.20%	5,282	6.81%	4,606	6.25%	5,014	6.19%	5,672	6.45%
Rest of Asia(1)	5,124	6.91%	5,223	6.73%	5,700	7.74%	5,635	6.95%	5,545	6.31%
Africa	526	0.71%	595	0.77%	530	0.72%	596	0.74%	559	0.64%
Total	**74,121**	**100.00%**	**77,564**	**100.00%**	**73,667**	**100.00%**	**81,023**	**100.00%**	**87,870**	**100.00%**

Note:

(1) Rest of Asia is Asia excluding China

Source: Harbor Alumina/ Bauxite Intelligence Report, Feb-Mar 2012

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The following table sets forth the demand-supply balance for alumina from 2007 to 2011 (estimated):

	Year Ended 31 December				
	2007	2008	2009	2010	2011
	(thousands of tons)				
Global Alumina Surplus/(Deficit)	(528)	141	1,311	(452)	753

Source: Harbor Alumina/ Bauxite Intelligence Report, Feb-Mar 2012

Bauxite

Bauxite, the principal raw material used in the production of alumina, is typically open-pit mined in very large-scale operations. Between 2.0-3.6 dry tons of bauxite are usually required to make one ton of alumina (depending on ore type, alumina content and variables such as proportion of reactive silica and organic matter). Based on data from US Geological Survey, as reported in January 2012, Guinea has the largest bauxite reserves in the world (26.0%) , followed by Australia (19.0%), Brazil (12.0%), Vietnam (8.0%), Jamaica (7.0%) and India (3.0%).

The table below sets forth the world reserves:

	Reserves (million tons):
Guinea	7,400
Australia	6,200
Brazil	3,600
Vietnam	2,100
Jamaica	2,000
India	900
Guyana	850
China	830
Greece	600
Suriname	580
Kazakhstan	160
Venezuela	320
Russia	200
United States	20
Other countries	180
World total (rounded)	**29,000**

Source: US Geological Survey, Mineral Commodity Summaries, January 2012

Global production of bauxite is expected to reach 220 million tons in 2011, representing a 5.3% increase YoY. Australia, China, Brazil, India and Guinea are the largest bauxite producing countries, representing 82% of world s total production in 2011.

Pricing

Aluminum is an LME traded metal. It is either sold directly to consumers or on a terminal market. The price is based on the LME price but producers are also able to charge a regional price premium, which generally reflects the cost of obtaining the metal from an alternative source.

Alumina prices are negotiated on an individual basis between buyers and sellers but are usually determined by reference to the LME price for aluminum. The negotiated agreements generally take the form of long-term contracts, but fixed prices can be negotiated for shorter periods and a relatively small spot market also exists.

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The following table sets forth the movement in aluminum and alumina prices from 2001 to 2011:

	Year Ended December 31,										
Aluminum	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
	($ per ton, except percentages)										
LME Cash Price[(1)]	$ 1,444	$ 1,349	$ 1,432	$ 1,716	$ 1,897	$ 2,566	$ 2,639	$ 2,571	$ 1667	$ 2172	$ 2,395
% Change	(6.8)	(6.6)	6.1	19.9	10.5	35.3	2.8	(2.6)	(35.2)	30.3	10.8
Alumina											
Spot Price[(2)]	$ 149	$ 148	$ 283	$ 420	$ 468	$ 420	$ 353	$ 362	$ 245	$ 333	$ 374
% Change	(47.6)	(0.8)	92.0	48.3	11.3	(10.1)	(16.0)	2.5	(32.2)	35.6	12.6
Alumina/Aluminum %	10.3%	10.9%	`19.8%	24.5%	24.6%	16.4%	13.4%	14.1%	14.7%	15.3%	15.6%

(1) *Source: Brook Hunt LTO Q1 2012*

(2) *Source: Bloomberg, Platts, Metal Bulletin; alumina metallurgical grade spot Free on Board, or FOB, average for the year.*

The LME aluminum cash price was $ 2,098.5 per ton as of March 31, 2012.

While aluminum prices have risen by 67.0% from 2001 to 2011, alumina prices have risen by more than 151.7% during the same period. Rampant demand in China and the increasing exposure of commodities to fund activity in 2011 resulted in cash LME aluminum prices recording an increase of 10.8%. Alumina prices also recorded an increase of 12.6%.

Indian Aluminium Market

Background

India has been producing primary aluminum since 1938, and over the years, the model that prevailed was of fully integrated operations with access to bauxite, alumina and power. As this model consolidated, the corporate structure of the aluminum industry also changed, with smaller regional producers being absorbed or merged to form larger integrated players with international presence and, in the case of Vedanta, an international listing.

The domestic Indian aluminum industry consists of four primary producers: Hindalco with 37.0%, NALCO with 23.0%, a Government of India enterprise, BALCO with 18.0%, controlled by Sterlite, and Vedanta Aluminium at 22.0% according to Aluminium Association of India or AAI in fiscal 2011.

India possesses considerable reserves of bauxite, estimated at 2.3 billion tons. In Orissa, according to Indian industry sources, bauxite reserves are estimated to be 1.3 billion tons, with large reserves in Panchpatmali, Pottangi and Baphalimali. In Andhra Pradesh, there are 0.6 billion tons, with large bauxite concentrations in Saparla and Jarella. At current extraction rates, these two states alone have the equivalent of over 200 years of Indian requirements. Even using the more conservative US Geological Survey,reserve estimate, India has reserves equivalent to almost 70 years at current output.

According to the US Geological Survey, India has the sixth largest reserves of bauxite ore in the world, with total recoverable reserves estimated at 900 million tons. These bauxite ore reserves are high grade and require less energy to refine, thus resulting in significant cost advantages for Indian aluminum producers.

Supply and Demand

There are currently five refineries and five smelters operating in India, owned by four producing companies: 87.0% state-owned NALCO, privately held Hindalco, Vedanta Aluminium and BALCO, which is owned 49.0% by the Indian government and 51.0% by Sterlite.

The aluminum industry in India remains largely self-sufficient. Primary production has kept pace with demand, such that output in 2011 of 1.66 million tons resulted in India being a small net exporter. The majority of aluminium produced in India is consumed in the building and construction, transport, electrical appliance and equipment and packaging industries, with limited exports to countries including Singapore, Taiwan and the United Arab Emirates. Primary production has been supplied by a commensurate growth in domestic alumina output. Production in 2011 of 3.5 million tons made India a modest exporter as it supplied alumina into the third party market.

Aluminum consumption in India increased by 7.0% YoY in 2011 backed by strong growth in the electricity, transportation, industrial and infrastructure sectors.

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Indian primary aluminum consumption in 2012 is estimated to grow at 9.8% to 2.02 million tons. As the domestic economy continues to grow and demand for exports increases, it is expected to result in the Indian aluminum consumption of primary aluminum being approximately 2.5 million tons by 2014. From 2010 to 2025, Indian aluminum consumption is forecast to grow at an average annual rate of 8.9%, which is expected to result in consumption reaching 6.1 million tons by 2025, making India the world s second largest aluminum consumer after China.

The electrical segment, which accounts for a large part of total aluminum consumption, uses aluminum in overhead conductors, transformer coils, bus bars and foil wraps for power cables. With its low weight and price, aluminum has significant competitive advantages over copper in the manufacture of overhead conductors. For example, the low weight of aluminum leads to savings in the investments required in transmission line towers in terms of strength and cable span (distance between towers). As a result, conductors for overhead power transmission are made exclusively of aluminum.

Pricing and Tariff

Domestic aluminum prices track global price trends as producers usually price the metal at a marginal discount to the landed cost of imported metal. Though value-added product prices also track metal price movement, they usually have relatively less volatility and command a premium reflecting the degree of value addition and quality, as indicated by the brand.

The following table sets out the customs duties that were applicable for the periods indicated:

	January 22, 2007 to April 28, 2008	**April 29, 2008 to January 2, 2009**	**January 3, 2009 to present**
Aluminium	5%	5%	5%

In addition, the Finance Act (2 of 2004) of India, which has been in effect since July 8, 2004, levies an additional surcharge at the rate of 2.0% of the total customs duty payable, which has been further increased to 3.0% of the total customs duty payable effective March 1, 2007.

Market Outlook

Global Aluminum Outlook

According to Brook Hunt, global capacity is estimated at 52.5 mt per annum in 2011 and required capacity utilisation is expected to be at 74.8 million tons per annum in 2025. Average global demand growth of 4.4% per annum between 2011 and 2025 would result in a need for 13.8 mt of additional production above our base of existing capacity plus projects in our highly probable category. Brook Hunt currently has 47 mt of projects classified as probable or possible from which this production is expected to come.

Global production in 2025 is projected to be 82.5 million tons. Total global primary aluminium consumption is forecast by Brookhunt to grow by 4.74% per annum from 2010 to 2025, bringing global consumption in 2025 to 81.7 million tons, which is twice the current levels. Total global primary aluminium consumption is forecast by Brookhunt to grow by 4.74% per annum from 2010 to 2025, bringing global consumption in 2025 to 81.7 million tons, which is double current levels.

Indian Aluminum Outlook

India is a growing player in the global aluminum industry (forecast to produce 3.5 million tons per annum of aluminum to 2016), given its modest labor cost, proximity to fast growing end markets and its significant bauxite and coal resources, which have been estimated to be 2.3 billion tons and 250 billion tons, respectively. China (16.6 mt/a) and India(7.6 mt/a) are jointly expected to add about 62.0% of global alumina production growth by 2016. This would bring India s refining capacity to 11.5 million tons by 2015, placing it among the top tier of global producers.

In terms of cash costs, India is reasonably well placed globally in primary smelting, lying at the lower end of the second quartile, compared to China, which occupies most of the fourth quartile. Indian smelters form part of integrated chains, stretching back to bauxite, alumina and forward into semi-fabricating operations. Indian smelters are also endowed with their own captive power plants and favorable labor costs.

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According to Brook Hunt, aluminum consumption in India increased by 7.0% YoY in 2011 due to medium growth in the electricity, transportation, industrial and infrastructure sectors.

Over the medium term, there will be fewer policies such as those encouraging purchases of new vehicles, but a number of multi-annual government expenditure plans will underpin demand in the coming years. The power sector, for instance, will continue to support aluminum demand as village electrification plans continue. Infrastructure investment as well as the execution of the final stage of the 11th Five Year Plan (which is from 2007 to 2012) will fuel housing investment in the next three years. While primary aluminum consumption is expected to grow at 10.0% YoY in 2012, the construction sector is estimated to grow at a higher pace. Growing urbanisation, an increasing number of households together with higher employment levels will drive demand for housing. Total primary aluminum consumption in India is expected to be 2.02 million tons in 2012. In the longer term, the consumption of aluminum in India is expected to grow from 1.8 million tons in 2011 to 6.1 million tons in 2025.

Commercial Power Generation Business

Industry Overview

India has experienced shortages in energy and peak power requirements. The current revised capacity addition target for the 11th Plan is 78,700 MW of which 62,734 MW is likely based on the mid-term appraisal of the Planning Commission. As of March 29, 2012, capacity addition achieved over the 11th Plan has been 68.5% of the original target addition or 53,922 MW. The total installed power generation capacity in India was 190,592 MW as of February 29, 2012. According to the CEA Monthly Review published in February 2012, the total energy deficit and peak power deficit for the period April 2011 to January 2012 was approximately 8.1% and 10.6%, respectively.

Installed Capacities

As of February 29, 2012, India s power system had an installed generation capacity of approximately 190,592 MW. The Central Power Sector Utilities of India, accounted for approximately 30.5% of total power generation capacity as of March 31, 2011, while the various state entities and private sector companies accounted for approximately 44.1% and 25.4%, respectively.

MW	Central	State	Private (MW)	Total	Share of total
Thermal	44,317	53,393	27,020	124,730	65.4%
Hydro	8,985	27,338	2,525	38,848	20.4%
Nuclear	4,780			4,780	2.5%
Renewable Energy Source		3,371	18,863	22,234	11.7%
Total	**58,082**	**84,102**	**48,408**	**190,592**	**100.0%**

Source: Central Electricity Authority of India.

A significant majority of India s power requirements are dependent upon thermal coal-fired power plants. According to the Ministry of Coal, the total coal resources of India are 285.8 billion tons as of April 1, 2011, and according to the Energy Information Agency, a statistical agency of the United States government, India has the fifth largest coal reserves in the world as of 2008. The following table sets forth the coal reserves for the Indian states with the largest coal reserves:

Indian states with more than 8 billion tons of coal reserves	Total Coal Reserves (in billion tons)
Jharkhand	78.9
Orissa	69.1
Chattisgarh	49.3
West Bengal	29.9
Madhya Pradesh	23.1

Andhra Pradesh	22.1
Maharashtra	10.5

Source: Ministry of Coal of the Government of India.

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Industry Demand-Supply Overview

The Indian power sector has historically been characterised by energy shortages which have been increasing over the years. The following table sets forth the peak and normative shortages of power in India from 2002 to December 2011:

Period	Peak				Normative			
	Demand (MW)	Supply (MW)	Shortage (MW)	Shortage (%)	Demand (MU)	Supply (MU)	Shortage (MU)	Shortage (%)
2002-2003	81,492	71,547	9,945	12.2	545,983	497,890	48,093	9
2003-2004	84,574	75,066	9,508	11.2	559,264	519,398	39,866	7
2004-2005	87,906	77,652	10,254	11.7	591,373	548,115	43,258	7
2005-2006	93,255	81,792	11,463	12.3	631,554	578,819	52,735	8
2006-2007	100,715	86,818	13,897	13.8	690,587	624,495	66,092	10
2007-2008	108,866	90,793	18,073	16.6	737,052	664,660	72,392	10
2008-2009	109,809	96,785	13,024	11.9	777,039	691,038	86,001	11
2009-2010	119,166	104,009	15,157	12.7	830,594	746,644	83,950	10
2010-2011	122287	110256	12031	9.8	861,591	788,355	73,236	9
2011-2012*	127724	114233	13491	10.6	775,257	712,694	62,563	8

* Till December 2011

Source: CEA CEA Annual report 2009-2010 updated by monthly reports for April to March 2011 and April 2011 to January 2012

Regional Demand-Supply Overview

The following table displays the peak and normative power shortages in India for the period from April 2011 to January 2012 across different regions in India:

Region	Energy Requirement (MU)	Deficit (%)	Peak Demand (MW)	Deficit (%)
Northern	231,272	(6.5)	40,248	(7.8)
Western	241,214	(11.4)	42,352	(15.1)
Southern	211,457	(7.3)	34,072	(7.6)
Eastern	81,996	(4.7)	14,505	(3.7)
North Eastern	9,318	(9.3)	1,920	(7.2)
All India	775,257	(8.1)	133,097	(10.6)

Source: CEA Monthly Review, February 2012

Future Capacity Additions

The Government of India s national electricity policy envisages Power for all by 2012 and per capita availability of power to be increased to over 1,000 units by 2011 to 2012. To achieve this, a total capacity addition of about 100,000 MW will be required during periods of the 10th Plan and 11th Plan . To meet the energy generation requirement of 1,038 billion units and a peak load of 152,746 MW with diversity and a 5.0% spinning reserve, a capacity addition of about 82,500 MW is required during 11th Plan. Based on the 10th Plan s actual capacity addition of 21,180 MW, a capacity addition of 78,577 MW comprising of 39,865 MW (50.7%) in the central sector, 27,952 MW (35.6%) in state sector and 10,760 MW (13.7%) in private sector was proposed during 11th Plan. The estimate was revised to 62,734 MW comprising of 21,222 MW (33.8%) in the central sector, 21,355 MW (34%) in state sector and 19,797 MW (31.6%) in private sector Out of the 62,734 MW, projects totalling to 53,922 MW (86.0% of the revised proposed capacity) have been installed. The addition in fiscal 2012 has been 19,459 MW. The working group on power has recommended a plan size of about 82,200 MW for the 12th Plan, which would comprise hydro projects totalling about 30,000 MW, thermal projects totalling 42,200 MW and nuclear projects of about 10,000 MW. The revised plan size under the 12th plan is 76,000 MW.

The power sector in India is characterized by under-investment and resulting supply constraints, as a result of which, the power section in India suffers significant levels of energy deficits. The Indian Electricity Act, 2003 was enacted in order

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to consolidate multiple legislations covering various aspects of the power sector and to enhance the scope of power sector reforms. Reforms to national tariff policy in India in 2003 made it mandatory for power requirements to be procured via a transparent competitive bidding process as per the guidelines issued by the Ministry of Power of the Government of India.

In order to accelerate the development of power plants in India, the Government of India has proposed the setting up of nine Ultra Mega Power Projects, or UMPPs. Each project will be 4,000 MW and will use coal as fuel. The Government of India will ensure land and environmental clearances, fuel linkage, offtake agreements and a payment security mechanism to ensure smooth implementation. Each of these projects is expected to be commissioned from 2008 to 2012, nine of which have already been awarded. Tata Power has been awarded the Mundra UMPP in Gujarat and Reliance Power has won three UMPPs, Sasan in Madhya Pradesh, Krishnapatnam in Andhra Pradesh and Tilaiya in Jharkhand. Two additional sites have been identified for power units in Tamil Nadu and Karnataka.

Transmission and Distribution

In India, the transmissions and distributions system are comprised of state grids, regional grids (which are formed by interconnecting neighboring state grids) and distribution networks. The distribution networks and the state grids are mostly owned and operated by the SEBs or state governments through SEBs, while most of the inter-state transmission links are owned and operated by the Power Grid Corporation of India Limited. These regional grids facilitate transfers of power from power-surplus states to power-deficit states and are gradually being integrated to form a national grid.

With the enactment of the Indian Electricity Act, 2003 and the recently notified guidelines for competitive bidding in transmission projects, private investment was permitted in power transmission which became recognized as an independent activity. Power distribution in the States of Delhi and Orissa has been privatized and distribution networks are now operated by private utilities companies such as Tata Power, CESC Limited, Reliance Energy Limited, Torrent Power AEC & SEC and Noida Power Company Limited, and a number of other distribution companies.

In India, transmission sector has grown from a capacity of 52,034 CKM during the 6th plan to 254,536 CKM during the 11th plan (as of March 31, 2011).

Consumption

Although electricity generation capacity has increased substantially in recent years, the demand for electricity in India still substantially exceeds available generation supply. The following charts show the gap between the total electricity required versus total electricity made available from fiscal 1998 to 2011.

Power: Demand and Supply

***till January 2012**

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Power: Peak Demand and Supply

Note: ** Up-to January.*

Source: Ministry of Power of the Government of India. Updated with CEA Annual Report 2009-2010 and Monthly reports for 2010 to January 2012.

The industrial, domestic and agriculture sectors are the main consumers of electrical energy, with the industrial sector consuming 44.0%, domestic consumption of 25.0% and agriculture consuming over 24.0% of total electrical energy in fiscal 2007.

Overall power demand increased at a compound annual growth rate of around 5% in the last decade from 1996 to 1997 to 2007 to 2008. There has been a shift in the demand for electricity from various sectors the share of the industrial sector has declined steadily, and agricultural consumption, after peaking at 31.0% in 1995 to 1996, declined to 22.0% in 2005 to 2006. On the other hand, domestic household demand witnessed a steady increase from 19.0% in 1995 to 1996 to 24.0% in 2005 to 2006. The following chart shows power consumption by sector in percentage terms in 2009.

Power: Category-wise Consumption

Source: Central Electricity Authority of India.

According to the forecasts of the Seventeenth Electric Power Survey, energy demand will increase at a compound annual growth rate of 8.5% to 964 billion kWh, during the 10th five-year plan period (2008 to 2012). Peak demand is projected to increase at a compound annual growth rate of 9.6% to 167.1 billion kWh over the same period.

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The Eleventh five-year plan (2007 to 2012) envisages energy demand to grow at a compound annual growth rate of 7.0%. The following graph shows the expected demand for power for the period 2003 to 2022.

Source: Central Electricity Authority of India (Seventeenth Electric Power Survey).

The annual growth in power generation during the 11th five year plan is as under:

Year	Growth in achievement (%)
2007-08	6.3
2008-09	2.7
2009-10	6.6
2010-11	5.56

Source: Ministry of power generation overview

While per capita consumption in India has grown significantly, it continues to lag behind power consumption in other leading developed and emerging economies by a large margin. The Ministry of Power of the Government of India is projecting a per capita consumption of over 1,000 kWh per year in 2012.

The following charts compare per capita electricity consumption in India, other countries and the world average consumption.

Per Capita World Consumption

Note:

(1) Countries that are members of the Organization for Economic Co-operation and Development, or OECD (http://www.oecd.org).
Source: Data compiled from databank.worldbank.org.

India Growth Pattern Over Years

Source: CEA Operation Performance 2010-2011.

Power Trading

Power trading takes place between suppliers with surplus capacity and areas with deficits. Recent regulatory developments include the announcement of rules and provisions for open access and licensing related to interstate trading in electricity to promote competition. Several entities, including PTC India Limited (formerly Power Trading Corporation of India Limited), NTPC s subsidiary, NTPC Vidyut Vyapar Nigam Limited, and Tata Power Trading Company Private Limited have started trading operations or have applied for trading licenses. With the aid of the reforms, the volume of power traded as well as its traded price has grown rapidly over the last few years. The following graph and table shows the increasing volume of power traded in India for the periods indicated:

Source: Central Electricity Regulatory Commission Annual Report 2010-2011

The data includes electricity traded through trading licenses and through power exchanges.

Tariff Setting

Until the end of 2005, the tariff regime in India for all electricity generators was regulated and determined by either the Central Electricity Regulatory Commission, or CERC, or the State Electricity Regulatory Commissions that set the tariff on a cost-plus basis consisting of a capacity charge, a variable energy charge and an unscheduled interchange charge. The tariff regime guaranteed a fixed return on equity to the generators and treated all costs as pass through in the tariff.

In order to improve efficiency and provide cheaper electricity cost to consumers and at the same time attract adequate investments and accelerate development in the power sector, the Government of India notified the National Tariff Policy, or NTP in January 2006 with the key objectives of:

- ensuring availability of electricity to consumers at reasonable and competitive rates;
- promoting transparency, consistency and predictability in regulatory approvals across jurisdictions and minimising the perception of regulatory risks; and
- promoting competition, efficiency in operations and improvement in quality of supply.

To achieve these objectives, the NTP mandated that power procurement for future requirements by all distribution licensees should be through a transparent competitive bidding mechanism using the Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees, dated January 19, 2005, issued by the Ministry of Power of the Government of India. Further, to facilitate a transparent competitive bidding mechanism, an availability-based tariff mechanism has also been introduced whereby the electricity tariffs are split into two parts comprising a fixed capacity charge and a variable energy charge. The fixed cost elements like interest on loans, return on equity, depreciation, operations and maintenance expenses, insurance, taxes and interest on working capital are covered by the capacity charge. The variable cost (that is, fuel cost) of the power plant for generating energy is covered by the energy charge.

The NTP also provides that power purchase agreements should ensure adequate and bankable payment security arrangements like letters of credit and escrow of cash flows for the benefit of the generating companies. In case of persisting default, generating companies may sell power to other buyers.

Under the Indian Electricity Act, ERCs determine tariffs for the supply of electricity by a generating company (as well as for transmission, wheeling and retail sale of electricity). In case of shortage of electricity supply, the CERC may fix the minimum and maximum tariff for sale or purchase of electricity, pursuant to an agreement entered into between a generating company and licensee or between licensees, for up to one year. Under the guidelines issued by the Ministry of Power, the determination of the tariff for a particular project depends on the mode of participation in the project, that is (i) the memorandum of understanding route, based on tariff principles prescribed by CERC (cost plus basis, comprising capacity charge, energy charge, unscheduled interchange charge and incentive payments); or (ii) the competitive bidding route, where the tariff is market based.

Government Initiatives

Historically, management of the power sector by SEBs was driven by local populist politics that caused the financial health of central and state utilities to deteriorate, which led to under-investment, continued loss and theft and cash leakage. In response, the Government of India launched a combination of regulatory and development initiatives which, among other measures, made anti-theft laws more stringent, prohibited unfunded subsidies and required 100% metering in all states.

Initiatives have also been introduced to address poor transmissions and distributions infrastructure and dilapidated metering systems. These initiatives include concessional loans from the Government of India to fund up to half the costs of state transmissions and distributions projects and incentive payments to the states linked to the reduction in annual cash losses of the SEBs.

The Accelerated Power Development and Reform Program, or APDRP, was implemented to accelerate reforms in the distribution sector by giving incentives and loans to state utilities to reduce Aggregate Technical and Commercial losses and outage interruptions. The APDRP has not been as successful as was initially planned. The Ministry of Finance has finalized a new APDRP, the Re-Structured Accelerated Power

Development and Reform Program, or R-APDRP. The focus of the R-APDRP is on actual, demonstrable performance in terms of sustained loss reduction. Establishment of reliable and automated systems for sustained collection of accurate base line data, and the adoption of information technology in the areas of energy accounting, will be essential before taking up distribution strengthening projects. The R-APDRP is intended to cover urban areas, towns and cities with populations of over 30,000 people (10,000 in the case of special category states). In addition, in certain dense rural areas with significant loads, works of separation of agricultural feeders from domestic and industrial feeders and of high voltage distribution systems (11 kilovolt) will also be taken up.

As a part of rural electrification initiatives, the Ministry of Power introduced the Rajiv Gandhi Grameen Vidhyutikaran Yojana, or RGGVY, in April 2005, with the aim of providing access to electricity to all rural households over a period of four years . Rural Electrification Corporation Limited has been appointed as the nodal agency for the RGGVY, and the scheme is 90% funded by the Central subsidy and 10% by the States, through their own resources or by seeking financial assistance from financial institutions. The States are responsible for finalising their own rural electrification plans, which are to be a roadmap for generation, transmission, sub-transmission and distribution of electricity within that State to ensure achievement of the scheme objectives.

In order to meet the increasing demands of the economy, generation capacity in India must increase significantly and sustainably over the coming decades. Large capacity projects have to be developed at the national level to meet the requirements of different States. The development of UMPPs is one of the initiatives taken by the Ministry of Power to meet this objective. Each project is expected to generate a minimum of 4,000 MW and involves an estimated investment of approximately $ 4.0 billion. The projects are expected to substantially reduce power shortages in India.

Independent Transmission Projects

The Ministry of Manpower has initiated a tariff based competitive bidding process for independent transmission projects, or ITPs, which is a process similar to that followed for UMPPs, for the development of transmission systems through private sector participation. The ITPs aim to evacuate power from generating stations and transmit the power from pooling stations to other grid stations, resulting in system strengthening across India.

Other Initiatives

Merchant Power Plants

Merchant Power Plants, or MPPs, generate electricity for sale at market-driven rates in the open wholesale market. Typically, the MPPs do not have long-term power purchase agreements, or PPAs, and are constructed and owned by private developers. Merchant sales, however, include the sale of power under short-term PPAs and on-spot basis. Many private sector newcomers are starting to adopt the MPP model for their projects to generate higher returns as opposed to selling power through a long term PPA, as the off-take risk is seen to be low in light of significant power shortages in the country. The MPPs can sell power to the power trading companies (such as PTC India Limited and Tata Power), the SEBs, distribution companies and industrial and bulk customers.

Captive Power Generation

Another segment of power generation in India is the captive power segment. Captive power refers to power generation from a project established for industrial consumption. The dependence on captive power has been rising as a result of the continuing shortage of power and India s sustained economic growth.

The Electricity Act provides further incentives to captive power generation companies by exempting them from licensing requirements. This has resulted in an increase in captive power capacity. Reliability of power supply and better economics are other variables driving industries to develop captive generation plants.

OUR BUSINESS

Overview

We are one of India s largest non-ferrous metals and mining companies. We are one of the two custom copper smelters in India, with a 46.5% primary market share in India in fiscal 2012, according to ICPCI, the leading and only integrated zinc producer with a 82.0 market share of the Indian zinc market in fiscal 2012, according to the ILZDA, and one of the four primary producers of aluminum with a 18.0% primary market share by production volume in India in fiscal 2012, according to the AAI. In addition to our three primary businesses of copper, zinc and aluminum, we are also developing a commercial power generation business in India that leverages our experience in building and managing captive power plants used to support our primary businesses. We believe our experience in operating and expanding our business in India will allow us to continue to capitalize on attractive growth opportunities arising from India s large mineral reserves, relatively low cost of operations and large and inexpensive labor and talent pools. Though the world economy appeared to be growing robustly in the early part of the year, a confluence of factors such as the political unrest in Middle East, the Euro-zone crisis and the subsequent downgrading of sovereign credit ratings of various Euro-zone countries, sluggish growth of many industrialised countries including the US, political unrest in Africa and the resultant escalation in crude oil prices lowered the economic growth.

These global events weighed on the economic growth of India, India s GDP was expected to have grown at 6.9% during the year 2011-2012, second lowest in the last nine years and just above the 6.7% growth recorded in the year 2008-2009. High inflation rates, increase in the policy rates by the Reserve Bank of India, a number of times over the last two years to contain the inflation and a wide fluctuation in foreign exchange rates during the course of last year also impacted the domestic industry. Though economic growth in India could be constrained due to the global economic developments, the domestic market size and India s demographic advantage is expected to maintain India s robust economic growth over the long term.

Our copper business is principally one of custom smelting. Our Tuticorin smelter was one of the top 15 custom copper smelters in the world in 2011, and one of the largest in India by production volume in fiscal 2012, according to Brook Hunt. We own the Mt. Lyell copper mine in Tasmania, Australia, which provides a small percentage of our copper concentrate requirements. Our operations also include a copper smelter, two copper refineries, three copper rod plants, a sulphuric and a phosphoric acid plant, and two captive power plants at our facility in Tuticorin and Silvassa, as well as a copper rod plant and a precious metal refinery at Fujairah in the United Arab of Emirates or UAE. However, on September 28, 2010, the High Court of Madras ordered the closure of our copper smelting plant at Tuticorin and following our application to the Supreme Court of India against the order of the High Court of Madras, the Supreme Court stayed the order until further notice. The Supreme Court in subsequent hearings directed the Tamil Nadu Plant Pollution Control Board, National Environmental Engineering Research Institute and the Central Pollution Control Board to implement certain measures for the improvement of the copper smelter unit at Tuticorin. The copper smelter unit is in the process of complying with such measures and the matter is scheduled for hearing in the fourth week of August, 2012. The stay order granted by the Supreme Court is in effect and the copper smelter plant at Tuticorin continues to operate at rated capacity. See Item 8. Financial Information A. Consolidated Statements and Other Financial Information Legal Proceedings.

Our fully-integrated zinc business is owned and operated by HZL, in which we have a 64.9% ownership interest. HZL is India s leading zinc producer with a 82.0% market share of the Indian zinc market in fiscal 2012, according to the ILZDA. HZL s Rampura Agucha mine is the largest zinc mine in the world on in terms of contained zinc deposits on a production basis, in 2011 according to Brook Hunt. HZL was the lowest cost tercile in terms of all zinc mining operations worldwide in 2011, the third largest non-integrated producer of zinc worldwide and the largest integrated producer of zinc worldwide based on production volumes, according to Brook Hunt. In addition, HZL s Chanderiya zinc smelter is the fourth largest smelter on a production basis worldwide, according to Brook Hunt. We have a 64.9% ownership interest in HZL, with the remainder owned by the Government of India (29.5%) and institutional and public shareholders (5.6%). We have exercised the second call option to acquire the Government of India s remaining ownership interest in HZL although the exercise is currently subject to dispute. HZL s operations include four lead-zinc mines, four zinc smelters, two lead smelters, one lead-zinc smelter, six sulphuric acid plants, one silver refinery and five captive power plants at our Chanderiya, Dariba and Zawar facilities in Northwest India, one zinc smelter and a sulphuric acid plant at our Vizag facility in Southeast India and one zinc ingot melting and casting plant at Haridwar, one zinc- ingot melting and casting plant, one lead-ingot melting and casting plant and one silver refinery at Pantnagar in North India.

In addition we have expanded our zinc business. On May 10, 2010, Sterlite agreed to acquire the zinc business of Anglo American Plc for a total consideration of Rs. 69,083 million ($ 1,513.1 million). The zinc business comprises of:

(1) a 100.0% stake in Skorpion which owns the Skorpion mine and refinery in Namibia;

(2) a 74.0% stake in BMM, which includes the Black Mountain mine and the Gamsberg Project, in South Africa; and

(3) a 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

On December 3, 2010, we announced the completion of the acquisition of 100% stake in Skorpion by SIL, a wholly-owned subsidiary of Sterlite for a consideration of Rs. 32,098 million ($ 706.7 million). On February 4, 2011, we announced the completion of the acquisition of the 74.0% stake in BMM for a consideration of Rs. 11,529 million ($ 250.9 million), net refund of $ 9.3 million. On February 15, 2011, we announced the completion of the acquisition of 100.0% stake in Lisheen for a consideration of Rs. 25,020 million ($ 546.2 million). The purchase price for the zinc business was paid in US dollars and has been converted into Indian Rupees based on the exchange rate as on the date of each such acquisition. The zinc business of Anglo American Plc acquired by us has been categorised as a separate segment Zinc International.

Our aluminum business is primarily owned and operated by BALCO in which we have a 51.0% ownership interest BALCO, one of the four primary producers of aluminum in India, had an 18.0% primary market share by production volume in India in fiscal 2012 according to AAI. We have exercised our option to acquire the Government of India s remaining 49.0% ownership interest, although the exercise is currently subject to dispute. Further, the Government of India has the

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right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. BALCO s partially integrated operations include two bauxite mines, two captive power plants, one alumina refinery and one aluminum smelter at our Korba facility in Central India. BALCO s operations benefit from relatively cost effective access to power, the most significant cost component in aluminum smelting due to the power-intensive nature of the process. This is to a considerable extent due to BALCO being an energy-integrated aluminum producer. BALCO received a coal block allocation of 211.0 million tons for use in its captive power plants in November 2007. These allocated coal blocks are regarded as non-reserve coal deposits. BALCO is working towards obtaining the forest clearance for the second stage of the 211.0 million tons coal block, following the approval received from the Environmental Appraisal Committee in November , 2011. In addition, BALCO is constructing a thermal coal-based 1,200 MW captive power facility, along with an integrated coal mine, in the State of Chhattisgarh. The first unit of 300 MW is expected to be synchronized by the first quarter of fiscal 2013, and the remaining three units, progressively, by the end of fiscal 2013. BALCO has commenced the setting up of 325,000 aluminum smelter, which is expected to be completed for first metal tapping by the third quarter of fiscal 2013.

In addition, we are expanding our aluminum business through Vedanta Aluminium. We hold a 29.5% non-controlling interest in Vedanta Aluminum, a 70.5% owned subsidiary of Vedanta. Vedanta Aluminium has started with a 1.0 million tpa alumina refinery, which was commissioned in March 2010 and produced 927,516 tons of alumina in fiscal 2012. In addition, Vedanta Aluminium is investing an estimated RS.106,000 million ($ 2,082.9 million) to expand its alumina refining capacity at Lanjigarh to 5.0 million tpa, subject to government approvals, by increasing the capacity of the current alumina refinery from 1.4 million tpa to 2.0 million tpa through debottlenecking, and by constructing a second 3.0 million tpa alumina refinery and an associated 210 MW captive power plant. The MoEF on August 24, 2010 rejected the forest clearance for the Niyamgiri Mines to Orissa Mining Corporation (OMC), which is one of the sources of supply of bauxite to Vedanta Aluminium. Against this order of the MoEF, the OMC filed a writ petition in the Supreme Court on October 24, 2010. In the meantime, the MoEF by its order dated July 11, 2011, cancelled the environmental clearance granted to OMC for its Niyamgiri mines. OMC has filed an application in the Supreme Court against this order of the MoEF on August 1, 2011. The next date of hearing for both the writ petition and application filed by the Orissa Mining Corporation has not yet been fixed.

The MoEF has also directed Vedanta Aluminium to maintain status quo on the expansion of its refinery on October 20, 2010. Against this order, Vedanta Aluminium filed a writ petition in the High Court of Orissa and the court dismissed the writ. Vedanta Aluminium made an application to the MoEF to reconsider the grant of the environmental clearance for its alumina refinery. The MoEF by its letter dated February 2, 2012, issued fresh terms of reference to Vedanta Aluminium for preparation of the Environment Impact Assessment (EIA) report which is required to be submitted to the Orissa Pollution Control Board for public hearing and after incorporation of the response, submit the final EIA report to the MoEF for environment clearance. Vedanta Aluminium submitted the EIA report to the Orissa Pollution Control Board and the public hearing has been kept on hold on the direction of the MoEF. Vedanta Aluminium is pursuing the matter with the state government.

In addition, Vedanta Aluminium has completed the construction of a greenfield 500,000 tpa aluminum smelter, together with an associated 1,215 MW coal-based captive power plant, in Jharsuguda in the State of Orissa. The project has been implemented in two phases of 250,000 tpa each. Phase 1 was completed on November 30, 2009 and Phase 2 was completed on March 1, 2010. All nine units of 135 MW have been commissioned. The metal production for fiscal 2012 was 429,723 tons and the net generation of the captive power plant was 6,818 million units. Vedanta Aluminium is also setting up another 1,250,000 tpa aluminum smelter in Jharsuguda at an estimated cost of Rs. 145,000 million ($ 2,849.3 million) which is scheduled for progressive commissioning by third quarter of 2014. As of March 31, 2012, Vedanta Aluminium had spent Rs. 286,604 million ($ 5,631.8 million) on all projects at Lanjigarh and Jharsuguda.

In respect of our power business, Sterlite Energy is building a 2,400 MW thermal coal-based power facility (comprising four units of 600 MW each) in Jharsuguda in the State of Orissa. The first three units of 600 MW are operational. The last unit has already been synchronised in the last quarter of fiscal 2012 and is currently under trial run. In July 2008, Sterlite Energy succeeded in an international bidding process and was awarded the project for the construction of a 1,980 MW (comprising three units of 660 MW each) coal-based commercial thermal power plant at Talwandi Sabo in the State of Punjab in India at an estimated cost of Rs. 92,450 million ($ 1,816.7 million). The first unit is expected to be commissioned by the fourth quarter of fiscal 2013 and remaining two units in fiscal 2014. In addition, TSPL also signed a memorandum of understanding with the Government of Punjab in October 2012 to expand the current capacity of the Talwandi Sabo coal-based thermal power plant by 660 MW. In view of the current coal and power tariff, we have decided to drop the expansion plan of the fourth unit. Our commercial power generation business also includes the 274 MW of wind power plants commissioned by HZL and the 270 MW power plant at BALCO s Korba facility which was previously for captive use before the shutdown of the 100,000 tpa aluminum smelter at Korba on June 5, 2009.

We believe we are also well positioned to take advantage of the growth in industrial production and investments in infrastructure in India, China, Southeast Asia and the Middle East, which we expect will continue to create strong demand for metals.

Competitive Strengths

We believe that we have the following competitive strengths:

High quality assets and resources making us a low-cost producer

We believe that our business has assets of global size and scale. Our costs of production in our Indian copper, zinc and aluminum businesses are competitive with those of leading metals and mining companies in the world, which we believe is enabled by our high quality assets, operational skills and experience and the integrated nature of our operations. Specifically:

- Our Tuticorin smelter was one of the top fifteen custom copper smelters worldwide in 2011, and one of the largest in India by production volume in fiscal 2012, according to Brook Hunt. The Tuticorin smelter is currently amongst the lowest quartile cost custom smelters in the world benefiting from economies of scale, low labor cost, and captive power plant. We intend to double the copper custom smelting capacity at Tuticorin to 800 ktpa with an associated 160 MW power plant, which is expected to reduce costs further and strengthen our low cost position.

- Our Zinc India business operations are fully integrated with its own mining and captive power generation capacities. HZL is India s leading zinc producer with a 82.0% market share of the Indian zinc market in fiscal 2012, according to the ILZDA. Its Rampura Agucha Mine is the world s largest zinc mine with proved and probable reserves of 69.3 million tons and an annual ore production capacity of 6.15 million tons per annum, as of March 31, 2012. According to Brook Hunt, in 2011, HZL smelters were in the lowest cost tercile of the global cost curve. HZL s operations and assets comprises high grade zinc and lead deposits, open cast and integrated operations, world class facilities, and extensive infrastructure and captive power generation capacities. There was also an increase in reserves at HZL s mines to 109.28 million tons as of March 31, 2012 (excluding the reserves at the Skorpion mine, the Lisheen mine and the Black Mountain mine) as a result of further exploration efforts.

- We expanded our zinc business by acquiring the businesses of Anglo American Plc, in Ireland, Namibia and South Africa. This provides us with a greater presence in Africa and Europe. See Item 5. Operating and Financial Review and prospects Recent Developments Zinc International Acquisition.

- Our aluminum business operations are fully integrated with respect to their power requirements through their captive power plants. BALCO s 245,000 tpa Korba aluminum smelter was in the ninth position in terms of all aluminum smelter operations worldwide in 2011, according to Brook Hunt. In November 2007, BALCO received a coal block allocation of 211.0 million tons for use in its captive power plants. These allocated coal blocks are regarded as non-reserve coal deposits.

- Our commercial power generation business is well-positioned to capitalise on India s economic growth, power deficit and large coal reserves. It also has the opportunity to sell power in the spot market in the near future.

As of March 31, 2012, Sterlite Energy had a total capacity of 1,800 MW, which is expected to increase to 4,380 MW by fiscal 2014. The projects under development are strategically located with easy access to fuel and water, and are well connected by railways and roads. In addition, the power projects are in close proximity to power deficit areas, such as the state of Punjab. We believe that we have reduced production and pricing risks with long-term power off-take arrangements with state electricity boards and state owned utilities have also established long term, sustainable relationships with equipment suppliers and contractors who provide key services and support for large power plant projects at competitive costs and terms. We believe that our power business will benefit from the expertise of over 20 years in building and operating power plants. The ability to optimize its assets, improve its operating efficiencies and reduce costs has been and will be critical enablers responsible for the growth of our power generation business. We are seeking to further lower our costs across all our operations. Factors contributing to our success in lowering our costs of production include:

our focus on continually reducing mining and manufacturing costs and seeking operational efficiency improvements;

our building and managing our own captive power plants to supply a substantial majority of the power requirements of our operations; and

the relatively large and inexpensive labor and talent pools in India.

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We view strict cost management and increases in productivity as fundamental aspects of our day-to-day operations and continually seek to improve efficiency.

Leading non-ferrous metals and mining company in India with a diversified product portfolio

We have substantial market share across the copper, zinc and aluminum metals markets in India. Specifically:

- we are one of two custom copper smelters in India, with a 46.5% primary market share by sales volume in India in fiscal 2012, according to ICPCI;

- HZL is India s only integrated zinc producer and had a 82.0% market share by sales volume in India in zinc market in fiscal 2012, according to ILZDA, HZL s Rampura Agucha mine is the largest zinc mine in the world on a production basis, in 2011 according to Brook Hunt. HZL was in the lowest cost tercile in terms of all zinc mining operations worldwide in 2011, the third largest non-integrated producer of zinc worldwide and the largest integrated producer of zinc worldwide based on production volumes, according to Brook Hunt;

- BALCO is one of the four primary producers of aluminum in India and had a 18.0% primary market share by production volume in India in fiscal 2011, according to AAI; and

- BALCO and Vedanta Aluminium are the second largest primary producer of aluminium in India and had a 40.0% primary market share by sales volume of the Indian aluminum market in fiscal 2012, according to AAI.

According to Brook Hunt, the annual demand for copper, zinc and aluminium in India is expected to grow from 593 kilo tons, 597 kilo tons and 1.7 million tons, in 2011 to 755 kilo tons, 772 kilo tons and 2.7 million tons in 2015, representing a CAGR of 6.0%, 7.0% and 10.0%, respectively. This compared to world demand for copper, zinc and aluminum, which Brook Hunt estimates will grow from 19.8 million tons, 12.6 million tons and 44.7 million tons in 2011 to 27.4 million tons, 17.8 million tons and 71.3 million tons in 2020, respectively.

With our copper, Zinc India, Zinc International, aluminum and power businesses representing 48.9%, 27.0%, 10.0%, 7.5% and 5.9% of our revenue and 10.9%, 75.8%, 8.4% and 1.9 % and 3.0% of our operating income in fiscal 2012, respectively, we believe that we have a diversified product portfolio and intend to further diversify our business through our planned entry into the commercial power generation business.

Ideally positioned to capitalize on India s growth and resource potential

We believe that our experience operating and expanding our business in India will allow us to capitalize on attractive growth opportunities arising from factors including:

- *India s large mineral reserves.* According to the Ministry of Mines Annual Report 2010-2011, the total copper ore, lead-zinc ore, and bauxite resources of India are estimated at 1.4 billion tons, 0.5 billion tons, and 3.3 billion tons, respectively. According to the Ministry of Coal, the total coal resources of India are 285.8 billion tons as of April 1, 2011, and according to the Energy Information Agency, a statistical agency of the United States government, India has the fourth largest coal reserves in the world as of 2007 and the total recoverable reserves of coal around in the world are estimated at 909 billion tons. In addition, according to the Investment Commission of India, India s bauxite reserves are the fourth largest in the world with total recoverable reserves estimated at 2.4 billion tons.

- *India s economic growth and proximity to other growing economies*. India is one of the fastest growing large economies in the world with a real GDP growth of 6.9% in fiscal 2012 and an expected growth GDP of 7.6% in fiscal 2013, according to the Government of India, Budget speech on March 16, 2012. According to the Twelfth Five Year Plan, investment in infrastructure is expected to increase with the private sector contributing toward more than half of this investment. As such, we believe that our focus on the metals and power segments will allow us to directly benefit from demand in India and from the other growing economies in China, Southeast Asia and the Middle East.

India s large and inexpensive labor and talent pools. India has, compared to other industrialized nations, low labor costs as a result of its large and skilled labor pool and the availability of many well-educated professionals.

Strong pipeline of growth projects

We possess a strong portfolio of greenfield and brownfield projects that we intend to pursue:

Copper segment: We have Rs. 22,900 million ($ 450.0 million) of ongoing expansion projects to increase our total copper capacity to 800,000 tpa with a 160 MW coal based thermal captive power plant. The expansion project at Tuticorin has been rescheduled while we await the decision of the court and consent from State

Pollution Control Board is received. The captive power plant project is in progress and the first unit is scheduled for commissioning in the first quarter of fiscal 2013. The funding for these projects are mainly from proceeds of the convertible senior notes issued in fiscal 2010.

Zinc segment: HZL has expansion projects aggregating to approximately Rs. 5,020 million ($ 98.6 million) to be spent on the expansion of its existing underground mines at Rampura Agucha and Kayar in the State of Rajasthan. Production from these underground mines is expected to begin in fiscal 2013 and will be gradually enhanced through the continuous development of the mines. These projects are financed from internal sources.

Aluminum segment: Our aluminum segment projects are being undertaken both at our subsidiary, BALCO, and by Vedanta Aluminium, a 70.5% owned subsidiary of Vedanta in which we have 29.5% ownership interest:

In order to enhance aluminum production capacity to 1.0 million tons, BALCO entered into a MoU with the State Government of Chhattisgarh on August 8, 2007, for a potential investment to build an aluminum smelter with a capacity of 650,000 tpa at Chhattisgarh, at an estimated cost of Rs. 81,000 million ($ 1,591.7 million). BALCO has commenced the implementation process of the first phase of expansion for setting up a 325,000 tpa aluminum smelter at an estimated cost of Rs. 38,000 million ($ 746.7 million). The first production stream from the 325,000 tpa aluminum smelter is expected for first metal tapping by the third quarter of fiscal 2013. In addition, BALCO is building a 1,200 MW coal-based captive power plant in Chhattisgarh at an estimated cost of Rs. 46,500 million ($ 913.7 million). The units are expected to be by commissioned progressively, by the end of the last quarter of fiscal 2013. BALCO received a coal block allocation of 211 million tons for use in its captive power plants in November 2007. These allocated coal blocks are regarded as non-reserve coal deposits. BALCO is working towards obtaining the forest clearance for the second stage of the 211 million tons coal block. The estimated cost of developing the coal mine is Rs. 7,150 million ($ 140.5 million).

Vedanta Aluminium is setting up another 1,250,000 tpa aluminum smelter in Jharusguda at an estimated cost of Rs. 145,000 million ($ 2,849.3 million) which is scheduled for progressive commissioning by the third quarter of fiscal 2014.

Power segment: We have executed our plan to enter the commercial power generation business with Sterlite Energy s construction of a 2,400 MW thermal coal-based power facility (comprising four units of 600 MW each) in Jharsuguda in the State of Orissa at an estimated cost of Rs. 82,000 million ($ 1,611.3 million). The first three units of 600 MW are operational and the remaining one unit has already been synchronised in the last quarter of fiscal 2012 and is currently under trial run. We have signed a fuel supply agreement with Mahanadi Coal Fields Limited for coal linkage for a total of 9.51 million tons per annum. Coal linkage is a long-term supply contract for the delivery of coal meeting contract specifications.

Further, in July 2008, Sterlite Energy was awarded the tender for a project to build a 1,980 MW thermal coal-based commercial power plant at Talwandi Sabo, in the State of Punjab, India, by the Government of Punjab. The first unit is expected to be commissioned by the fourth quarter of fiscal 2013 and the remaining two units by fiscal 2014. In addition, TSPL also signed a memorandum of understanding with the Government of Punjab in October 2012 to expand the current capacity of the Talwandi Sabo coal-based thermal power plant by 660 MW. In view of the current coal and power tariff, we have decided to drop the expansion plan of the fourth unit. The project is being undertaken at an estimated cost of Rs. 92,450 million ($ 1,816.7 million).

Experience for entry into commercial power generation business in India

We have been building and managing captive power plants in India since 1997 and as of March 31, 2012, are managing captive power plants and wind power plants with a total power generation capacity of 4,730 MW, including ten thermal coal-based captive power plants with a total power generation capacity of 4,374 MW. In August 2006, our shareholders approved a new strategy for us to enter into the commercial power generation business in India.

Our current power projects include the coal-based commercial power plant at Jharsuguda in the State of Orissa, which will have a capacity of 2,400 MW, (comprising four units of 600 MW each). The first three units of 600 MW are operational and the last unit has already been synchronised in the last quarter of fiscal 2012 and is currently under trial run. Our second power project is for a 1980 MW (comprising three units of 660 MW each) supercritical independent power plant at Talwandi Sabo in the State of Punjab in India. The first unit is expected to be commissioned by the fourth quarter of fiscal 2013 and the remaining two units to be commissioned in fiscal 2014. In addition, TSPL also signed a memorandum of understanding with the Government of Punjab in October 2012 to expand the current capacity of the Talwandi Sabo coal-based thermal power plant by 660 MW. In view of the current coal and power tariff, we have decided to drop the expansion plan of the fourth unit.

We have also expanded our existing wind power generation capacity from the existing 123 MW to 274 MW during fiscal 2011 and fiscal 2012.

Sales of units of power increased from 1,416 million units in fiscal 2010 to 6,730 million units of power in fiscal 2012. The increase in sales was due to our commercial power generation business which increased from Rs. 6,572 million in fiscal 2010 to Rs. 24,333 ($ 478.1) million in fiscal 2012.

The following table sets out selected financial data of our commercial power business for fiscal 2010, 2011 and 2012:

	Year ended 31 March		
	2010	2011	2012
	(Rs. million except power sales)		
Power Sales (million units)	1,416	2,035	6,730
Revenue	6,572	7,282	24,333
Segment result	4,160	3,354	5,881

Experienced and entrepreneurial management team with outstanding track record

Our senior management has significant experience in all aspects of our business and has transformed us from a small wire and cable manufacturing company in the early 1980s into our current status as a leading non-ferrous metals and mining company in India. Mr. Anil Agarwal, our founder, remains involved in overseeing our business as our Non-Executive Chairman. Our experienced and focused management and dedicated project execution teams have a proven track record of:

- selecting attractive acquisition opportunities and successfully improving the operations and profitability of acquired businesses; and

- successfully implementing capital-intensive projects to increase our production capacities.

We acquired our Zinc India business through our acquisition of HZL, our Zinc International business by acquiring the zinc business of Anglo American Plc comprising of a 100.0% stake in Skorpion, which owns the Skorpion mine and refinery in Namibia, a 74.0% stake in BMM, which includes the Black Mountain mine and the Gamsberg project, in South Africa and a 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland. We acquired our aluminum business through our acquisition of BALCO. We have been successful at increasing production levels from the existing assets by improving operational efficiencies, lowering the costs of production by commissioning captive power plants and growing the businesses through capacity expansions, specifically:

- increasing HZL s production from 172,140 tpa of zinc ingots and 214,447 tpa of zinc mined metal content when we acquired HZL in 2002 to 758,716 tpa of zinc ingots and 738,569 tpa of zinc mined metal content in fiscal 2012, representing an increase of 341% and 244%, respectively, by increasing the production of HZL s three hydrometallurgical zinc smelters, one lead-zinc smelter, four lead-zinc mines; and

- increasing the production of BALCO s original aluminium smelter from 89,164 tpa when we acquired management control of BALCO in 2001 to 245,654 tpa in fiscal 2012.

We utilize project monitoring and assurance systems to facilitate timely execution of our projects, a number of which have been completed ahead of time and within budget. In addition, we have established relationships with leading domestic and international vendors that support our expansion projects. We have successfully completed expansion projects across our copper, zinc and aluminum businesses specifically:

- increasing the lead metal capacity of HZL s lead-zinc smelter at Chanderiya from 35,000 tpa to 85,000 tpa in February 2006;

increasing the copper anode capacity of our Tuticorin copper smelter from 180,000 tpa to 300,000 tpa in 2005 and then to 400,000 tpa in November 2006;

increasing the Korba facility by adding a new 245,000 tpa aluminum smelter in November 2006;

completing a brownfield expansion with the addition of HZL s two hydrometallurgical zinc smelters with a capacity of 170,000 tpa each, together with coal-based captive power plants of 154 MW and 80 MW at Chanderiya in May 2005 and December 2007, respectively. The capacities of the two hydro zinc smelters were further increased to 210,000 tpa through improvements to the operational efficiencies of both smelters in April 2008;

increasing the capacity of the Rampura Agucha lead-zinc mine and processing plant from 2.0 million tpa to 6.0 million tpa of ore to supply the brownfield zinc smelter expansion at Chanderiya between 2003 and 2010;

completing our wind power plants at Gujarat and Karnataka with a total power generation capacity of 123.2 MW between 2007 and July 2008 and at Rajasthan and Karnataka in March 2011 with a total power generation capacity of 48 MW and at Rajasthan, Tamil Nadu, Karnataka, Maharashtra in fiscal 2012 of 103 MW with a total power generation capacity of 274 MW;

commissioning a third concentrator at Rampura Agucha in May 2008 and an 80 MW captive power plant at Zawar in December 2008 which has lowered our power generation costs, as we have replaced relatively higher cost purchases from the local SEB with our own power generation facilities;

increasing the capacity of HZL s Debari smelter from 80,000 tpa to 88,000 tpa through a project commissioned in April 2008 to improve operational efficiencies;

commissioning a fourth concentrator at the Rampura Agucha mines and a hydrometallurgical zinc smelter with a capacity of 210, 000 tpa at Rajpura Dariba in March 2010;

commissioning captive power plants at Dariba with a total power generation capacity of 160 MW in 2011;

commissioning a concentrator at Sindhesar Khurd mine of 1.5 mtpa in 2011;

commissioning a lead smelter at Dariba of 100,000 tpa in July 2011; and

commissioning a new silver refinery at Pantnagar of 350 tpa in December 2011.

Ability and capacity to finance world-class projects

We have generated strong cash flows in recent years due to our volume growth, high commodity prices and our cost reduction measures. Moreover, we have a strong balance sheet with low leverage. We believe that holding substantial cash and current assets and maintaining low leverage are important to provide sufficient liquidity and to meet the cash outflow requirements of our capacity expansion projects in the event of any adverse movements in commodity prices.

Strategy

Our goal is to generate strong financial returns and create a world-class metals and mining company. Our strategy is to continue to grow our business by completing our existing expansion projects as well as setting up new greenfield and brownfield projects. We intend to take advantage of our low-cost base, expand our position in India as a supplier of copper, zinc and aluminum products and further develop our exports of these products. We are also leveraging our experience in building and managing captive power plants in developing the commercial power generation business in India and will continue to closely monitor the Indian resource markets in our existing lines of business as well as new opportunities such as iron ore and coal. Key elements of our strategy include:

Continuing focus on asset optimization and reducing the cost of production

According to Brook Hunt, in 2011 HZL smelters were in the lowest cost tercile of the global cost curve, and we intend to continue to improve our production processes and methods and increase operational efficiencies to further reduce our costs of production in all our businesses. Our current initiatives include:

seeking improvements in operations to maximize throughput, mining and plant availability to achieve production increases at our existing facilities with minimum capital expenditures to optimize our asset utilization;

reducing logistics costs through various initiatives;

reducing energy costs and consumption, including through continued investment in advanced technologies to reduce power consumption in the refining and smelting processes and in captive power plants to provide the required power;

increasing exploration efforts to increase reserves, particularly in our zinc businesses;

building and managing of our captive power plants to supply a majority of the power requirements of our operations;

gaining access to relatively large and inexpensive labor in India;

increasing automation to reduce the manpower required for a given level of production volume;

a strong exploration effort seeking to increase the reserves, particularly in our zinc ore business;

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continuing to improve recovery ratios such that more finished product is obtained from a given amount of raw material;

reducing purchase costs, including by entering into long-term contracts for raw materials, making investments in mining operations and optimizing the mix of raw material sourcing between long-term contracts, mining operations and the commodities spot markets to address fluctuations in demand and supply;

securing additional sources of coal through coal block allocations and coal linkages, which are long-term supply contracts for delivery of coal for use in power plants, such as the coal block allocations of 211.0 million tons we received from the Ministry of Coal for use in BALCO s captive power plants, 31.5 million tons we received from the Madanpur Coal Block for use in HZL s captive power plants and 112.2 million tons from the Ministry of Coal to support Sterlite Energy s plants. These allocated coal blocks are regarded as non-reserve coal deposits;

seeking better utilization of by-products, including through adding additional processing capabilities to produce end-products from the by-products that can be sold at higher prices and help lower the cost of production of our core metals. For example, silver is a by-product of lead while sulphuric acid is a by-product of zinc and lead;

reducing greenhouse gas emissions from our operations through various projects, including for example our recent installation of a back pressure turbine for utilizing waste gases of the roaster plant at one of our zinc smelters at Chanderiya, a project from which we have 22,744 voluntary emission reduction credits from July 1, 2005 until March 30, 2007 and received 15,614 carbon emission reduction credits from March 31, 2007 until February 29, 2008, 28,571 carbon emission reduction credits from March 1, 2008 until May 31, 2009, 19,187 carbon emission reduction credits from June 1, 2009 to March 31, 2010 and 11,329 carbon emission credits from April 1, 2010 to April 30, 2011.

Our two wind power projects at Gujarat and Karnataka have also been registered for carbon emission reduction credits, from which we have:

(i) 217,755 voluntary emission reduction credits from Gujarat from March 13, 2007 to January 14, 2009

(ii) 82,560 carbon emission reduction credits for the period from January 15, 2009 to July 24, 2009;

(iii) 84,954 carbon emission reduction credits for the period July 25, 2009 to March 31, 2010; and

(iv) 88,051 carbon emission credits for the period April 1, 2010 to November 30, 2010.

For the wind power project at Karnataka, we have sold:

(i) 46,386 voluntary emission reduction credits for the period December 17, 2007 to January 14, 2009;

(ii) 32,391 carbon emission reduction credits for the period January 15, 2009 to July 31, 2009;

(iii) 27,531 carbon emission reduction credits for the period August 1, 2009 to March 31, 2010;

(iv) 38,477 carbon emission reduction credits for the period April 1, 2010 to November 30, 2010; and

(v) 26,771 carbon emission credits for the period December 1, 2010 to June 3 30, 2011.

Recent successes as a result of these initiatives include:

- increased zinc production volumes from fiscal 2010 to fiscal 2012;
- increase in BALCO s production from 160,665 tpa of rods and 66,706 tpa of rolled products in fiscal 2011 to 167,826 tpa of rods and 69, 157 tpa of rolled products in fiscal 2012;
- increase in reserves at HZL from 96.73 million tons as of March 31, 2011 to 109.27million tons as of March 31, 2012; and
- stable cost of production in most of our businesses notwithstanding inflationary cost pressures across the metals and mining industry generally, particularly with respect to logistics and energy costs.

Increasing our capacities through greenfield and brownfield projects

We intend to continue to increase our capacities through the expansion of mines and construction of new facilities. We believe that increasing our reserves, access to ores and capacities is critical to enable us to continue to capitalize upon the growing demand for metals in India and abroad, particularly in China, Southeast Asia and the Middle East. We seek to implement our expansion projects quickly and with the minimum necessary capital costs in order to generate a high internal rate of return on the projects.

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As of March 31, 2012, we had total production capacities of 405,000 tpa of copper cathodes, 879,000 tpa of zinc, 185,000 tpa of lead and 245,000 tpa of aluminum. Our goal is to achieve 1.0 million tpa of total production capacity in each of our base metals through our existing and future expansion projects, while implementing our expansion projects at industry leading benchmark capital costs, within budget and ahead of schedule. We believe we have made significant progress towards achieving this goal, though there can be no assurance that we will be able to achieve such production capacity for each of our businesses. See - Competitive Strengths Strong pipeline of growth projects.

Leveraging our project execution and operating skills and experience in building and managing captive power plants to develop a commercial power generation business

The demand for power in India to support its growing economy has in recent years exceeded supply. Per capita consumption of power in India, despite significant increases in recent years, continues to lag behind other leading developed and emerging economies by a large margin. India has large thermal coal resources and the coal industry is in the process of government deregulation that is expected to increase the availability of coal for power generation, among other uses. We believe these factors make the commercial power generation business an attractive growth opportunity in India and that, by leveraging our project execution and operating skills and experience in building and managing captive power plants, and by applying our mining experience to the mining of the coal blocks we are seeking to have allotted to us to reduce the costs of our proposed commercial power generation business, we can compete successfully in this business. In addition, we believe that our entry into the commercial power generation business will allow us to establish ourselves and gain specific experience in coal mining as the power industry is one of only three industries in India, the others being iron or steel and cement, where captive coal mining by non-governmental entities is permitted. We believe this would help position us to more broadly enter the coal mining business if it is eventually opened to entry by non-governmental entities as part of a Government of India deregulation initiative. See Our Commercial Power Generation Business.

Seeking further growth and acquisition opportunities that leverage our transactional, project execution and operational skills and experience

Our successful acquisitions of HZL, BALCO and our acquisition of the zinc business of Anglo American Plc have contributed substantially to our growth. We continually seek new growth and acquisition opportunities in the metals and mining and related businesses, including through government privatization programs in India, where we can leverage our skills and experience. We continue to closely monitor the resource markets in our existing lines of business as well as seek out opportunities in complementary businesses such as coal mining. By selecting the opportunities for growth and acquisition carefully and leveraging our skills and experience, we expect to continue to expand our business while maintaining a strong balance sheet and investment grade credit profile.

Consolidating our corporate structure and increasing our direct ownership of our underlying businesses to derive additional synergies as an integrated group

We have consolidated and are continuing to seek to increase our direct ownership of our underlying businesses to simplify and derive additional synergies as an integrated group, in particular by acquiring major shareholders to consolidate our corporate structure to simplify and more closely integrate our operations. As part of this strategy we continue to seek to increase our direct ownership of our underlying businesses to derive additional synergies as an integrated group. In March 2004, we exercised our option to acquire the Government of India s remaining 49.0% ownership interest in BALCO in order to make BALCO a wholly-owned subsidiary, though the exercise of this option has been contested by the Government of India and the Government of India retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees.

On February 25, 2012, we, Sesa Goa and Vedanta announced an all-share merger of our company and Sesa Goa to create Sesa Sterlite and a consolidation of various subsidiaries held within Vedanta through a Scheme of Arrangement under Indian law.

Under the Scheme of Arrangement, the following steps are proposed to occur:

(i) Vedanta s 70.5 per cent shareholding in Vedanta Aluminium will be consolidated into Sesa Goa in consideration for the issue to Vedanta of 72.3 million Sesa Goa shares;

(ii) Sterlite will be merged into Sesa Goa, which will be renamed Sesa Sterlite, in consideration for the issue to our shareholders (other than MALCO) of three Sesa Goa shares for every five existing shares of our company and the issue to holders of our ADSs of three Sesa Goa ADSs for every five existing ADSs of our company;

(iii) MALCO s power business will be hived off to Vedanta Aluminium for cash consideration of Rs. 1,500 million;

(iv) MALCO will be merged into Sesa Sterlite in consideration for the issue of 78.7 million Sesa Sterlite shares to shareholders of MALCO;

(v) Sterlite Energy will be merged into Sesa Sterlite;

(vi) Vedanta Aluminium s aluminium business will be demerged into Sesa Sterlite; and

(vii) Vedanta s 38.8 per cent shareholding in Cairn India, together with debt of approximately $ 5.9 billion incurred by Vedanta to acquire that interest in Cairn India, will be transferred to Sesa Sterlite for nominal consideration.

See Item 5. Operating and Financial Review and Prospects Recent Developments Consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium and MALCO to form Sesa Sterlite and transfer of Vedanta s shareholding in Cairn India to Sesa Sterlite .

We own 64.9% of HZL and we intend to acquire from the Government of India a further 29.5% of the shares in HZL (or 26.0% if the Government of India exercises in full its right to sell 3.5% of HZL to HZL employees), which is exercisable so long as the Government of India has not sold its remaining interest pursuant to a public offer. We have exercised the second option to acquire the Government of India s remaining ownership interest in HZL although the exercise is currently subject to dispute. See Item 3. Key Information D. Risk Factors Risks Relating to Our Business Our option to purchase the Government of India s remaining shares in HZL may be challenged and - Options to Increase Interests in HZL and BALCO. It has been reported in the media that the Government of India is considering asserting a breach of a covenant by us and may seek to exercise a put or call right with respect to shares of HZL. See Item 3. Key Information D. Risk Factors Risks Relating to Our Business The Government of India may allege a breach of a covenant and seek to exercise a put or call right with respect to shares of HZL, which may result in substantial litigation and serious financial harm to our business, results of operations, financial condition and prospects.

Basis of Presentation of Ore Reserves

Our reported ore reserves are derived following a systematic evaluation of geological data and a series of technical and economic studies by our geologists and engineers and an audit of the results for the ore reserves of HZL mines by the independent consulting firm of SRK Consulting (UK) Limited, or (SRK Consulting UK), and resource and reserve reviews of the Skorpion, BMM and Lisheen mines by CAE Mining Africa (Pty) Limited (CAE), Golder Associates Africa (Pty) Ltd (Golder Associates), SRK Consulting South Africa (Pty) Limited (SRK Consulting SA) and AMC Consultants (UK) Limited (AMC). Our reported ore reserves at the Mt. Lyell and BALCO mine are based on our internal estimates. The results are reported in compliance with Industry Guide 7 of the US Securities and Exchange Commission, or the SEC.

An ore reserve is economically mineable and includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proven ore reserves.

We retained SRK Consulting UK to conduct independent reviews of our ore reserve estimates (excluding CMT) as of March 31, 2012 at the HZL mines, namely the Rampura Agucha, Rajpura Dariba Sindesar Khurd, Kayar and Zawar mines. SRK Consulting UK visited the HZL mines in 2012 and reviewed the methodology and data used to develop the ore reserve estimates. The geological information at Rampura Agucha, Kayar, Rajpura Dariba and Sindesar Khurd were modeled using conventional computerized models, and the information at Zawar was modeled using paper based sections and partly conventional computerized models. SRK conducted a series of checks at the HZL mines to verify that the resulting estimate of the quantity and quality of ore present was as per the criteria laid down by the Joint Ore Reserve Committee, Australia (JORC).

In March 2012, CAE completed a reserve review of Skorpion mine as of December 31, 2011. CAE conducted the review to ensure that the overall approach and methods used for the mineral resources estimation is consistent with the accepted industry standards. CAE reviewed data collection, resource estimation, modeling methodology and suitability of resource estimate, classification and associated reports for reporting under the JORC code.

In January 2012, SRK Consulting SA completed the review of the BMM competent person s statement of ore reserves and mineral resources compiled by BMM in December 2011. SRK Consulting SA confirmed the reserves as reported by BMM. For purposes of the fiscal 2012 reporting, the reserves at BMM were based on a statement by a competent person of the Company who had determined the balances after adjusting mining depletions and adjustments from the reserve balances as of December 31, 2011. In 2010, Golder Associates reviewed data collection, quality control, geological interpretation, grade estimation and resource classification for BMM. Technical site visits were conducted by Golder Associates in order to review and comment on the compliance of BMM with the JORC code and the South African code of Reporting of Mineral Resources and Mineral Reserves, 2007 (SAMREC code).

In April 2011, AMC completed a resource and reserve review of the Lisheen mine. They reviewed data collection, quality control, geological interpretation, grade estimation and resource classification for the mine resource estimate of Lisheen in 2010. They reviewed the methodology used to prepare the Lisheen ore reserve. Their opinion was that the methodology used was in line with practices in similar mining operations and was appropriate for the Lisheen mine. The Lisheen ore reserve has been prepared using accepted industry practice and has been estimated in accordance with the JORC code.

The ore reserves of Mt. Lyell and BALCO were derived from management estimates as of March 31, 2012.

In addition to the ore reserves, we have identified further mineral deposits as either extensions to or in addition to our existing operations that are subject to ongoing exploration and evaluation.

Our Copper Business

Overview

Our copper business is principally one of custom smelting and includes a smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and two captive power plants at Tuticorin in Southern India and a refinery and two copper rod plants at Silvassa in Western India. In addition, we own the Mt. Lyell copper mine in Tasmania, Australia, which provided approximately 8.0% of our copper concentrate requirements in fiscal 2012. We also have a precious metal refinery and a copper rod plant at Fujairah in the UAE that produces copper rods, gold and silver bars, which were commissioned in March 2009 and May 2010, respectively.

As a custom smelter, we buy copper concentrate at LME-linked prices for copper less a TcRc that is negotiated with suppliers. We sell refined copper at LME-linked prices in the domestic and export markets. The TcRc is influenced by global copper concentrate demand, supply of copper smelting and refining capacity, LME trends, LME-linked price participation and other factors. We source our concentrate from various global suppliers and our Australian mine.

In recent years, we have improved the operating performance of our copper business by improving operational efficiencies and reducing unit costs, including reducing power costs by constructing a captive power plant at Tuticorin. We intend to further improve the operating performance of our copper business by continuing to reduce unit operating costs through improvements in recovery rates, lowering power and transport costs, achieving economies of scale and the achievement of other operational efficiencies.

Principal Products

Copper Cathode

Our copper cathodes are square shaped with purity levels of 99.9% copper. These cathodes meet international quality standards and are registered as LME A Grade. The major uses of copper cathodes are in the manufacture of copper rods for the wire and cable industry and copper tubes for consumer durable goods. Copper cathodes are also used for making alloys like brass, bronze and alloy steel, with applications in transportation, electrical appliances and machines, defense and construction.

Copper Rods

Our copper continuous cast rods meet all the requirements of international quality standards. Our copper rods are currently used primarily for power and communication cables, transformers and magnet wires.

Sulphuric Acid

We produce sulphuric acid at our sulphuric acid plant through conversion of sulphur dioxide gas that is generated from the copper smelter. A significant amount of the sulphuric acid is consumed by our phosphoric acid plant in the production of phosphoric acid, and the remainder of the sulphuric acid is sold to fertilizer manufacturers and other industries.

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Phosphoric Acid

We produce phosphoric acid at our phosphoric acid plant by chemical reaction of sulphuric acid and rock phosphate, which we import. Phosphoric acid is sold to fertilizer manufacturers and other industries.

Anode Slime

We produce anode slimes from the copper refining process that contain gold and silver which we currently sell to third parties. We will sell the anode slimes to Fujairah Gold FZE once our doré anode plant, which was shifted to our precious metal refinery at Fujairah has been commissioned in June 2012.

Other By-products

Gypsum is a by-product of our copper smelting operations which we sell to third parties.

Our Production Process

Our copper business has a number of elements which are summarized in the following diagram and explained in greater detail below:

Our doré anode plant which was previously located at Tuticorin, has been shifted to the precious metal refinery at Fujairah in UAE. We currently sell the anode slimes produced from the copper refining process to third parties. We will sell the anode slimes to Fujairah Gold FZE, once the doré anode plant has been commissioned at Fujairah in June 2012.

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Supply of Copper Concentrate

As a custom smelter, we source a significant majority of our copper concentrate from third party suppliers at the LME price less a TcRc. Approximately 8.0% of our copper concentrate was sourced from our own mine in Tasmania, Australia in fiscal 2012. All of the copper concentrate used in our operations, whether from our own mine in Australia or from third party suppliers, is imported through the port of Tuticorin in Southern India and transported by road to our Tuticorin smelter.

Tuticorin Smelter

Our Tuticorin smelter processes copper concentrate by combining it with silica flux and lime, where required, and feeding it into the IsaSmelt™ furnaces. The furnaces smelt the copper concentrate, producing copper matte, slag and sulphur dioxide gas. The slag and the copper matte flow into a holding furnace, where they are separated. The slag is further smelted to extract additional copper matte and then the remaining slag is discarded. The copper matte is transferred to a converter, where it is oxidized to produce blister copper. The blister copper is fed into the anode furnace where additional sulphur dioxide is removed and the copper is cast as copper anodes.

Tuticorin Acid Plants

The sulphur dioxide gas produced from the IsaSmelt™ furnaces at Tuticorin in the process of creating copper anodes is fed through the sulphuric acid plant at Tuticorin to be converted into sulphuric acid. Most of the sulphuric acid is further treated in our phosphoric acid plant to be converted into phosphoric acid. Both the sulphuric acid and the phosphoric acid are sold primarily to fertilizer manufacturers. The treatment of the sulphur dioxide gas creates sulphuric acid and phosphoric acid by-products, including gypsum, from the copper smelting process and avoids the release of the harmful sulphur dioxide gas.

Silvassa and Tuticorin Refineries

In the refineries at Silvassa and Tuticorin, which use IsaProcess™ technology, copper anodes are electrolytically refined to produce copper cathodes with a purity of 99.99% and slimes, which are treated further in a slimes treatment plant to recover additional copper. The residual slimes are sold to third parties. Copper cathodes are either sold to customers or sent to our copper rod plants.

Silvassa and Tuticorin Copper Rod Plants

In our copper rod plants, copper cathodes are first melted in a furnace and cast in a casting machine, and then extruded and passed through a cooling system that begins solidification of copper into 51x38 mm or 54x38 mm copper bars. The resulting copper bars are gradually stretched in a rolling mill to achieve the desired diameter. The rolled bar is then cooled and sprayed with a preservation agent and collected in a rod coil that is compacted and sent to customers.

Doré Anode Plant

Our doré anode plant which was previously located at Tuticorin was shifted to the precious metal refinery at Fujairah in UAE. It operates as a copper rod plant where roasted anode slime is mixed with soda and borax and fed into a furnace known as the TROF converter. The TROF converter takes care of the smelting, reduction and refining steps in the same furnace, which saves energy when compared to a conventional furnace. After smelting, silver poor slag is poured off from the TROF converter and the doré metal is refined by blowing oxygen into the metal bath. Thereafter, the refined doré metal is cast into doré anodes each weighing 16.5 kilograms. Off-gases are led in a controlled way from the TROF converter into a bag filter and scrubber before being released into the atmosphere.

Precious Metal Refinery

In our precious metal refinery, doré anodes are refined into silver metal using an electrolytic process and further refined into gold metal by employing a leaching process, which uses concentrated hydrochloric acid, to remove gold metal from the gold mud produced during the electrolytic process. Platinum, palladium and other impurities, which are dissolved in the leaching process, are precipitated as concentrate.

Delivery to Customers

The copper cathodes, copper rods, phosphoric acid and other by-products are shipped for export or transported by road to customers in India.

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Principal Facilities

Overview

The following map shows the locations of each of our copper mines and production facilities and the reserves or production capacities, as applicable, as of March 31, 2012:

The following map shows the location of our Tuticorin facility in the State of Tamil Nadu:

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The following map shows the location of our Silvassa facility in the union territory of Dadra and Nagar Haveli:

The following map shows the location of the Mt. Lyell mine in Tasmania:

Our Copper Mine

The Mt. Lyell mine is located at Queenstown on the west coast of Tasmania, Australia, approximately 164 kilometers south of Burnie and approximately 260 kilometers northeast of Hobart. It comprises an underground copper mine and a copper processing facility and is owned and operated by CMT. Mt. Lyell has well-established infrastructure as mining has been conducted in the area since 1883. The town of Queenstown, originally established to service the mines, continues to provide a range of mining services which are supplemented from Burnie and Hobart. Mt. Lyell is connected by paved public road to Burnie and Hobart. There is a rail connection to the port of Burnie.

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The Mt. Lyell mine is owned and operated under the terms and conditions as stipulated in Mining Leases 1M95 and 5M95 granted by the State Government of Tasmania. Mining Lease 1M95 was granted on January 1, 1995 for a period of 15 years and Mining Lease 5M95 was granted on February 1, 1995 for a period of 14 years and 11 months. Both are renewable and are subject to the terms and conditions specified in the Mineral Resources Development Act, 1995, as amended, of Australia. For Mining Lease 1M95 and Mining Lease 5M95, renewed applications have been submitted, which we expect to be renewed in due course. The mine is also covered by the Copper Mines of Tasmania (Agreement) Act 1999, which, in conjunction with an agreement between the State Government of Tasmania and CMT entered into pursuant to that Act, limits CMT s environmental liabilities to the impact of current operations, thereby insulating CMT from any historical legacy claims.

The Mt. Lyell mining district was first discovered in 1883 and 15 separate ore bodies have been mined over its life. It is estimated that in excess of 100 million tons of ore has been extracted from the district. Monte Cello acquired CMT in 1999 from Mt. Lyell Mining Company Limited, or MLMC, formerly Gold Mines of Australia, when MLMC entered into voluntary administration due to hedging difficulties. Since Monte Cello took over the mine, annual production has increased from 2.2 million tpa in fiscal 2000 to 2.6 million tpa in fiscal 2009 and decreased to 2.1 million tpa in 2012. We acquired Monte Cello, and with it CMT, from a subsidiary of Twin Star in 2000.

The principal deposits in the Mt. Lyell region are all of the volcanic disseminated pyrite-chalcopyrite type, which accounts for 86.0% of the known ore in the region. The geology of the Mt. Lyell mine consists of a series of intercalated felsic to mafic-intermediate volcanics. Lithologies are highly altered quartz-sericite-chlorite volcanics with individual units delineated largely by the relative abundance of phyllosilicates. Volcaniclastic and rhyolitic lithologies occur sporadically throughout the sequence, as does pervasive iron mineralization in the form of haematite, magnetite and siderite.

Chalcopyrite is the principal ore mineral and occurs chiefly in higher grade lenses enveloped by lower grade halos. The overall structure of Mt. Lyell is that of a steeply dipping overturned limb of a large anticline. The hanging wall (stratigraphic footwall) of the ore body consists of weakly mineralized chloritic schists with disseminated pyrite. The footwall is sharply defined by the Great Lyell Fault Owen Conglomerate contact which truncates the ore body at its southern end.

All mining operations at CMT are undertaken by contractors while the processing and mill maintenance operations are undertaken by CMT employees. A sub-level caving underground mining method is used at the Prince Lyell ore body. Ore is loaded into trucks by front end loader at draw points and then transported to the underground crusher and skip loading area. Crushed ore is then hauled via the Prince Lyell shaft and unloaded onto a conveyor feeding the ore bin at the Mt. Lyell processing plant. At the processing plant, the ore is crushed and ground prior to processing by floatation to produce copper concentrate, which is then filtered to form a cake and trucked to the Melba Flats railway siding for transport to the port of Burnie. The concentrate is stored at Burnie until it is loaded into ships for transport to the port of Tuticorin in south India from where it is trucked to the Tuticorin smelter.

The tailings dam is a valley-fill type and excess water is discharged via a spillway. The water quality is sampled before the water is released from the site. The tailings are deposited on beaches some 300 meters from the dam spillway. CMT s accepted closure plan is to flood the tailings which will require CMT to raise the tailings dam wall.

CMT has an active exploration and evaluation program at Mt. Lyell which involves upgrading mineralized material below the Prince Lyell reserves and testing additional exploration targets on the mining lease. The Western Tharsis deposit lies to the west of the Prince Lyell ore body, but CMT has not yet committed to its development. Additional targets include Tasman & Crown, Glen Lyell, Copper Clays and NW Geophysics.

The processing plant is approximately 30 years old and has been partially refurbished following our acquisition with the addition of crushers, a float cell and a regrind mill at the surface. While the condition of the plant is ageing, maintenance is carried out as required to ensure that the process plant remains in safe and efficient condition.

Power at the mine is supplied through electricity supply agreements with Aurora Energy Proprietary Limited and Hydro Tasmania Proprietary Limited to supply approximately 112 Giga Watts at a fixed rate until September 30, 2012. Electricity supply from Aurora Energy Proprietary Limited will be provided at a spot price effective from October 1, 2012. There is plentiful supply of water from mine water and storm water captured on the tailings dam.

The gross value of fixed assets, including capital works-in-progress, was approximately AUD 129.13 million (Rs.6,871 million or $ 134.5 million) as of March 31, 2012.

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In fiscal 2012, Mt. Lyell mined and processed 2.06 million tons of ore at a grade of 1.18% copper to produce 92,736 dry metric tons of copper concentrate, which also contained 12,158 ounces of gold and 110,615 ounces of silver. Although the grade of copper at Mt. Lyell is low, it produces a clean concentrate that is valuable in the smelting process. Based on reserves as of March 31, 2012 and anticipated production, the estimated mine life at Mt. Lyell is approximately three years from April 1, 2012.

The economic cut-off grade is defined using the metal prices of $ 6,609 per metric ton of copper and $ 1,270 per ounce of gold. The cut-off grades are based on copper grades with the gold credit deducted from the operating costs. The reserves are derived from stopes which are designed such that the limits of the stope are defined by a cut-off grade of 1.0% copper and have an average grade that exceeds 1.0% copper. The revenue derivation of the cut-off grade includes the gold credit. The break-even cut-off grade of 0.75% copper is the grade that makes enough margin to cover the fixed and variable costs while the actual or operational cut-off grade used is 1.0% copper. CMT operates on a 1.0% copper operational cut-off grade in practice, preferring to take a higher revenue at the expense of a longer mine life.

The reserves at CMT in the proven reserve category are defined by drill-holes spaced at 30 meters intervals while the probable reserves are generally defined by drill-holes spaced at 60 meters intervals, though some blocks between 1,415 meters and 1,440 meters have a drill-hole spacing of 30 meters and have been classified as probable reserves as there is less certainty of the modifying factors since the detailed mine design has not yet been completed.

CMT does not use a copper equivalent calculation for the determination of stope limits as the relationship between the copper and gold grades is essentially linear, allowing the gold credits to be deducted from operating costs.

The proportion of sub-economic dilution in the reserves varies with the amount of internal dilution and the amount of over-draw. Due to the caving process mixing ore from previous levels, remnant material and material from mineralized halo, it is difficult to determine the level of external dilution, leading CMT to derive the modifying factors from the reconciliation of historical production against the grade and tonnage of the primary ore mined.

For fiscal 2012, the metallurgical recovery was 92.68% for copper, 66.53% for gold and 58.39% for silver. For fiscal 2012, the contract mining and milling cost was AUD 4,517 (Rs. 226,030.7 or $ 4,705.2) per ton, administration and environment cost was AUD 767 (Rs. 38,380 or $ 798.9) per ton and transportation cost was AUD 255 (Rs. 12,760 or 265.6) per ton. Correspondingly the TcRc was AUD 302 (Rs. 15.112 or $ 314.6) per ton.

The following table sets out our proven and probable copper reserves as of March 31, 2012. The figures show the split between the ore derived from primary, or in-situ, ore and secondary ore, which consists of broken fresh ore from previous levels, remnants of ore from the open-pit side wall and pillars remaining from a former mining method together with sub-economic dilution from the mineralized material surrounding the ore body. The quantity and grade of the secondary ore was determined from the analysis of historical production. The estimate of the quantity and grade of the remnant material has been evaluated from previous studies and only uses a small proportion of this source of ore. Consequently, we believe that this allowance can be sustained for the forecast life of the reserves.

Mine	Source	Proven Reserve		Probable Reserve		Total Proven and Probable Reserves		Ownership of SIIL %	Life (Years)
		Quantity (million tons)	Copper Grade (%)	Quantity (million tons)	Copper Grade (%)	Quantity (million tons)	Copper Grade (%)		
Mt. Lyell	In-situ ore	2.4	1.39			2.4	1.39		
	Secondary ore			3.6	1.13	3.6	1.13		
	Surface stockpile	0.0							
Total		**2.4**	**1.39**	**3.6**	**1.13**	**6.0**	**1.23**	**100**	**2.4**

Additional information:

(1) The reserve estimates presented incorporate losses for mine dilution and mining recovery according to the JORC code.

(2) The cut-off grade used with our reserve estimate is 0.8%.

(3) The metallurgical recovery factor for our Mt. Lyell mine is 92.4%. The metallurgical recovery for gold and silver considered is 67.0% and 68.0% respectively.

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(4) The historic three year average commodity price is $ 5.586 per ton and the currency conversion factor that was used to estimate our reserves was US dollar per Australian dollar 0.97.
(5) The reserve quantities disclosed are for the entire mine.

Our Smelter and Refineries

Overview

The following table sets forth the total capacities as of March 31, 2012 at our Tuticorin and Silvassa facilities:

	Capacity					
Facility	**Copper Anode[(1)] (tpa)**	**Copper Cathode[(2)] (tpa)**	**Copper Rods[(2)] (tpa)**	**Sulphuric Acid[(3)] (tpa)**	**Phosphoric Acid[(3)] (tpa)**	**Captive Power (MW)**
Tuticorin	405,000	205,000	96,000	1,300,000	230,000	46.5
Silvassa		200,000	172,000			
Total	**405,000**	**405,000**	**268,000**	**1,300,000**	**230,000**	**46.5**

Notes:

(1) Copper anode is an intermediate product produced by copper smelters and is not sold to customers. It is used for the production of copper cathode by copper refineries. Approximately one ton of copper anode is required for the production of one ton of copper cathode.
(2) Copper cathode is used as a starting material for copper rods. Approximately one ton of copper cathode is required for the production of one ton of copper rods.
(3) Sulphuric acid is used as a starting material for phosphoric acid. Approximately 2.8 tons of sulphuric acid are required for the production of one ton of phosphoric acid.

Tuticorin

Our Tuticorin facility, established in 1997, is located approximately 17 kilometers inland from the port of Tuticorin in Tamil Nadu in Southern India. Tuticorin is one of India s largest copper smelters based on production volume in fiscal 2009. Our Tuticorin facility currently consists of a 405,000 tpa copper smelter, a 205,000 tpa copper refinery, a 96,000 tpa copper rod plant, a 1,300,000 tpa sulphuric acid plant, a 230,000 tpa phosphoric acid plant and two captive power plants with capacities of 22.5 MW and 24.0 MW, respectively.

The captive power plants with a total capacity of 31.5 MW, together with a further 11.2 MW generated from the smelter waste heat boiler, meet most of the facility s power requirements. The 15 MW power generating set has been shifted to HZL for the Pantnagar operations. In fiscal 2012, we operated the captive power plant sparingly and drew power from Sterlite Energy, MALCO, third parties and grid due to cost economies.

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The smelter at the Tuticorin facility utilizes IsaSmeltTM furnace technology. The refinery uses IsaProcessTM technology to produce copper cathode and the copper rod plant uses Properzi Continuously Cast and Rolled, or CCR, copper rod technology from Continuus-Properzi S.p.A., Italy, to produce copper rods.

Silvassa

Our Silvassa facility, established in 1997, is located approximately 140 kilometers from Mumbai in the union territory of Dadra and Nagar Haveli in Western India. Our Silvassa facility currently consists of a 200,000 tpa copper refinery and two copper rod plants with a total installed capacity of 172,000 tpa of copper rods. Its refinery uses IsaProcessTM technology in the production of copper cathode and its copper rod plants use Properzi CCR copper rod technology. Our Silvassa facility draws on the state power grid to satisfy its power requirements.

Fujairah

Fujairah Gold FZE is located in the Fujairah Free Zone 2. Our Fujairah facility is strategically located 130 kilometers east of Dubai and is on the coast of the Arabian Sea. The precious metal refinery was commissioned in March 2009 and began production in April 2009, with a capacity of 20 tons of gold and 85 tons of silver. Our doré anode plant which was previously located at Tuticorin, has been shifted to the precious metals refinery at Fujairah. Outotec oyj, Finland, the pioneer in providing technology for extraction and refining of precious metals, supplied the technology for the precious metal refinery. Fujairah Gold FZE commissioned a copper rod plant at a cost of $ 12.5 million, with an annual capacity of 100,000 tpa with production having commenced in May 2010 and generated a production of 49,922 metric tonnes of rod in fiscal 2012. Continuus Properzi S.p.A., Italy, has supplied the rod mill equipment for this project, and the copper cathode required for the copper rod plant is being sourced from the smelters of the Vedanta group and third parties. Currently, the doré anode plant that has been shifted from Tuticorin, is being commissioned for smelting of anode slime to doré anode which is the raw material for precious metal refinery. The plant is expected to be commissioned in June 2012 and anode slime is to be sourced mainly from SIIL.

Production Volumes

The following table sets out our total production from Tuticorin and Silvassa for the three years ended March 31, 2012:

		For the Year Ended March 31,		
Facility	**Product**	**2010**	**2011**	**2012**
			(tons)	
Tuticorin	Copper anode(1)	333,924	304,964	327,703
	Sulphuric acid(2)	1,036,353	968,760	1,026,471
	Phosphoric acid(2)	205,844	154,232	153,243
	Copper cathode(3)	154,177	141,281	169,448
	Copper rods(3)	55,893	54,006	44,961
Silvassa	Copper cathode(3)	179,997	162,710	156,429
	Copper rods(3)	140,989	133,886	116,460
Total	**Copper anode**	**333,924**	**304,964**	**327,703**
	Copper cathode	**334,174**	**303,991**	**325,877**
	Copper rods	**196,882**	**187,892**	**161,421**
	Sulphuric acid	**1,036,353**	**968,760**	**1,026,471**
	Phosphoric acid	**205,844**	**154,232**	**153,243**

Notes:

(1) Copper anode is an intermediate product produced by copper smelters and is not sold to customers. It is used for the production of copper cathode by copper refineries. Approximately one ton of copper anode is required for the production of one ton of copper cathode.

(2) Sulphuric acid is used as a starting material for phosphoric acid. Approximately 2.8 tons of sulphuric acid are required for the production of one ton of phosphoric acid.

(3) Copper cathode is used as a starting material for copper rods. Approximately one ton of copper cathode is required for the production of one ton of copper rods.

The following table sets out CMT s copper extraction from the Mt. Lyell mine for the three years ended March 31, 2012:

		For the Year Ended March 31,		
Mine (Type of Mine)	**Product**	**2010**	**2011**	**2012**
		(tons, except for percentages)		
Mt. Lyell (Underground)	Ore mined	1,875,969	1,976,177	2,067,407
	Ore grade	1.3%	1.3%	1.18%
	Copper recovery	91.1%	93.2%	92.68%
	Copper concentrate	84,227	91,357	92,736
	Copper in concentrate	23,777	22,929	22,607

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Principal Raw Materials

Overview

The principal inputs of our copper business are copper concentrate, rock phosphate and power. We have in the past been able to secure an adequate supply of the principal inputs for our copper production.

Copper Concentrate

Copper concentrate is the principal raw material of our copper smelter. In fiscal 2012, we sourced 92.0% of our copper concentrate requirements from third party suppliers, either through long-term contracts or on spot markets. We purchase copper concentrate at the LME price less a TcRc that we negotiate with our suppliers but which is influenced by the prevailing market rate for the TcRc. In fiscal 2012, we sourced only 8.0% of our copper concentrate requirements from our own mines in Australia. We expect the percentage we purchase from third party suppliers to increase in future periods as the reserves of our Mt. Lyell copper mine are expected to be exhausted by fiscal 2015. We expect the percentage we purchase from third party suppliers to also increase in future periods to the extent we seek to increase our copper smelting and refining capacity.

In general, our long-term agreements run for a period of three to five years, and are renewable at the end of the period. The quantity of supply for each contract year is fixed at the beginning of the year and terms like TcRc and freight differential are negotiated each year depending upon market conditions. In fiscal 2012, we sourced approximately 75.0% of our copper concentrate requirements through long-term agreements.

We also purchase copper concentrate on a spot basis to fill any gaps in our requirements based on production needs for quantity and quality. These deals are struck on the best possible TcRc during the period and are specific for short-term supply. In fiscal 2011, we sourced approximately 25.0% of our copper concentrate requirements through spot purchases.

Rock Phosphate

Our rock phosphate is currently sourced primarily from Jordan pursuant to contracts renewed on an annual basis, with pricing fixed on a quarterly and half-yearly basis. These contracts provide for minimum supply quantities with an option to increase if required. We utilize other sources in Egypt to procure additional rock phosphate as required.

Power

During fiscal 2012, our Tuticorin plant primarily sourced its power from Sterlite Energy, MALCO, third parties and from state grid. Power was used sparingly from our Tuticorin plant as the cost generated from its captive power plant that uses fuel oil was higher than the cost incurred to purchase power from MALCO and other third parties. Our Silvassa facility relies on the state power grid for its power requirements.

Distribution, Logistics and Transport

Copper concentrate from the Mt. Lyell processing facility is transported by road to a rail head and then transported by rail to the port of Burnie, Tasmania, from which it is shipped to the port of Tuticorin in India. Copper concentrate sourced from both our Mt. Lyell processing facility and from third parties is received at the port of Tuticorin and then transported by road to the Tuticorin facility.

Once processed at the Tuticorin facility, copper anodes are either refined at Tuticorin or transported by road to Silvassa. Copper cathodes, copper rods, sulphuric acid, phosphoric acid and other by-products are shipped for export or transported by road to customers in India.

Sales and Marketing

The 10 largest customers of our copper business accounted for approximately 27.2%, 34.4% and 39.5% of our copper business revenue in fiscals 2010, 2011 and 2012, respectively. One of our customers, Umicore, accounted for 11.8% and 15.4 % of our copper revenue in fiscal 2011 and 2012 respectively.

Our copper sales and marketing head office is located in Mumbai, and we have field sales and marketing offices in most major metropolitan centers in India. We sell our copper rods and cathodes in both the domestic and export markets. In fiscals 2010, 2011 and 2012, exports accounted for approximately 45.7%, 41.3% and 51.3% of the revenue of our copper business, respectively. Our export sales were primarily to China, Japan, the Philippines, Singapore, South Korea, Taiwan, Thailand and various countries in the Middle East. We also sell phosphoric acid and other by-products in both the domestic and export markets.

Domestic sales are normally conducted on the basis of a fixed price for a given month that we determine from time to time on the basis of average LME price for the month, as well as domestic supply and demand conditions. The price for copper we sell in India is normally higher than the price we charge in the export markets due to the tariff structure on costs, smaller order sizes that domestic customers place and the packaging, storing and truck loading expenses that we incur when supplying domestic customers.

Our export sales of copper are made on the basis of both long-term sales agreements and spot sales. The sales prices of our copper exports include the LME price plus a producer s premium. We do not enter into fixed price long-term copper sales agreements with our customers.

Market Share and Competition

We are one of the two custom copper smelters in India and had a 46.5% primary market share in India in fiscal 2012, according to ICPCI.

Copper is a commodity product and we compete primarily on the basis of price and service, with price being the most important consideration when supplies of copper are abundant. Our metal products also compete with other materials, including aluminum and plastics, that can be used in similar applications by end-users. Copper is sold directly to consumers or on terminal markets such as the LME. Prices are established based on the LME price, though as a regional producer we are able to charge a premium to the LME price which reflects the cost of obtaining the metal from an alternative source.

Projects and Developments

We have Rs. 22,900 million ($ 450.0 million) of ongoing expansion projects to increase our total copper capacity to 800,000 tpa with a 160 MW coal based thermal captive power plant. The 400,000 tpa copper smelter expansion project at Tuticorin is being rescheduled while we await the decision of the court and consent from the State Pollution Control Board. We have incurred Rs. 10,990 million ($ 216.0 million) on these projects as of March 31, 2012. The funding for these projects are mainly from the proceeds of the convertible senior notes issued in fiscal 2010.

Our Zinc India Business

Overview

Our Zinc India business is owned and operated by HZL. HZL s fully-integrated zinc operations include four lead-zinc mines, four zinc smelters, two lead smelters, one lead-zinc smelter, six sulphuric acid plants, one silver refinery and five captive power plants at our Chanderiya, Dariba and Zawar facilities in the State of Rajasthan in Northwest India, one zinc smelter and one sulphuric acid plant in the State of Andhra Pradesh in Southeast India and one zinc ingot melting and casting plant at Haridwar and one silver refinery, one zinc ingot melting and casting plant and one lead ingot melting and casting plant at Pantnagar in the State of Uttrakhand in North India. HZL s mines supply all of its concentrate requirements and allow HZL to also export surplus zinc and lead concentrates.

We first acquired an interest in HZL in April 2002 and since then have significantly improved its operating performance through expansion and by improving operational efficiencies and reducing unit costs. HZL improved its operating performance further by:

- benefiting from low-cost production available from its two hydrometallurgical zinc smelters with capacity of 210,000 tpa each at Chanderiya commissioned in May 2005 and December 2007, and expanded in April 2008 together with associated captive power plants at Chanderiya;

- benefiting from low-cost production available from one of its hydrometallurgical zinc smelters with capacity of 210,000 tpa at Rajpura Dariba smelting complex, which was commissioned in March 2010;

- increasing the total zinc smelting production capacity;

- commissioning a lead smelter of 100,000 tpa in July 2011;

commissioning a new silver refinery at Pantnagar of 350 tps in Pantnagar;

increasing the percentage of concentrates being sourced from its Rampura Agucha mine as compared to its other mines to lower its cost of obtaining zinc concentrate;

commissioning a concentrator at Sindhesar Khurd mine of 1.5 mptps in 2011;

continuing its initiatives to improve operational efficiencies at its existing operations;

reducing power costs;

- reducing the size of its workforce including through a voluntary retirement plan; and

- increasing productivity and upgrading existing technology.

HZL has signed a mining lease for the Kayar mine in the State of Rajasthan which expires on February 27, 2018. In January 2009, HZL obtained environmental clearance for an annual production of 350,000 tons. The Kayar mine is currently in the post-exploration but pre-development stage. HZL is in the process of obtaining surface land rights over the mine area. Mine development activities at the Kayar mine have started and are progressing as scheduled.

HZL pays royalties to the State Government of Rajasthan based on its extraction of lead-zinc ore. With effect from August 13, 2009, the royalty rate increased from 6.6% to 8.4% of the LME zinc metal price payable on the zinc metal contained in the concentrate produced and from 5.0% to 12.7% of the LME lead metal price payable on the lead metal contained in the concentrate produced. The royalties we pay are subject to change. See Risk Factors Risks Relating to Our Industry Changes in tariffs, royalties, customs duties and government assistance may reduce our Indian market domestic premium, which would adversely affect our profitability and results of operation .

We have a 64.9% ownership interest in HZL, with the remainder owned by the Government of India (29.5%) and institutional and public shareholders (5.6%).

We have exercised the second call option by a letter dated July 21, 2009 to acquire the Government of India s remaining ownership interest in HZL although the exercise is currently subject to dispute. The Government of India has stated that the clauses of the shareholders agreement relating to our option violated the provisions of Section 111A of the Indian Companies Act by restricting the right of the Government of India to transfer its shares and that as a result, the shareholders agreement was null and void. As such, the Government of India has refused to act upon the second call option. Consequently, we commenced arbitral proceedings under the terms of the shareholders agreement and have appointed its arbitrator. Under the terms of the shareholders agreement, the Government of India is required to nominate an arbitrator, but the Government of India has not made such a nomination. As a result, we have filed an arbitration application pursuant to section 11(6) of the Arbitration and Conciliation Act 1996 in the High Court of Delhi petitioning the court to constitute an arbitral tribunal. The arbitration application was heard on May 18, 2010, and the Government of India informed that they had appointed Justice V N Khare as their arbitrator. By an order dated May 18, 2010, the court directed the parties to appoint mediators for mediation of the dispute. The mediation was unsuccessful. Consequently an arbitral tribunal was constituted. The tribunal has directed us to submit our claim statement and response and fixed the next date of hearing on August, 11, 2012. By the order of the High Court of Madras dated March 29, 2012, SOVL was merged into SIIL. See Options to Increase Interests in HZL and BALCO HZL Call Options .

Principal Products

Zinc

We produce and sell zinc ingots in all three international standard grades: Special High Grade (SHG 99.994%), High Grade (HG 99.95%) and Prime Western (PW 98.0%). We sell most of our zinc ingots to Indian steel producers for galvanizing steel to improve its durability. Some of our zinc is also sold to alloy, dry cell battery, die casting and chemical manufacturers.

Lead

We produce and sell lead ingots of 99.99% purity primarily to battery manufacturers and to a small extent to chemical manufacturers.

By Products

Sulphuric Acid

Sulphuric acid is a by-product of our zinc and lead smelting operations. We sell sulphuric acid to fertilizer manufacturers and other industries.

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Silver

Silver is a by-product of our lead smelting operations. We produce and sell silver ingots primarily to industrial users and traders of silver.

Our Production Process

Our zinc business has a number of elements which are summarized in the following diagram and explained in greater detail below:

Lead-Zinc Mines

HZL sources all of the lead-zinc ore required for its business from its Rampura Agucha open-pit mine and the Zawar and Rajpura Dariba (including Sindesar Khurd) underground mines in Northwest India. Lead-zinc ore extracted from the mines is conveyed to on-site concentrators and beneficiation plants that process the ore into zinc and lead concentrates. With its low strip ratio and good ore mineralogy providing a high metal recovery ratio, the Rampura Agucha mine accounted for 88.0% of HZL s total mined metal in zinc and lead concentrate produced in fiscal 2012, with the Zawar, Rajpura Dariba and Sindhesar Khurd mines accounting for the remaining 1.3%, 3.8% and 6.9%, respectively. The zinc and lead concentrates are then transported by road to the nearby Chanderiya, Dariba and Debari smelters and by rail and road to the Vizag smelter in Southeast India. HZL has also sold surplus lead concentrates from its mines to third party smelters.

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Our current Indian Bureau of Mines, or IBM, approvals for the Rampura Agucha mine, the Zawar mine, Sindhesar Khurd mine and the Rajpura Dariba mine limit our extraction of lead-zinc ore from the mines to approximately 6.15 million tpa, 1.2 million tpa, 2.0 million tpa and 0.9 million tpa, respectively, in fiscal 2012.

Zinc Smelters

HZL has two types of zinc smelters, hydrometallurgical and pyrometallurgical. Five of HZL s smelters are hydrometallurgical and one of HZL s smelters is pyrometallurgical.

The hydrometallurgical smelting process is a roast, leach and electrowin, or RLE, process. Zinc concentrate is first oxidized in the roaster and the gases generated are cleaned and sent to the sulphuric acid plant. The primary output from the roaster, called calcine, is sent to the leaching plant to produce a zinc sulphate solution that is then passed through a cold or hot purification process to produce purified zinc sulphate solution. The purified zinc solution then goes through an electrolysis process to produce zinc cathodes. Finally, the zinc cathodes are melted and cast into zinc ingots.

The pyrometallurgical smelter uses the imperial smelting process or ISP , which process starts with sintering, where a mixture consisting of lead and zinc concentrates and fluxes is passed through the sinter machine to remove the sulphur. The gases generated from the sintering process are sent to the sulphuric acid plant. The de-sulphurized output of the sinter machine is broken for size reduction before being fed into an imperial smelting furnace, or ISF, where it is smelted with preheated metcoke and air. During the smelting process, molten lead trickles down to the bottom of the ISF and zinc rises up as vapor. The vapor is passed into a condenser where it is then absorbed back into the molten lead. The molten lead is cooled to separate out the zinc, which is then passed through a process of double distillation and condensation through which any remaining lead is removed to produce pure zinc metal which is cast into ingots. The lead removed through this process is sent to the pyrometallurgical lead smelter.

Lead Smelters

HZL has three lead smelters, one of which uses the pyrometallurgical ISF process and is part of the pyrometallurgical zinc smelter described above, the second of which uses Ausmelt technology and the third smelter at Dariba lead uses SKS (Shuikoushan Smelting Technology) oxygen bottom blowing technology.

The pyrometallurgical process involves the smelting of lead and zinc together as described under - Zinc Smelters. Lead removed from the pyrometallurgical process is sent for further refining where it passes through a series of processes to remove impurities. In this process, silver is also produced as a by-product. The refined lead is cast into lead ingots.

HZL s Ausmelt lead plant is based on Top Submerged Lance technology where lead concentrate is smelted directly in a vertical furnace along with flux. Lead bullion produced in this process is then treated in the lead refinery plant to produce high purity lead ingots. Off-gas containing sulphur dioxide gas is then cleaned and treated in the sulphuric acid plant.

HZL s third lead smelter commissioned in the fiscal year 2012 is based on SKS oxygen bottom blowing technology where lead concentrate is smelted directly in the SKS furnace along with fluxes, SKS furnace produces lead bullion and slag. The slag is again reduced in blast furnace and produces lead bullion and slags. Lead bullion produced in these processes is then treated in the lead refinery plant to produce high purity electrolytic grad lead ingots. In this process, silver is also produced as a by-product in the form of silver concentrate. Slag from blast furnace is fumed to produced zinc oxide dust. Off-gas containing sulphur dioxide gas is cleaned and treated in the sulphuric acid plant.

Delivery to Customers

The zinc, lead and silver ingots and the sulphuric acid by-product are transported by road to customers in India. Zinc ingots are also shipped for export.

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Principal Facilities

Overview

The following map shows the locations of HZL s lead-zinc mines and production facilities and the reserves or productioncapacities, as applicable, as of March 31, 2012:

The following map shows the locations of HZL s facilities in the State of Rajasthan:

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The following map shows details of the locations of HZL s facilities in the State of Rajasthan:

The following map shows the location of HZL s facility at Vizag in the State of Andhra Pradesh:

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Mines

Rampura Agucha

The Rampura Agucha zinc mine is located in Gulabpura, District Bhilwara in the State of Rajasthan, Northwestern India. It can be accessed by paved road from the major centers of Udaipur, approximately 225 kilometers to the south, and Jaipur, the capital of the State of Rajasthan, which lies approximately 235 kilometers to the north. The nearest railway to the mine lies approximately nine kilometers to the west. This railway provides access to Jaipur in the north and Chittorgarh in the south where the Chanderiya lead-zinc smelting facility is located.

The Rampura Agucha open-pit mine was commissioned in 1991 by HZL and operated as a state owned enterprise until 2002 when HZL was acquired by us. The low strip ratio and good ore minerology of the mine provide a high metal recovery ratio and a low overall cost of production for zinc concentrate extracted from the mine. The mining and processing facilities are modern and in good condition.

The Rampura Agucha deposit is the largest lead-zinc mine in the world in terms of contained zinc deposits on a production basis in 2011, according to Brook Hunt. It is a sediment-hosted zinc deposit which lies within gneisses and schists of the Precambrian Mangalwar Complex. The main ore body is 1.5 kilometers long and has a width ranging from five meters to 120 meters with an average of approximately 58 meters. The southern boundary of the ore body is sharp and steeply dipping while the northern margin is characterized by thinner mineralized zone. Grades remain relatively consistent with depth. The ore body consists of sphalerite and galena, with localized concentrations of pyrite, arsenopyrite, pyrrhotite and tetrahedrite-tennantite.

The ore body is mined by open-pit methods. The capacity of the mine and concentrator was expanded between 2003 and 2010 from 2.4 million tpa to 6.15 million tpa for mine and 6.5 million tpa for mill at a cost of Rs.11,300 million ($ 222.0 million) through the purchase of additional mining equipment, upgrades to the truck fleet, improvements to the operational efficiency of the plant and the installation of a new semi-autogenous, or SAG, mill and ball mill circuit.

Mining at Rampura Agucha is a simple drill and blast, load and haul sequence using 221 metric tons trucks and 34 -cubic meter excavators. Ore is fed to the primary crusher and waste is dumped at the waste dump. The mining equipment are owned owner-operated. The processing facility is a conventional crushing, milling and differential lead-zinc floatation plant. Ore from the open-pit is crushed in a series of three crushing circuits and then milled in four streams, one rod mill-ball and three other sag mill-balls in closed circuit. The milled ore is then sent to the lead flotation circuit which includes roughing, scavenging and three stages of cleaning. The lead concentrates are thickened and filtered ahead of storage and transport to the Chanderiya and Dariba lead smelter. The lead flotation tails proceed to zinc flotation which comprises roughing, scavenging and four stages of cleaning. Zinc concentrates are thickened and filtered ahead of storage and transported to all three of the HZL zinc smelters. Zinc flotation tails are thickened ahead of disposal to the tailings dam.

Exploration at Rampura Agucha since 2004 has resulted in significant increases in the reserves at the mine. Following an extensive drilling program of 186 holes, approximately 97,531 meters to convert mineralized material to reserves, better definition of the boundaries of the ore body, addition of mineralized material and the conduct of open-pit re-optimization, as well as the commencement of potential underground mine project work, the reserve was increased by 29.6 million tons to 69.3 million tons as of March 31, 2012 with an average grade of 13.7% zinc and 1.9% lead and 61 ppm silver after depletion. The drill spacing for the definition of proven reserves was approximately 50 meters by 50 meters while for probable reserves was 100 meters by 100 meters in the open-pit. HZL commenced production at the mine in 1991. Since inception, approximately 53.1 million tons of ore, with an ore grade of 12.8% zinc and 1.9% lead, respectively, have been extracted from the open-pit mine. Mineralized material now extend up to 1,190 meters below surface. HZL also believes that additional mineralization exists in an extension in the depth and breadth of the established mineralized material boundary and exploration drillings and is continuing to evaluate the potential of this deeper mineralization. HZL estimates the remaining mine life at Rampura Agucha to be over 18 years based on reserves as of March 31, 2012 and current and anticipated production.

In fiscal 2012, 5.95 million tons of ore at 11.98% zinc and 177% lead were mined from Rampura Agucha, which produced 1.26 million tons of zinc concentrate at 51.49% zinc and 101,629 tons of lead concentrate at 58.94% lead. Approximately 66,817,066 tons of waste were removed giving a strip ratio of 11.24 tons of waste per ton of ore mined. Approximately 90.6% of the zinc was recovered to the zinc concentrate, while 56.64% of the lead and 66.15% of the silver was recovered from the metal contained in the ore mined. The strip ratio is expected to increase to about 16.07 tons in fiscal 2013, considering the anticipated overburden removal of about 89.45 million tons and ore production of 5.57 million tons from the open-pit. Rampura Agucha mine has initiated a number of steps to optimize the strip ratio. We expect to produce 0.35 million tons of developmental ore from the underground mine in fiscal 2013.

The 12-square kilometers mining lease was granted by the State Government of Rajasthan and is valid till March 2020 subject to further renewal. Mining leases are governed in accordance with the Mineral Concession Rules, 1960 and the Mineral Conservation and Development

Rules, 1988. We have also obtained consents under various environmental laws to operate the mine. HZL commenced production at the mine in 1991. Since then, approximately 53.15 million tons of ore, with an ore grade of 12.8% zinc and 1.9% lead, respectively, have been extracted from the open-pit mine.

Power is supplied from two 234 MW and 80 MW captive power plants at Chanderiya, Dariba and Zawar with two backup 5 MW generators on-site. Water to the site is pumped 57 kilometers from radial wells in the Banas River. A water extraction permit has been granted, which provides sufficient water for a production rate of approximately 6.5 million tpa.

The gross book value of the Rampura Agucha mine s fixed assets and mining equipment was approximately Rs. 19,270 million ($ 378.6 million) as of March 31, 2012.

In fiscal 2012, no zinc concentrate was sold to third parties from the Rampura Agucha mine. In fiscal 2012, 5,088 dry metric tons lead concentrate at a grade of 57.4% was sold to third parties from the Rampura Agucha mine. The revenue realized from lead concentrate sales was Rs. 609.8 million ($ 11.98 million).

Rajpura Dariba and Sindesar Khurd

Rajpura Dariba is a medium sized underground lead-zinc mine and processing facility located approximately 75 kilometers by paved road northeast of Udaipur in the Rajsamand district of Rajasthan, Northwestern India. Roads to Chittorgarh and Udaipur are used to transport concentrates to the HZL smelters at Chanderiya and Debari. The railway is used to transport concentrate to the HZL smelter at Vizag on the east coast of India.

The ore at Rajpura Dariba occurs in the north, south and east lenses which are typically 15 meters to 50 meters thick, are conformable with the stratigraphy and dip approximately 65 degrees to the east. The lenses have strike lengths of 500 to 900 meters. They lie within a synclinal structure with a north-south axis, which is overturned to the west with steep easterly dips. The lead and zinc mineralization is hosted within silicified dolomites and graphite mica schists. The main ore minerals are galena and sphalerite, with minor amounts of pyrite, pyrrhotite and silver bearing tetrahedrite-tennantite. The proven and probable reserves for the Rajpura Dariba mine as of March 31, 2012 are 8.8 million tons at 6.3% zinc, 1.7% lead and 68 particles per million silver after depletion.

Mining at Rajpura Dariba commenced in 1983 and is carried out using the vertical crater retreat method and blasting hole mining method with mined out stopes backfilled with cemented classified mill tailings. In certain areas the ground conditions adversely affect slope stability and dilution. These ground conditions are the result of the weak graphitic nature of the shear zone combined with the dissolution of fractured and sheared dolomites by percolating acidic groundwater derived for overlying adjacent oxidized zones. HZL s Rajpura Dariba s mine permit is valid until May 2010. HZL has already submitted an application for renewal on December 18, 2008 of the Rajpura Dariba mine permit, which is under process. The mine is currently being operated on the basis of deemed approval.

The mine is serviced by two vertical shafts approximately 600 meters deep. The main shaft is six meters in diameter and the auxiliary shaft is 4.5 meters in diameter. The main shaft has the capacity to hoist 1.0 million tpa of ore and is equipped with a modern multi-rope Koepe winder. All personnel and materials are hoisted in a large counterbalanced cage which is operated by the koepe winder. The surface infrastructure includes ventilation fans, compressors and ore loading facilities.

The ore is crushed underground before being hoisted to the surface. It is then crushed again and milled before undergoing a lead flotation process incorporating roughing, scavenging and three stages of cleaning. A facility exists at the mine to direct lead rougher concentrate to multi-gravity separators in order to reduce the graphite levels in the final concentrate as required. The final lead concentrate is thickened and filtered and subsequently stored and sent to HZL s Chanderiya and Dariba lead smelters.

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Lead flotation tails are sent to the zinc flotation process, which comprises roughing, scavenging and three stages of cleaning. The facility is able to direct zinc rougher concentrate to column flotation cells to reduce silica levels in the final concentrate if required. Zinc concentrates are thickened, filtered and stored prior to dispatch to HZL smelters. Zinc flotation tails proceed to a backfill plant where they are cycloned with the underflow proceeding to intermediate storage where cement is added in preparation for use as underground fill. The cyclone overflow is thickened to recover water ahead of disposal in the tailings dam.

Power for the mine is supplied largely from HZL s captive power plants at Chanderiya and through a contract with Ajmer Vidyut Vitran Nigam Limited. Water is sourced via a 22-kilometer long pipeline from the Matri Kundia Dam on the seasonal Banas River as well as from underground. Water supply has been erratic in the past requiring supplemental supplies to be delivered by truck.

The gross book value of the Rajpura Dariba mine s fixed assets and mining equipment is approximately Rs. 2,384 million ($ 46.8 million) as of March 31, 2012 and at Sindesar Khurd mine the gross book value is approximately Rs. 6,023 million ($ 118.3 million) as of March 31, 2012.

HZL estimates the remaining reserve life of the mine at Rajpura Dariba including Sindesar Khurd, based on reserves as of March 31, 2012 at current and anticipated production to be over 11 years. An exploration program is also underway to identify new mineralized material with the potential to be upgraded to reserves, and has been and continues to be focused on maintaining the reserve position after annual mining depletion. The drill spacing for proved reserves was some 30 meters while for probable reserves was less than 60 meters.

The average grade for each individual stope was defined using standard parameters for internal waste and dilution and a geological cut-off grade of 3.0% combined lead and zinc, though the mineralization generally has a sharp natural contact. The in-situ quantities and qualities were adjusted by applying a mining loss factor of 10.0%, a dilution factor of between 12.0% and 20.0% depending on ground conditions. These parameters are based on a reconciliation of historical production. Stopes with average grades below this economic cut-off grade were excluded from the reserve estimate. The final reserve estimate is the sum of the stopes with an average grade above the economic cut-off limit. As the stopes are all accessed using the existing infrastructure and as there is sufficient capacity on the tailings dam, the capital expenditure was limited to the replacement of mining equipment and was therefore considered not to have a material impact on the cut-off grade.

The latest addition to the Rajpura Dariba mining operation is the Sindesar Khurd underground mine deposit that was explored during the years of 1992 to 1995. Mine production began at the Sindesar Khurd mine in April 2006 and HZL s mining permit is valid until 2029.

The Sindesar Khurd mine is a large scale underground mine. The Sindesar Khurd mine lies 7 kilometer North North East of and is on the same geological belt as the Rajpura Dariba mine. The mine is approachable from Rajpura Dariba mines by a metalled road. The mine was originally commissioned as a small scale operation but following successful exploration campaigns with subsequent extensions to the mineral resource, Sindesar Khurd mine has an expansion plan to expand from current production levels of 0.65 million tons per annum to 2.0 million tons per annum by fiscal 2013. The HZL s mining lease permit for the Sindesar Khurd mine is valid till March 19, 2029.

The Sindesar Khurd deposit consists of one, up to 50 meters thick, lens with a fairly complex shape and internal grade distribution due to intercalation of richer dolomite-hosted ore and low-grade mineralization in mica schists. In addition, there are discrete narrow minor lenses distributed parallel to main lens all around at various locations and varied depth typically classified as auxiliary lenses. The principal ore forming minerals are sphalerite and galena and the rock forming minerals are calcite, dolomite, quartz, mica, garnet and tremolite. The mineralization is strata-bound (in metamorphous dolomite) and is structurally controlled (possibly concentrated limb shears of secondary faults).The mineralization has been described as of sedimentary exhalative deposit or SEDEX origin.

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The mineralization has been traced over almost 2.5 kilometers along strike and 1.1 kilometer vertical extension. In the mine area, dip is steep westerly, while the dip turns into easterly direction in the lower-southern part of the deposit. The current mine block extends over 700 meters along strike and up to 225 meters depth extension.

The deposit has been drilled to a depth of approximately 1100 meters below surface and the ore body is traced over approximately two kilometers along the strike with an 1100 meters vertical extension. While the deposit is still open in depth in the southern extension of the present mine block, the area below the mine block and towards the north extension only has narrow and low to moderate grade mineralization intersected.

Exploration at the south part of Sindesar Khurd has been ongoing since March 2005 with a drilling program aimed at increasing the size of the ore body. A continuous exploration program from underground is also underway with the aim to upgrade the reserve status so that the stopes planned to be mined out shall be extracted with maximum recovery and thereby reducing mining losses. The drill spacing for proven reserves was 12.5-25 meters while for probable reserves was less than 25-50 meters. A total of 250 holes and 14500 meters of drilling from underground has been accomplished till March 31, 2012.

According to JORC reserves and resources statement, the proven and probable reserves for the Sindesar Khurd mine as of March 31, 2012 is 21.62 million tons with 4.53% zinc and 2.67% lead. The in-situ quantities is adjusted by applying a mining loss factor of 10.0% and dilution factor of 20.0%.

Access to the mine is through an incline shaft and declines (North and South) from the surface while ore is hauled up through the declines by low profile dump truck or LPDTs. The ore body is accessed via horizontal drives on six levels. The mine currently utilises Sub Level Open Stoping (SLOS) mining method with stope panels varying from 30 to 50 metres in strike. Personal Carriers are used for transportations of all personnel and materials to underground. Ore hauled from mine is fed to newly commissioned mill at Sindesar Khurd itself. Run of mine (ROM) ore is dumped into a hopper ahead of the primary gyratory crusher which reduces the size of ROM to (-) 150 millimeter size which discharges to hopper located over an apron feeder. Crushed ore is transported from the apron feeder to the coarse ore stockpile by a belt conveyor which is discharged to secondary and tertiary crushers according to grinding size and is collected at FOB. The fine ore from FOB is be extracted by belt feeders and fed to the rod mill by mill feed conveyors. The lead flotation stream comprises of conditioning, roughing, scavenging and 3 stages of cleaning. The concentrate from the first cleaner is pumped to the second stage flotation cells and the concentrate from the second stage cleaners is fed to the third cleaner flotation cells. The third stage cleaner concentrate shall be the final lead concentrate. The scavenger tails are the rejects from the lead flotation circuit and form feed to zinc flotation circuit which again comprises of conditioning, roughing, scavenging and 3 stages of cleaning.

Lead and zinc concentrates are sent to their respective high rate thickeners installed each for lead concentrate and zinc concentrate generated from 2.0 million ton per annum plant. Tailing dewatering and disposal section comprises of hydro cyclone, tailing thickener, neutralization tank, pumping of tailing to tailing pond and reclaimed water pumping. Lead and zinc concentrates are thickened, filtered and stored prior to dispatch to HZL smelters.

Power for the mill and mine is supplied from HZL s captive power plant recently commissioned at Dariba itself. Water is sourced via a 66 kilometer long pipeline from the Matri Kundia Dam in Chittorgarh and Manasi Wakal dam in Udaipur.

In fiscal 2012, 587,600 tons of ore at a grade of 5.4% zinc and 1.3% lead ore was mined at Rajpura Dariba mine which produced 41,512 tons of zinc concentrate at 48.8% zinc, 9,425 tons of lead concentrate at 40.9% lead and 2,295 grams per ton of silver, and 20,003 tons of bulk concentrate at 37.8% zinc and 8.5% lead with 83.3% of the zinc being recovered in the zinc concentrate and 70.8% of the lead and 77.3% of the silver.

In fiscal 2012, 1,303,050 tons of ore at a grade of 4.4% zinc and 2.2% lead ore was mined at the Sindesar Khurd mine which produced 100,683 tons of zinc concentrate at 50.8% zinc, 49,455 tons of lead concentrate at 50.8% lead and 2,038 grams per ton of silver with 84.0% of the zinc being recovered in the zinc concentrate and 83.0% of the lead and 81.8% of the silver.

In fiscal 2012, no zinc concentrate was sold to third parties from the Rajpura Dariba and Sindesar Khurd mines. In fiscal 2012, 4,998 dry metric tons of lead concentrate at a grade of 50.0% was sold to third parties from the Sindesar Khurd mine. The revenue realized from lead concentrate sales was Rs. 1,625.6 million ($ 31.9 million).

Zawar

Zawar consists of four separate mines, Mochia, Balaria, Zawarmala and Baroi. The deposit is located approximately 45 kilometers south of the Udaipur city, in Udaipur district of Rajasthan, in Northwest India. It is well accessed by paved road from Udaipur (in the North) and Ahmedabad (in the South), the capital of the State of Gujarat. The deposits lie within a 36.2 square kilometers mining lease granted by the State Government of Rajasthan, India, which was due for renewal in March 2010. An application to the Government of Rajasthan was submitted on November 25, 2008 for the renewal of the mining lease. Presently, the matter is pending in the Supreme Court for renewal of the mining lease. The mine plan for enhanced quantity (1.5 million tons) was approved by the IBM on August 21 2009. The environmental clearance from the Ministry of Environment and Forest, or MoEF, for the renewal of the lease and capacity enhancement (of 1.5 million tons) was obtained on October 30, 2009. The forest clearance is pending approval by MoEF. Due to lack of the forest clearance, mining activities at the Mochia, Zawarmala and Baroi mines were stopped after March 29, 2010. The consents to operate under the Air and Water Acts, was granted by the Rajasthan State Pollution Control Board for Zawar on March 23, 2010 for a period of three years with its validity expiring on February 28, 2013 in respect of the lead zinc ore mining.

The four deposits at Zawar are hosted by low grade metamorphosed sediments consisting of greywackes, phyllites, dolomites and quartzites that unconformably overlay the Pre-Cambrian basement. The lead-zinc-pyrite mineralization is strata bound and occurs as vein-stringers reflecting the high level of fractures within the more competent dolomites. There are multiple ore bodies that are complex in some areas as the lenses split and enclose waste rock. The ore bodies are steeply dipping. Zawar uses the sub-level open stoping mining method and its variants for the majority of its production.

Ore processing is carried out in a conventional comminution and flotation plant having facility for differential as well as bulk flotation of zinc & lead metals. The ore is crushed primarily underground and then hoisted to the surface. Thereafter, the ore is crushed to 15mm in size before being milled to 74 microns. In the differential flotation process, milled ore is conveyed separately to two lead flotation circuits and undergoes a process incorporating roughing, scavenging and cleaning. Final lead concentrate is thickened and filtered and then stored before dispatch to the Chanderiya lead smelter. Lead flotation tails proceed to two zinc flotation circuits comprising roughing, scavenging and cleaning. Zinc concentrate is thickened and filtered, then stored and dispatched to the Debari and Chanderiya smelters. Zinc flotation tails are disposed in slurry form in designated tailings disposal area.

In the bulk flotation process milled ore is conveyed to the flotation circuit and undergoes a process incorporating roughing, scavenging and cleaning. Final bulk concentrate is thickened and filtered, and then stored before dispatch to the Chanderiya lead zinc smelter. Bulk flotation tails are disposed in slurry form in designated tailings disposal area.

In fiscal 2012, approximately 204,150 tons of ore at 3.8% zinc and 0.5% lead was mined which produced 22,007 tons of bulk concentrate at 45.7% zinc and 5.8% lead. The recovery of zinc and lead during fiscal 2012 was 90.8% and 83.4%, respectively.

Power is supplied through a combination of an 80 MW thermal coal-based captive power plant commissioned in December 2008 and a 6 MW captive power plant. Power from the 80 MW thermal coal-based captive power plant is supplied to our Debari hydrometallurgical zinc smelter and also the excess power is sold to third parties.

Water consumption is controlled by an active water conservation program with supplemental water supplies sourced from a dedicated 300 million cubic foot dam. The process plant is in a reasonable structural, electrical and mechanical condition and a planned maintenance program is in place.

The gross book value of the Zawar fixed assets and mining equipment was approximately Rs. 1,653 million ($ 32.5 million) as of March 31, 2012 and of the 80 MW coal-based thermal captive power plant at Zawar was Rs. 3,138 million ($ 61.7 million).

Based on reserves as of March 31, 2012 and annual production levels, HZL estimates the remaining life of the Zawar operation to be approximately five years from April 1, 2012. The focus of mine exploration at Zawar is to replenish the reserves through exploration activity that are being depleted and to look for new mineralized area to enhance production capacity. A surface drilling program is underway to locate mineralized material below -100 MRL up to -500 MRL. Underground exploratory drilling is carried out on a grid of between 25 meters and 30 meters which is then infilled to 12 meters and 15 meters after completing the development for final delineation of ore bodies. Past exploration has outlined additional in-mine mineralized material which require further delineation to add to reserves and further extend the mine life.

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In fiscal 2012, zinc, lead or bulk concentrates were not sold to third parties from the Zawar mine.

Kayar Mine

The Kayar lead-zinc mine is located on the eastern fringe of Kayar village. The deposit lies between, longitudes E740 41 to E740 42 and latitudes N260 31 30 to N260 32 30 and is covered by Survey of India top sheet no 45J/10. The Kayar village is 9 kilometers North North East of Ajmer city and is connected by tar road. Jaipur, the state capital and nearest airport is 127 kilometers north east of the deposit. Udaipur is 280 kilometers to the south on National Highway No. 8. Although the nearest railway station is Madar at 6 kilometers to the south of Kayar, the main railway station at Ajmer on the broad gauge section of Western Railway is 9 kilometers South South East of Kayar.

The Kayar lead-zinc deposit was initially prospected by Airborne Mineral Survey and Exploration wing of Geological Survey of India and drilling commenced from August 1988 and was completed in December 1991. Mineral Exploration Corporation Limited took up the project work on promotional basis, started the exploration and a total of 9,585 meters of drilling was achieved in 42 completed bore holes during 1994-1997. The detailed exploration of Kayar deposit was commenced by HZL in the month of June 1999 and continued till date. The major rock type in the area is quartz-mica schist. There are three lenses of the ore, the main lens, K1A lens and S1 lens. The main lens ranges in average width from 5 meters to about 40 meters and a maximum strike of 900 meters. K1A lens has strike of 250 meters and the average width of 4 meters. S1 lens has strike of 170 meters. According to the reserves and resources report, the proven and probable reserves for Kayar mine as of March 31, 2012 was 1.8 million tons at 12.6 % zinc and 1.8% lead with a total of 11.3 million tons of reserves. The preconcentration studies employing heavy media separation yielded 97% recovery of lead and 96.1% recovery of zinc.

The ground breaking of the mine started on June 11, 2011. A decline is being developed to access the ore body. The mine is designed to produce 1 metric ton per annum capacity and is scheduled to achieve the targeted production by 2014-2015. The mining method to be practised in Kayar will be Single Sublevel stoping (Bench Stoping) in the steeper portion of the deposit while transverse stoping method at flat portion along with rock filling / cemented rock filling. About 25 kilometers of development is planned in 5 years . The mining is highly mechanized with 10 T and 17 T diesel load haul dump vehicles or LHDT coupled with 30 T / 50 T LPDTs. 50 T Electric LPDTs will be deployed as an environmental measure. The run of mine will be stacked in the surface and transported via truck/rail to the Rampura Agucha mine for beneficiation.

A 480.45 hectare mining lease was granted to Kayar mine by the State of Rajasthan and is valid until 2018, subject to further renewal. Mining leases are governed in accordance with the provisions of the lease agreement, the various mining laws and concession rules promulgated by the state and central government. We have also obtained consent from the Indian Bureau of Mines and the MoEF to produce 1000 metric tons per day at Kayar mine and have submitted a further application to increase the Kayar mine s capacity by 1 million tons per annum. We have also obtained consents under various environmental laws to operate the mine, including from the State Pollution Control Board.

A 33 KV power line was commissioned on February 2, 2012 to meet the constructional power requirements of the mine. The power during full capacity is proposed to be supplied from our captive power plants.

Summary of Mine Reserves

The following table sets out HZL s proven and probable zinc and lead reserves as of March 31, 2012:

	Proven Reserves				Probable Reserves				Total Proven and Probable Reserves				SIIL Ownership	Reserve Life
Mine	Quantity (million tons)	Zinc Grade (%)	Lead Grade (%)	Silver Grade (g/t Ag)	Quantity (million tons)	Zinc Grade (%)	Lead Grade (%)	Silver Grade (g/t Ag)	Quantity (million tons)	Zinc Grade (%)	Lead Grade (%)	Silver Grade (g/t Ag)	%	
Rampura Agucha	12.73	13.98	1.93	57	56.60	13.69	1.84	62	69.34	13.74	1.85	61		18
Rajpura Dariba	6.67	6.28	1.72	69	2.10	6.22	1.53	65	8.78	6.26	1.67	68		11
Sindesar Khurd	1.57	4.46	2.29	112	20.04	4.54	2.70	165	21.62	4.53	2.67	161		11
Zawar	3.54	4.07	2.05	35	4.24	3.28	2.04	35	7.78	3.64	2.04	35		5
Kayar					1.76	12.61	1.80	30	1.76	12.61	1.80	30		5

Total	**24.51**	**9.84**	**1.94**	**61**	**84.74**	**10.79**	**2.04**	**85**	**109.28**	**10.58**	**2.01**	**79**	**64.9**

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Additional information:

(1) The reserves presented for the HZL mines have been adjusted to incorporate losses for mine dilution and mining recovery according to the JORC code.
(2) The cut off grade used for zinc and lead in (i) Rampura Agucha mine is 2.0%, (ii) Rajpura Dariba is 3.0%, (iii) Sindesar Khurd is 3.0% and (iv) Zawar is 3.0%.
(3) The metallurgical recovery factor for the following HZL mines is as follows:

Mine	Metallurgical Recovery Factor
Rampura Agucha	
Zinc	90.6%
Lead	56.3%
Rajpura Dariba	
Zinc	83.3%
Lead	70.8%
Sindesar Khurd	
Zinc	84.0%
Lead	83.6%
Zawar	
Zinc	90.8%
Lead	83.4%

(4) The historic three year average commodity price for zinc, lead and silver considered for evaluation of reserves is $ 1,997 per ton, $ 2,078 per ton and 11 cents per lb, respectively. The historic currency conversion factors that were used to estimate the reserves was US dollar per Indian Rupee 45.6.
(5) The reserve quantities disclosed are for the entire mine and our share in the reserve quantities is 64.9%.

Smelters

Overview

The following table sets forth the total capacities as of March 31, 2012 at HZL s Chanderiya, Debari, Vizag, Zawar and Dariba facilities:

	Capacity				
Facility	**Zinc (tpa)**	**Lead (tpa)**	**Silver (tpa)**	**Sulphuric Acid (tpa)**	**Captive Power (MW)**
Chanderiya(1)	525,000	85,000	168	828,500	248.8
Debari	88,000			419,000	14.8
Vizag	56,000			91,000	
Zawar					86.0
Dariba	210,000	100,000	350	404,500	160.0
Total	**879,000**	**185,000**	**518**	**1,743,000**	**509.6**

(1) The Haridwar plant melts and casts zinc ingots from zinc cathodes produced in the Chanderiya and Dariba smelter and the Pantnagar plant melts and casts zinc and lead ingots from zinc and lead cathodes produced in the Chanderiya and Dariba and therefore their production capacities do not increase the total production capacity of HZL s facilities.

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Chanderiya

The Chanderiya facility is located approximately 120 kilometers east of Udaipur in the State of Rajasthan in Northwest India. The facility contains four smelters, two associated captive power plants, two sulphuric acid plants, and a silver refinery:

- an ISP pyrometallurgical lead-zinc smelter with a capacity of 105,000 tpa of zinc and 35,000 tpa of lead that was commissioned in 1991;
- two RLE hydrometallurgical zinc smelters with a capacity of 170,000 tpa each that were commissioned in May 2005 and December 2007. Pursuant to the improvement in operational efficiencies which was completed in April 2008, the zinc smelting capacity increased by 40,000 tpa to 210,000 tpa each;
- an Ausmelt lead smelter with a capacity of 50,000 tpa that was commissioned in February 2006;
- associated 154 MW and 80 MW coal-based captive power plants commissioned in May 2005 and April 2008, respectively;
- a 14.8 MW fuel based captive power plant transferred from Debari in March 2009 and which was originally commissioned at Debari in March 2003;
- three sulphuric acid plants with a total capacity of 828,500 tpa of sulphuric acid; and
- a silver refinery with a capacity of 168 tpa silver ingots.

Concentrate requirements for the facility are supplied by HZL s mines. The 154 MW, 80 MW and 14.8 MW captive power plants at Chanderiya provide all of the power for the facility. The captive power plants require approximately 130,000 tons of coal per month, which we procure through tenders and from the domestic market, with contracts made on the basis of one to three shipments of 50,000 to 70,000 tons each and the particulars depending on price and other circumstances. The coal is imported from a number of third party suppliers. In addition, HZL secured in January 2006, as part of a consortium with five other partners, the award of a coal block from the Madanpur Coal Block which is expected to help meet the coal requirements of its captive power plants in the future. HZL s share of the coal block is 31.5 million tons which, according to the Ministry of Coal, are proved reserves with ash content ranging from 28.7% to 47.0% and with gross calorific value ranging from 3,865 kilo calories per kilogram to 5,597 kilo calories per kilogram. On June 16, 2008, the Ministry of Coal approved the consortium s plan for mining the coal block. The coal block is located in the Hasdev Arand coal field of Chhattisgarh which falls under moderate to dense forest. The environmental clearance and approval for the forest diversion was rejected by the MoEF and accordingly, a letter of rejection was issued by the State government on January 23, 2010. We have made our submissions to the MoEF. Thereafter, the Prime Minister s Office constituted a committee of secretaries to review the rejection of the environmental clearance and approval. The Prime Minister s Office also constituted a Group of Ministers to resolve the issue of forest clearance. The matter is now being discussed at the Group of Ministers meetings. HZL will continue to import coal from third-party suppliers or pursue alternative sources.

HZL has also been awarded 2.43 million tons of coal linkage by the Ministry of Coal of the Government of India, which will enable us to source coal from mines of South Eastern Coalfields Limited, or SECL, a subsidiary of Coal India.

Debari

The Debari hydrometallurgical zinc smelter is located approximately 12 kilometers east of Udaipur in the State of Rajasthan. The hydrometallurgical zinc smelter was commissioned in 1968, uses RLE technology and has a capacity of 80,000 tpa which was increased to 88,000 tpa in April 2008 pursuant to improvements made to its operational efficiencies. The Debari facility also includes a 419,000 tpa sulphuric acid plant. A majority of the power requirements of the facility is sourced from the coal-based captive power plant at Chanderiya and the balance is sourced from an on-site liquid fuel-based 14.8 MW captive power plant commissioned in March 2003. The liquid fuel is procured from domestic oil-producing companies through a tender process for a yearly contract.

Vizag

The Vizag hydrometallurgical zinc smelter is located approximately 17 kilometers from the Vizag inner harbor on the Bay of Bengal in the State of Andhra Pradesh in Southeast India. The hydrometallurgical zinc smelter was commissioned in 1977, uses older RLE technology and has a capacity of 56,000 tpa. The Vizag facility also includes a 91,000 tpa sulphuric acid plant. HZL obtains approximately 50.0% of the facility s power requirements from Andhra Pradesh Gas Power Corporation Limited, a gas utility company in which HZL holds an 8.0% equity interest. The remaining power is obtained from the Transmission Company of Andhra Pradesh, a government-owned enterprise. The Vizag zinc smelter, which was more expensive to operate than a smelter that uses the latest technology, was shut down during the last quarter of fiscal 2012.

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Haridwar

The 210,000 tpa zinc ingot melting and casting plant in Haridwar in the State of Uttarakhand was commissioned in July 2008. This plant was established at a cost of Rs. 830 million ($ 16.3 million). This plant melts and casts zinc ingots from zinc cathodes produced in the Chanderiya smelter and therefore its production capacity does not increase the total production capacity of HZL s facilities. The capacity of Haridwar zinc plant is currently 292,000 tpa.

Pantnagar

The Pantnagar plant, which was located in Pantnagar in the state of Uttarakhand, India, includes a 350 tpa silver refinery that was commissioned in December, 2011 and 400,000 tpa zinc ingot and 100,000 tpa lead ingot melting and casting plant that was commissioned in March 2012. This plant was established at a cost of Rs. 3,430 million ($ 67.4 million). The Pantnagar plant melts and casts zinc and lead ingots from zinc and lead cathodes that are produced by our Chanderiya and Dariba smelters. Therefore the Pantnagar plant does not increase the total production capacity of HZL s facilities except insofar as it increases HZL s silver producing capacity to 518 tpa.

Dariba

The Dariba hydrometallurgical zinc smelter is located approximately 75 kilometers northeast of Udaipur in the Rajsamand district of Rajasthan in Northwest India. This hydrometallurgical zinc smelter was commissioned in March 2010 and has a capacity of 210,000 tpa. The Dariba facility also includes a 306,000 tpa sulphuric acid plant. In July 2011, we commissioned a new 100,000 tpa lead smelter in July, 2011 and it also includes a 98,500 tpa sulphuric acid plant. A majority of the power requirements of the facility is sourced from the coal-based captive power plant at Dariba.

Production Volumes

The following table sets out HZL s total production from its Chanderiya, Debari and Vizag facilities for the three years ended March 31, 2011:

Facility	Product	For the Year Ended March 31, 2010	2011	2012
		(tons, except for silver which is in kgs)		
Chanderiya				
ISP™ pyrometallurgical lead-zinc smelter	Zinc	93,480	90,298	90,101
	Lead[2]	21,550	20,562	22,262
First hydrometallurgical zinc smelter	Zinc	175,602	179,276	185,491
Second hydrometallurgical zinc smelter	Zinc	167,827	154,844	188,429
Aus™ lead smelter	Lead	42,769	36,733	39,422
Silver refinery	Silver	138,550	148,082	163,328
Sulphuric acid plants	Sulphuric acid	641,313	600,753	661,641
Dariba				
Hydrometallurgical zinc smelter [2]	Zinc		164,551	198,204
Lead Smelter [3]	Lead			30,415
Silver Refinery [4]	Silver			43,616
Sulphuric acid plant	Sulphuric acid		218,483	266,671
Debari				
Hydrometallurgical zinc smelter [2]	Zinc	87,318	84,839	68,046
Sulphuric acid plant	Sulphuric acid	290,188	306,949	332,489
Vizag				
Hydrometallurgical zinc smelter	Zinc	54,184	38,663	28,445
Sulphuric acid plant	Sulphuric acid	74,945	65,514	49,787
Total	**Zinc**	**578,411**	**712,471**	**758,716**
	Lead[1]	**64,319**	**57,295**	**92,099**
	Silver	**138,550**	**148,082**	**206,944**
	Sulphuric acid	**1,006,446**	**1,192,699**	**1,310,588**

Notes: + Vizag operations are currently suspended.

(1) Excludes lead containing a high content of silver (high silver lead) produced from the pyrometallurgical lead-zinc smelter for captive use, which was 7,308 tons, 5,898 tons and 6,625 tons in fiscals 2010, 2011 and 2012, respectively.
(2) The hydrometallurgical zinc smelter was commissioned in March 2010.
(3) The Dariba lead smelter was commissioned in July 2011
(4) The silver refinery at Pantnagar was commissioned in December 2011.

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The following table sets out HZL s total ore, zinc concentrate, lead concentrate and bulk concentrate production for the three years ended March 31, 2011:

Mine (Type of Mine)	Product	Year Ended March 31, 2010	2011	2012
		(tons, except percentages)		
Rampura Agucha (Open-pit)	Ore mined	5,135,625	6,149,165	5,947,081
	Ore grade Zinc	12.9%	13.1%	12.0%
	Lead	1.8%	2.2%	1.8%
	Recovery Zinc	92.1%	88.4%	90.6%
	Lead	59.3%	54.6%	56.6%
	Zinc concentrate	1,155,849	1,319,245	1,261,570
	Lead concentrate	89,205	117,272	101,629
Rajpura Dariba (Underground)	Ore mined	501,282	496,234	587,600
	Ore grade Zinc	5.3%	5.7%	5.4%
	Lead	1.5%	1.5%	1.3%
	Recovery Zinc	82.3%	82.6%	83.3%
	Lead	76.2	72.2%	70.8%
	Zinc concentrate	36,865	40,246	41,512
	Lead concentrate	7,456	7,937	9,425
	Bulk concentrate(1)	11,338	10,322	20,003
Sindesar Khurd (Underground)	Ore mined	444,715	654,050	1,303,050
	Ore grade Zinc	5.4%	5.4%	4.4%
	Lead	2.3%	2.2%	2.2%
	Recovery Zinc	82.1%	81.9%	84.0%
	Lead	79.2%	78.9%	83.0%
	Zinc concentrate	38,007	53,118	100,683
	Lead concentrate	13,372	18,959	49,455
	Bulk concentrate(1)	4,197	3,943	
Zawar (Underground)	Ore mined	1,020,250	240,550	204,150
	Ore grade Zinc	3.0%	3.7%	3.8%
	Lead	1.9%	0.9%	0.5%
	Recovery Zinc	90.8%	88.0%	90.8%
	Lead	90.8%	70.7%	83.4%
	Zinc concentrate			
	Lead concentrate			
	Bulk concentrate(1)	73,048	55,265	22,007
Total	**Ore mined**	**7,101,872**	**7,539,999**	**8,041,881**
	Zinc concentrate	**1,230,721**	**1,412,609**	**1,403,765**
	Lead concentrate	**110,033**	**144,168**	**160,509**
	Bulk concentrate(1)	**88,583**	**69,530**	**42,010**

Note:

(1) Bulk concentrate is concentrate that contains both zinc and lead.

Principal Raw Materials

The principal inputs of HZL s zinc smelting business are zinc and lead concentrates and power. HZL has in the past been able to secure an adequate supply of the principal inputs for its business.

Zinc and Lead Concentrates

Zinc and lead concentrates are the principal raw material of HZL s smelters. HZL s lead-zinc mines have provided all of its requirements for zinc and lead concentrates in the past. We expect HZL s mines to continue to provide all of its zinc and lead concentrate requirements for the foreseeable future.

Power

Most of HZL s operations are powered by the coal-based captive power plants at Chanderiya, for which HZL imports the necessary thermal coal from a number of third party suppliers. HZL has outsourced the day-to-day operation and maintenance of its captive power plants at Chanderiya, Dariba, Debari and Zawar. HZL has also been awarded 2.43 million tons of coal linkage, by the Ministry of Coal, which will enable us to source coal from mines of SECL.

HZL s remaining operations source their required power from liquid fuel-based captive power plants or from local power companies. The liquid fuel is sourced from third party suppliers on yearly contracts.

Metallurgical Coke

In addition, HZL s pyrometallurgical smelter at Chanderiya requires metallurgical coke that is used in the smelting process. HZL currently sources its metallurgical coke requirements from third parties under long-term contracts and the open market.

Distribution, Logistics and Transport

Zinc and lead concentrates from HZL s lead-zinc mines are transported to the Chanderiya and Debari smelters by road. Zinc concentrate from HZL s mines is also transported by road, or a combination of road and rail, to the Vizag smelter, which is located approximately 1,200 kilometers southeast of the mines. Zinc concentrate may also be shipped for export. Zinc and lead ingots and silver, and sulphuric acid by-products are transported by road to customers in India.

Sales and Marketing

HZL s 10 largest customers accounted for approximately 32.3%, 36.2% and 39.3% of its revenue in fiscal 2010, and 2012, respectively. No customer accounted for greater than 10.0% of HZL s revenue in fiscal 2010, 2011 and 2012.

HZL s marketing office is located in Mumbai, and it has field sales and marketing offices in most major metropolitan centers in India. In fiscal 2012, HZL sold approximately 66.3% of the zinc and lead metal it produces in the Indian market and exports approximately 33.7% of our revenue for our Zinc India segment.

Approximately 97.0% of the zinc metal that HZL produced in fiscal 2012 was sold under annual contracts specifying quantity, grade and price, with the remainder sold on the spot market. In some of the contracts, a premium over the LME price is fixed while in other contracts sales take place at a price equal to HZL s list price less an agreed discount. HZL s list prices are based on the LME prices, the prevailing market premium, tariffs and logistics costs. HZL periodically revises its list prices based on LME price trends. Thus, the price that HZL receives for its zinc is dependent upon, and subject to fluctuations in, the LME price.

Projects and Developments

HZL has expansion projects aggregating to approximately Rs. 5,020 million ($ 98.6 million) to be spent on the expansion of its existing underground mines at Rampura Agucha and Kayar in the State of Rajasthan. Production from these underground mines is expected to begin in fiscal 2013 and will be gradually enhanced through continuous development of the mines. These projects are financed from internal sources.

Market Share and Competition

HZL is the only integrated zinc producer in India and had a market share by sales volume of the Indian zinc market of 82.0% in fiscal 2012, according to ILZDA. The only other zinc producer in India, but not integrated and depends on imports of zinc concentrate, is Binani Zinc Limited, which had a market share of 6.0% of the Indian market in terms of sales volume in fiscal 2011, according to ILZDA. Imports and secondary sources accounted for the remaining 12.0% market share, according to ILZDA.

Zinc is a commodity product and HZL competes primarily on the basis of price, time of delivery and location. Zinc metal also faces competition as a result of substitution of materials, including aluminum, stainless steel and other alloys, plastics and other materials being substituted for galvanized steel and epoxies, paints and other chemicals being used to treat steel in place of galvanization in the construction market.

HZL is the only primary lead producer in India, with competition coming from imports which provide a substantial majority of the lead consumed in India. Lead is a commodity product and HZL competes primarily on the basis of price, time of delivery and location.

Our Zinc International Business

Overview

On May 10, 2010, Sterlite agreed to acquire the zinc business of Anglo American Plc for a total consideration of Rs. 69,083 million ($ 1,513.1 million). The zinc business comprises of:

(1) a 100.0% stake in Skorpion which owns the Skorpion mine and refinery in Namibia;

(2) a 74.0% stake in BMM, which includes the Black Mountain mine and the Gamsberg Project, in South Africa; and

(3) a 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

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On December 3, 2010, we announced the completion of the acquisition of 100.0% stake in Skorpion by SIL, a wholly-owned subsidiary of Sterlite for a consideration of Rs. 32,098 million ($ 706.7 million). On February 4, 2011, we announced the completion of the acquisition of the 74.0% stake in BMM for a consideration of Rs. 11,529 million ($ 250.9 million), net of refund of $ 9.3 million. On February 15, 2011, we announced the completion of the acquisition of 100.0% stake in Lisheen for a consideration of Rs. 25,020 million ($ 546.2 million). The purchase price for the zinc business was paid in US dollars and has been converted into Indian Rupees based on the exchange rate as on the date of each such acquisition. The zinc business of Anglo American Plc acquired by us has been categorised as a separate reportable segment Zinc-International .

Skorpion

Overview

THL Zinc Namibia Holdings Proprietary Limited was incorporated on June 16, 1998 and its headquarters is at the Skorpion Zinc mine site, which is situated 25 kilometers north of Rosh Pinah Namibia. Skorpion s registered office is situated at 24 Orban Street, Klein Windhoek, Namibia. Skorpion s wholly owned subsidiaries are: Skorpion Zinc (Proprietary) Limited, Namzinc (Proprietary) Limited and Skorpion Mining Company (Proprietary) Limited. Skorpion Zinc (Proprietary) Limited is an investment holding company, owning the entire share capital in Namzinc (Proprietary) Limited and Skorpion Mining Company (Proprietary) Limited. Namzinc (Proprietary) Limited operates a zinc refinery, who procures oxide zinc ore from Skorpion Mining Company (Proprietary) Limited, who in turn extracts the ore from an open pit zinc deposit. Skorpion Mining Company (Proprietary) Limited is a member of the Chamber of Mines in Namibia.

The Skorpion mine is located in the Karas region of southern Namibia, comprising an open pit mine with a mine life up to 2016 and an attached electrolytic refinery producing approximately 150,000 tons of SHG zinc ingots annually. Further opportunities to extend the life of the mine are currently being evaluated.

The processing at the Skorpion mine is unique, using solvent-extraction and electrowinning from zinc oxide ore. In this process, mined ore is crushed, homogenised and milled before acid leaching in agitated tanks at the refinery. Clarified liquor is purified by solvent extraction and zinc is electrolytically plated on to aluminum cathodes. Zinc is periodically stripped from these cathodes before being melted and cast as ingots for export.

During the year ended March 31, 2012, 1.68 million tons of ore at 10.4% zinc were mined from the Skorpion mine, which produced approximately 145,000 tons of zinc metal. Approximately 17.1 million tons of waste was removed giving a strip ratio of 10.2 tons of waste per ton of ore mined. Prior to its acquisition by us, Skorpion had a financial year end of December 31.

Principal Products

Skorpion produces SHG zinc ingots and there is a committed off-take agreement for three years commencing January 1, 2010, covering the sale of all zinc ingots produced at the integrated mine and refinery of Skorpion. Skorpion does not produce any material by-products.

Our Production Process

Our Skorpion zinc business has a number of elements which are summarized in the following diagram and explained in greater detail below:

Process overview

In contrast to the majority of zinc deposits worldwide, which contain zinc primarily as the sulphide mineral sphalerite, Skorpion is a primary oxide/silicate/carbonate zinc deposit. The zinc minerals can therefore not be concentrated by flotation. However, the absence of sulphur offers an advantage as no sulphur or sulphuric acid disposal is required. The ore is leached directly in dilute sulphuric acid to produce zinc sulphate. It is not possible to directly electrowin zinc from the sulphate solution due to the high chlorine and fluorine levels and other impurities contained in Skorpion ore, which cause anode and cathode corrosion and cathode stripping problems. Solvent extraction provides a buffer against chlorine and fluorine and effectively prevents any carry-over into the purified electrolyte solution. The use of solvent extraction for zinc simplifies the overall treatment route by comparison with conventional roast-leach-electrowinning (RLE) circuits.

The process is conducted in three loops. The first loop is an aqueous loop, where ore is leached with aqueous raffinate to produce zinc sulphate. The second loop is organic and consists of a 40% mixture of the extractant Di-2-Elhyl-Phosphoric Acid (D_2EHPA) in diluent (kerosene). The organic is contacted with the zinc sulphate solution from the primary aqueous loop to extract zinc as an organic complex. The loaded organic is then contacted with spent electrolyte, which strips zinc, to produce a zinc rich electrolyte loaded electrolyte. The loaded electrolyte is fed to the electrowinning cellhouse to produce SHG zinc cathode sheets, and spent electrolyte. Recirculating the spent electrolyte to the stripping stage of solvent extraction completes the third loop. The electrowinning product, SHG zinc cathode at 99.9% zinc, does not require further refining and the final step consists of melting and casting, to produce zinc ingots or jumbos.

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Melting and Casting

The melting and casting section of the plant is designed to produce 25kg Special High Grade ingots and 1 or 2 ton jumbo ingots.

The zinc cathodes from electrowinning are fed into two induction furnaces, producing molten zinc metal. The molten zinc metal can be pumped to three alternate destinations:

- to an ingot casting machine where 25kg ingots are produced; or
- to two jumbo casting launders where 1 and 2 ton jumbo ingots are produced; or
- to two tilting alloying furnaces which feed the jumbo casting launders.

Due to surface oxidation during the melting and casting process, some zinc-containing dross and skimmings are produced. The metallic portion of the dross and skimmings is returned to the furnace, while the oxide portion is returned to the leach process for zinc recovery.

Main consumables in melting and casting are ammonium chloride flux and liquid petroleum gas (LPG) for pre-heating of casting moulds.

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Principal Facilities

Overview

The following map pointing shows the location of Skorpion mine and production facilities and the reserves or production capacities, as applicable as of March 31, 2012:

The following map shows the location of Skorpion mines in Namibia:

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Mines

Skorpion Mines

The Skorpion Zinc Deposit is located in the southern Namib desert of Namibia, approximately 20 kilometers north-west of the small mining town of Rosh Pinah, 75 kilometers from the Atlantic coastline, and about 40 kilometers from the perennial Orange river, which forms the border with South Africa. The deposit lies just inside the Sperrgebiet or forbidden area, now known as Diamond Area 1. The extracted ore is sent to the refinery for further processing.

Summary of Mine Reserves

The following table sets out the proved and probable zinc and lead reserves as of March 31, 2012:

	Proved Reserve			Probable Reserve			Total Proved and Probable Reserves			SIIL Interest	Reserve life
	Quantity (million tons)	Zinc Grade (%)	Lead Grade (%)	Quantity (million tons)	Zinc Grade (%)	Lead Grade (%)	Quantity (million tons)	Zinc Grade (%)	Lead Grade (%)	%	(Years)
Skorpion	6.2	9.81		0.3	7.1		6.5	9.7			
Total	6.2	9.81		0.3	7.1		6.5	9.7		100	4

Additional information:

(1) The reserve estimates presented incorporate losses for mine dilution and mining recovery according to the JORC code.
(2) The cut-off grade used with our reserve estimate is 4.0%.
(3) The metallurgical recovery factor for Skorpion mine is 89.6%.
(4) The historic three year average commodity price was $ 2,200 per ton and currency conversion factor that were used to estimate our reserves was US dollar per Namibian dollar 7.73.
(5) The reserve quantities disclosed are for the entire mine.

Skorpion Facility

The following table sets out the total capacity of the facility at Skorpion as of March 31, 2012:

Facility	Capacity Zinc (tpa)
Skorpion	150,000
Total	150,000

Production Volumes

The following table sets out the total production from Skorpion zinc refinery for each of the twelve months ended December 31 2009 and December 31, 2010 and for the year ended March 31, 2012:

Facility	Product	Twelve months ended	Twelve months ended	Twelve months ended March 31, 2012*

		December 31, 2009	**December 31, 2010**	
			(tons)	
Zinc refinery	Zinc	150,000	152,000	145,000

* We changed the financial year end for Skorpion to March 31, to be consistent with our financial reporting year end and, accordingly, we have presented the production volumes for this mine for March 31, 2012. Prior to our acquisition of the Skorpion mine, we presented the production volumes for the twelve months ended December 31, 2009 and December 31, 2010. For the period January 1, 2011 to March 31, 2011, the production of zinc from the Skorpion mine was 36,467 tons.

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The following table sets out the total ore, zinc and lead concentrate production at the Skorpion mine, for each of the twelve months ended December 31 2009 and December 31, 2010 and for the year ended March 31, 2012:

		(tons except percentage)		
Mine (Type of Mine)	**Product**	**Twelve months ended December 31, 2009**	**Twelve months ended December 31, 2010**	**Twelve months ended March 31, 2012***
Skorpion (Open-pit)	Ore mined	1,496,000	1,553,000	1,676,000
	Ore grade -Zinc	11.8%	11.1%	10.4%
	Recovery -Zinc	90.3%	90.3%	91.4%

* We changed the financial year end for Skorpion to March 31, to be consistent with our financial reporting year end and, accordingly, we have presented the production volumes for this mine for March 31, 2012. Prior to our acquisition of the Skorpion mine, we presented the production volumes for the twelve months ended December 31, 2009 and December 31, 2010. For the period January 1, 2011 to March 31, 2011, the production of zinc and lead concentrate at the Skorpion mine was:

Product	**January 1, 2011 to March 31, 2011 (tons except percentage)**
Ore mined	345,900
Ore grade zinc	11.4%
Recovery zinc	90.5%

Principal Raw Materials

The Skorpion mine uses 70,000 tons of sulphur per year, of which 80.0% is imported in bulk from Germany and shipped to Namibia through the port of Luderitz while the remaining sulphur is brought from South Africa in molten form via road.

Power

The maximum power demand of the Skorpion mine is 85 MW and power is supplied from South Africa and is governed by a tri-partite US dollar-denominated contract between Namibia Power Corporation (Proprietary) Limited, Eskom Holdings Limited and Skorpion, that currently links the annual increases in power costs to a US inflationary index.

Distribution, Transport & Logistics

Zinc at the Skorpion mine is cast into ingots for export and transported from the refinery to the port of Luderitz, approximately 300 kilometers away by trucks each having a maximum capacity of 35 tons. On the return trip from Luderitz, sulphur transported to site which is imported by ship. All other re-agents and consumables are trucked in by one transport contractor.

Sales and Marketing

Skorpion has a single customer that buys all the products.

Market Share and Competition

According to Brook Hunt, the Skorpion mine has consistently been one of the largest zinc producing mines in the world and in 2011, it was ranked thirteenth in the world in terms of production volume with a cost base in the third quartile of the zinc industry cost curve. The Skorpion mine produces only high-grade, high purity SHG zinc ingots that are registered on the LME.

Black Mountain Mining

Overview

BMM consists of the Black Mountain mine and the Gamsberg project. The zinc mine at Black Mountain is an underground operation, mining a polymetallic ore body, with an attached concentrator producing approximately 28,000 tons of zinc, 50,000 tons of lead, 2,000 tons of copper and 55 tons of silver in concentrate, annually. Exxaro Resources (through its wholly owned subsidiary, Exxaro Base Metals) holds the remaining 26.0% interest in BMM.

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The predominant mining method is ramp in stope cut and fill. The planned production rate is 1.56 mtpa plant feed and the share hoisting capacity is approximately 150,000 tpa. All production stopes are backfilled and waste filled, integrated into the mining sequence.

The mining process includes primary crushing underground before being hoisted to surface coarse ore silos for stockpile. Coarse ore is screened before secondary and tertiary crushing, from where it is fed into a milling plant. The slurry product from the grinding mills passes directly to the flotation circuits from which copper concentrates, lead concentrates and, finally zinc concentrates are floated off. The concentrates are dewatered by thickening and subsequent pressure filtration to reduce moisture content to shipment requirements. The dewatered concentrates are discharged onto conveyors, before being transferred to separate copper, lead and zinc concentrate stockpiles. From the stockpiles, the concentrates are hauled by truck to a dedicated railway siding, where they are loaded onto rail cars for outbound shipping.

During the year ended March 31 2012, 1,434,088 tons of ore at 2.9% zinc and 4.2% lead were mined from Black Mountain Mine, which produced approximately 64,683 tons of zinc concentrate and 74,644 tons of lead concentrate, containing 31,769 tons of zinc and 53,578 tons of lead, respectively. In addition the Black Mountain mine also produced 2,709 tons of copper in concentrate and 54 tons of silver in concentrate. Prior to its acquisition by us, BMM had a financial year end of December 31.

Principal Products

BMM produces zinc, copper and lead in concentrate and all the zinc concentrate is shipped overseas.

By-products

Silver

Silver is a by-product of our copper and lead concentrate.

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Production Process

BMM zinc business has a number of elements which are summarized in the following diagram and explained in greater detail below:

The run-of-mine (ROM) ore undergoes a primary crushing stage underground. From there, it is conveyed to a series of course ore silo s before being fed into an open circuit secondary crushing stage and a closed circuit tertiary crushing stage. The plant treats about 1.5mtpa or ore. Crushing reduces the ore size from about 200mm topsize to about 12mm topsize. Crushed ore is stored in the fine ore silo s ahead of the milling circuit.

The first stage of milling is an open circuit rod mill. 80mm rods are used to mill down crushed material. Mill discharge is fed to the hydrocyclones which removes the fines (60% passing 75microns). Cyclone underflow is fed to a ball mill filled with 50mm balls. Ball mill discharge is fed back to the hydrocyclones for fines removal. Hydrocyclone overflow is sent to the aeration banks ahead of the float circuit.

The slurry is then subjected to sequential floatation (for copper, lead and zinc concentrates). All three circuits have the same basic design, that is conditioning upfront, followed by roughing to recover metal. Rougher concentrate is fed to a cleaner bank for upgrading to product specification, where-as rougher tails are sent to a scavenger bank to strip out metals nor recovered in rougher stage. Scavenger concentrate and cleaner tails are recirculated back into the conditioners/roughers. Cleaner concentrate is sent to a thickener/filtration section for dewatering, whereas scavenger tails are routed to the next circuit.

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Copper is removed first and upgraded to about 26% copper in concentrate which results in achieving an overall recovery of 68.63%. Lead removal follows with lead concentrate being upgraded to about 70% lead (at a recovery of about 90%). Zinc is removed last, with final product being about 50% zinc (recovery about 78%). The final products (copper, lead and zinc) are then stockpiled for transportation by truck to the loop 10 railway siding.

Principal Facilities

The following maps shows the specific location of the Black Mountain mine in Northern Cape in South Africa:

Mines

Black Mountain mine is a polymetallic underground operation producing base metals. The two orebodies currently being mined are the Deeps and Gamsberg orebodies. The Swartberg and Broken Hill orebodies have not been exploited since 2006. The Black Mountain mine is situated 113km east of the town Springbok in the Northern Cape Province, South Africa (Latitude 29° 14 South and Longitude 18° 50 East). The Deeps Ore Body is the down plunge continuation of the Broken Hill Lower Ore Body and the Gamsberg Ore Body is situated 25 kilometers east of Black Mountain. The remaining mine life is eight years beginning April 1, 2012.

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Summary of Mine Reserves

The following table sets out the proved and probable zinc and lead reserves as of March 31, 2012:

	Proved Reserve				Probable Reserve				Total Proved and Probable Reserves				SIIL ownership	Reserve life
	Quantity	Zinc Grade	Lead Grade	Silver	Quantity	Zinc Grade	Lead Grade	Silver	Quantity	Zinc Grade	Lead Grade	Silver		
	(million tons)	(%)	(%)	(g/t Ag)	(million tons)	(%)	(%)	(g/t Ag)	(million tons)	(%)	(%)	g/t Ag)	%	(Years)
Black Mountain	3.74	2.94	3.27	37.73	4.5	2.2	2.5	41.77	8.2	2.5	2.8	39.93		
Total	3.74	2.94	3.27	37.73	4.5	2.2	2.5	41.77	8.2	2.5	2.8	39.93	74	8

Additional information:

(1) The reserve estimates presented incorporate losses for mine dilution and mining recovery according to the JORC code.
(2) The cut-off grade used with our reserve estimate is 414 ZAR per ton.
(3) The metallurgical recovery factor for zinc, lead and copper is 78.9%, 89.5% and 64.1%, respectively.
(4) The historic three year average commodity price for zinc, lead and copper considered for evaluation of reserves were $ 2,205 per ton, $ 2,205 per ton and $ 8,003 per ton, respectively. The average currency conversion factor that was used to estimate our reserves was US dollar per South African Rand 7.55.
(5) The reserve quantities disclosed are for the entire mine and our share in the reserve quantities is 74.0%.

Production Volumes

The following table sets out the total ore, zinc and lead concentrate production at the Black Mountain mine for each of the twelve months ended December 31, 2009 and December 31, 2010 and for the year ended March 31, 2012:

Mine (Type of Mine)	Product	Twelve months ended December 31, 2009	Twelve months ended December 31, 2010	Twelve monthsended March 31, 2012*
			(tons, except percentages)	
Black Mountain (Underground)	Ore mined	1,293,000	1,379,000	1,434,088
	Ore grade Zinc	2.8%	3.3%	2.9%
	-Lead	4.0%	4.2%	4.2%
	Recovery - Zinc	78.6%	79.9%	76.3%
	-Lead	94.6%	88.2%	91.0%
	Zinc concentrate	56,000	72,000	64,683
	Lead concentrate	69,000	71,000	74,644

* We changed the financial year end for Black Mountain to March 31, to be consistent with our financial reporting year end and, accordingly, we have presented the production volumes for this mine for March 31, 2012. Prior to our acquisition of the Black Mountain mine, we presented the production volumes for the twelve months ended December 31, 2009 and December 31, 2010. For the period January 1, 2011 to March 31, 2011, the production of zinc and lead concentrate at the Black Mountain mine was:

Product		January 1, 2011 to March 31, 2011 (tons except percentage)
Ore mined		379,756
Ore grade	Zinc	3.76%
	Lead	4.15%
Recovery	Zinc	76.31%
	Lead	93.38%
Zinc concentrate		21,720
Lead concentrate		20,757

Principal Raw Materials

There are no major raw materials used in Black Mountain Mine, except for chemical reagents which are used in the floatation process to produce zinc and lead concentrates.

Distribution, Logistics and Transport

Zinc concentrate, lead concentrate and copper concentrate from the mine is hauled by road to a dedicated railway siding along a 150 kilometers gravel road, which is owned by the provincial authorities but maintained by BMM. The concentrate is then transported by train to Saldanha on the Sishen-Saldanha railway with delivery terms to export customers on a cost, insurance and freight basis.

Sales and Marketing

BMM produces zinc, lead and copper concentrates that are sold in local and international markets on spot basis and through long term contracts. The commercial terms negotiated on an annual basis include taking into account the percentage of payable metals, treatment and refining charges and applicable prices. Delivery terms to export customers are generally on a Cost, Insurance and Freight basis (CIF), to customers in South Africa are FCA (Free Carrier) Black Mountain or CIP (Carriage Insurance Paid) customers works. Some of the customers of Black Mountain mine Rand Refinery, Trafigura Beheer B.V., Glencore International AG and Ocean Partners UK Limited.

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Projects & Developments

Gamsberg Project

The major project undertaken by BMM is the Gamsberg project. This project comprises of two main areas of mineralization, Gamsberg North, which requires near surface mining, and Gamsberg East which requires underground mining.

According to Brook Hunt, the Gamsberg project is expected to be one of the world s largest zinc producers with operating costs in the lower half of the cost curve.

The Gamsberg deposits are favorably distinguished from other large undeveloped zinc deposits for reasons including:

- the deposits have large open-pittable mineralized material, supported by higher grade underground mineralized material;
- the deposits belong to the class of mineralization characterised by metamorphosed, re-crystalised sulphide mineralization which can have important by-products such as lead and silver;
- there is potential to upgrade the mineralization using ore-sorting technology due to the magnetic nature of the non-ore mineral such as magnetite and pyrrhotite; and
- the deposits are located adjacent to a well established mining district with modern infrastructure and is locally in a politically stable country with a mild climate.

We believe that the Gamsberg project will be capable of producing in excess of 400,000 tpa of SHG zinc metal and is expected to comprise an open pit, an underground mine, a concentrator and a refinery.

The estimated power requirement for the Gamsberg project is 350 MVA for the production of 400,000 tpa of SHG zinc metal.

Lisheen

Overview

The Lisheen mine is located in County Tipperary, approximately 160 kilometers southwest of Dublin, Republic of Ireland and consists of an underground mine, concentrator and backfill plant, producing approximately 170,000 tons of zinc in concentrate annually with an expected mine life until 2015. The Lisheen mine also produces approximately 25,000 tons of lead concentrate annually. Current reserves (as audited by AMC Consultants (UK) Limited) are 3.8 million tons.

The power requirements at the Lisheen mine are provided by a 22KV power substation on site.

During the year ended March 31 2012, 1,564,237 tons of ore at 12.9% zinc and 2.7% lead were processed at the Lisheen mine (this includes 189,584 tons of purchased ore from nearby Galmoy mine owned by a third party), which produced approximately 343,196 tons of zinc concentrate and 49,053 tons of lead concentrate, containing 183,206 tons and 30,202 tons of zinc and lead, respectively. Prior to its acquisition by us, Lisheen had a financial year end of December 31.

The Lisheen zinc deposit is located in the Rathdowney Trend, which comprises sedimentary rocks, mainly limestone, which was formed approximately 320 million years ago. The Lisheen deposit owes its existence to the presence of several faults in the district, which played a major role in the formation, morphology and location of the ore bodies. It is believed that these fractures in the strata acted as conduits for the hydrothermal mineralising fluids which carried metals upwards from extreme depths.

The mine commenced production in 1999, following a successful development partnership between Minorco (merged with Anglo American in 1999) and Ivernia West. Anglo American subsequently acquired Ivernia s stake in 2003 to gain 100% ownership. Lisheen mine was subsequently acquired by SIIL (through its subsidiary THL ZBV) on February 15, 2011.

The deposit was discovered in 1990 and construction commenced in 1997 and in late 1999 production commenced from the two main ore bodies. The production from the third ore body commenced in 2006. The average depth is approximately 190 meters below surface and as pre-current planning and financial forecast the mine production is scheduled for the end of 2014.

Principal Products

Zinc concentrates (approximate grade 53.5%) and lead concentrates (approximate grade 62.0%) are dewatered to shipment requirements by thickening and subsequent pressure filtration. The dewatered concentrates are then trucked to the port of Cork and are then shipped to international smelters.

Our Production Process

The crushed ore from the mine is stored in a surface stockpile from which it is conveyed to a two-stage wet grinding circuit as the first processing set in the concentrator. The slurried product from the grinding mills then passes directly to the two flotation circuits, where the lead concentrate and zinc concentrates are floated off sequentially. The zinc concentrates are leached with sulphuric acid to remove dolomite to bring the product to smelter requirements. The concentrates are dewatered to shipment requirements by thickening and subsequent pressure filtration. Lisheen zinc concentrates yield assays of 53.3% to 53.5% zinc. Lead concentrates typically assay 62% lead. The dewatered concentrates are trucked to the port of Cork, from where they are shipped to international smelters.

Our Lisheen business has a number of elements which are summarized in the following process flow and explained in greater detail below:

Mineral Processing

The mineral processing facility at Lisheen operates 24 hours a day, seven days a week, 365 days a year, at a feed rate of 4,500 to 5,000 tons of ore per working day.

Run of mine ore undergoes primary crushing underground and is conveyed to a coarse ore stockpile on surface. From the covered surface stockpile, the ore is conveyed via vibrating feeders onto a conveyor, which delivers it into a SAG mill, where process water is added. The SAG mill is a rotating cylindrical vessel containing 8 to 12% 125mm diameter steel balls, in which the particle size of the ore is reduced. Substantially oversized discharge is passed through the trommel screen mechanism and conveyed back into the SAG mill for further grinding. Intermediate sized pebbles are sent via a conveyor to a rotary pebble crusher and recycled back to the SAG mill. Ground material and water (slurry) is directed out of the mill into the mill discharge sump below, which also accepts material from the ball mill. This ball mill contains approximately 40% steel balls of approximately 60 millimeter in diameter, and is slightly longer and thinner than the SAG mill. The ball mill operates in closed-circuit with a cluster of cyclones above it. The cyclones are fed from the mill discharge sump. The coarse overflow materials from the cyclones are directed back to the ball mill for further grinding, while the finer overflow is sent to the flotation section. A lead concentrate is extracted first, followed by a zinc concentrate. Zinc concentrates are leached with sulphuric acid to remove dolomite in order to bring the product within smelter specifications.

The second stage of processing is flotation to separate the zinc and lead minerals from the host rock. The slurry is agitated, reagents are added and air is pumped into it, forming bubbles to which the minerals attach themselves. The mineralised bubbles rise to the surface and form afroth which overflows into launders. Lisheen uses sequential flotation. Both lead and zinc circuits have roughers, column cleaners and cleaner scavengers, and the zinc has an additional cleaning stage. Slurry first passes through the lead rougher where, aided by the addition of specific reagents, the lead content is separated from the rest of the slurry or lead tailings. The lead tailings then pass into the zinc flotation circuit where different reagents are added. After roughing, the zinc concentrates undergo a further comminution process known as regrinding, during which very fine locked particles of sphalerite are released before production of the final concentrate in the columns. After flotation, the zinc concentrate undergoes an acid leach quality control process, which helps to reduce magnesium levels in the concentrate (if needed) to the levels required under the concentrate sales agreements (0.4% magnesium oxide).

At this point the concentrates contain too much water for storage and shipping and must therefore be dewatered. The first stage of de-watering is thickening. The slurry is fed into an un-agitated tank, where chemicals are added to assist the settling process by amassing individual particles into larger clumps. These solid particles of the slurry are then allowed to settle to the bottom before being raked gently to a central underflow pumping point. The underflow of thickened concentrates is directed to the respective filtration stage for final de-watering. Using horizontal pressure filters (one for lead, two for zinc) the moisture content of the thickened concentrates is reduced to acceptable levels for transport. The facility has the proven capability to dewater the concentrates to moisture levels of 8 to 10% for zinc and 6 to 8% for lead. The installed thickener and filter units are capable of filtering at rates of 380 kt (dry basis) of zinc concentrate and 360 kt of lead concentrate (dry basis) per annum. Dewatered concentrates are stored in a section of the concentrator building before being trucked to the port of Cork, where they are stored in a dedicated facility before onward shipping to international smelters.

The lead concentrate produced has steadily maintained a grade of 62% lead with a lead recovery of 70% at lead head grades of 1.5 to 2.0% Pb. The zinc concentrate produced has steadily maintained a grade of 53.5% zinc, with a recovery of 90.5% at zinc head grades of 12.0 to 12.3% zinc. Zinc concentrate production is limited by constraints relating to the froth loading from the flotation columns and the size of the circulating load around the cleaner circuit. This currently limits the metal treatment rate to an annual average limit of 25.5 ton per hour of zinc metal.

Each of the concentrates is dewatered by thickening and subsequent pressure filtration to reduce moisture contents to levels suitable for shipment.

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Principal Facilities

The following map shows the locations of Lisheen within Europe and within the island of Ireland:

Mines

The Lisheen zinc deposit is located in the Rathdowney Trend, which comprises sedimentary rocks (mainly limestone), which were formed approximately 320 million years ago. It owes its existence to the presence of several faults in the district, which played a major role in the formation, morphology and location of the ore bodies. It is believed that these fractures in the strata acted as conduits for the hydrothermal mineralising fluids which carried metals upwards from extreme depths.

The Lisheen ore bodies occur as three principal zones, Main Zone, Derryville Zone and Bog Zone and a series of small satellite bodies surrounding these. The ore is largely hosted within fault-associated hydrothermal breccias, known as the Black Matrix Breccia, or BMB, which is developed at or proximal to the base of a massive, fine grained dolomitised limestone unit, termed the Waulsortian Formation. This unit is underlain by the Argillaceous Bioclastic Limestone, or ABL, a dark shaly limestone which forms the lithological footwall to the mineralization.

The ore bodies are at an average depth of 170 meters and are predominantly stratiform or flat lying, ranging in thickness from 1 to 14 meters. Close to faults, mineralization may be substantially thicker. The stratiform nature of the ore bodies is typical of zinc deposits in Ireland and also occurs elsewhere in the world.

Mineralogically, the ore bodies comprise massive sulphide lodes typically composed of dominant pyrite, marcasite and sphalerite with minor amounts of galena. The deposit is high grade, with a zinc to lead ratio of 6:1. Minor silver grades are encountered locally. Several deleterious elements occur, the principal ones being nickel, cobalt, copper, magnesium and arsenic. The aquifer is fracture-controlled and connected directly to the surface drainage system via a conjugate set of steeply dipping North-East and North-North-West trending joints and fissures, which have been extensively karst weathered. Water ingress to the workings occurs principally when one of these structures is intersected and significant flow rates can occur over short time spans. The peak daily water flow rate can reach up to 90 million litres per day and 75 million litres per day on an annual basis. Dedicated pumping and water treatment facilities are in place to ensure full compliance with the Integrated Pollution Control Licence.

The Lisheen zinc and lead deposit is located in the Rathdowney Trend, which stretches 40 kilometers, between the Towns of Abbeyleix to the North East and Thurles to the South West. The region is a broad plain drained by the Rossetown and Drish Rivers, tributaries of the Suir River, which flows into the Irish Sea at Waterford.

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In common with much of Ireland, the area is characterised by cool, wet climatic conditions. Mean temperatures vary from 4.4 degree Celcius in January to around 15 degree celcius in July, with an average humidity of 83.0%. Annual rainfall ranges between 700 and 1000 millimeters.

Land in the vicinity of the Lisheen mine has traditionally been used for dairy farming, cattle and sheep rearing, forestry and peat farming.

Exploration of the Rathdowney Trend during the late 1960 s and early 1970 s identified sporadic occurrences of lead and zinc, although the first significant mineralization was not discovered until 1984 at Derrykearn.

Following the discovery of the Galmoy deposit in early 1986, Ivernia and its former venture partner, Chevron, were granted prospecting licences covering Lisheen and other areas. Over the subsequent two years, geochemical, geological and geophysical surveys identified the target area for a drilling program and work commenced under Ivernia s management in 1990. The seventh hole in the program, drilled in April 1990, intersected 6.4 meters of ore body grading 14.7% zinc and 2.7% lead.

By the end of 1996, 550 holes had been drilled, producing a total distance length of more than 100 kilometers of core. This defined a combined ore body outline of one square kilometer, containing 22.5 million tons of mineralized material grading 13.02% zinc and 2.19% lead. As of April 1, 2012, the reserve life of the mine is 3 years.

The Lisheen mine was wholly owned by Anglo American Plc between 2003 and 2011 following a series of mergers and acquisitions of stake holdings. The mine is now owned by SIIL through our subsidiary THLZBV.

Summary of Mine Reserves

The following table sets out the proved and probable zinc and lead reserves as of 31 March 2012:

	Proved Reserve			Probable Reserve			Total Proved and Probable Reserves			SIIL interest	Reserve
	Quantity (million tons)	Zinc Grade	Lead Grade (%)	Quantity (million tons)	Zinc Grade	Lead Grade (%)	Quantity (million tons)	Zinc Grade	Lead Grade (%)		life
Lisheen	3.2	11.4	1.9	0.6	10.1	0.6	3.8	11.2	1.7		
Total	**3.2**	**11.4**	**1.9**	**0.6**	**10.1**	**0.6**	**3.8**	**11.2**	**1.7**	**100**	**3**

Additional information:

(1) The reserve estimates presented incorporate losses for mine dilution and mining recovery according to the JORC code.
(2) The cut-off grade used with our reserve estimate for zinc and lead is 6.0%.
(3) The metallurgical recovery factor for zinc and lead is 6.0%.
(4) The historic three year average commodity price was 2,416 US dollar per ton for zinc, 2,434 US dollar per ton for lead and currency conversion factor that were used to estimate our reserves was US dollar per Euro 1.39.
(5) The reserve quantities disclosed are for the entire mine.

Production Volumes

The following table sets out the total ore, zinc and lead concentrate production at the Lisheen mine the for each of the twelve months ended December 31, 2009 and December 31, 2010 and for the year ended March 31, 2012

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Mine (Type of Mine)	Product	Twelve months ended December 31, 2009	Twelve months ended December 31, 2010	Twelve months ended March 31, 2012*
			(tons, except percentages)	
Lisheen (Underground)	Ore processed (DMT)	1,526,000	1,588,000	1,564,237
	Ore grade -Zinc	12.40%	12.20%	12.90%
	-Lead	1.80%	1.90%	2.70%
	Recovery -Zinc	90.60%	90.50%	90.60%
	- Lead	68.40%	67.20%	70.30%
	Zinc concentrate	322,000	326,000	343,196
	Lead concentrate	31,000	34,000	49,053

*We changed the financial year end for Lisheen to March 31, to be consistent with our financial reporting year end and, accordingly, we have presented the production volumes for this mine for March 31, 2012. Prior to our acquisition of the Lisheen mine, we presented the production volumes for the twelve months ended December 31, 2009 and December 31, 2010. For the period January 1, 2011 to March 31, 2011, the production of total ore, zinc and lead concentrate at the Lisheen mine was:

Product	January 1, 2011 to March 31, 2011 (tons except percentage)
Ore processed	311,266
Ore grade Zinc	13.50%
Lead	2.74%
Recovery Zinc	91.71%
Lead	74.03%
Zinc concentrate	78,615
Lead concentrate	11,376

Principal Raw Materials

There are no major raw materials used in Lisheen Mine, except for chemical reagents which is used in the flotation process to produce Zinc and Lead concentrates

Distribution, Logistics and Transport

With respect to Outbound Logistics Lisheen transports the zinc concentrates to the port at Cork (135 Kilometers from mine site) via on site haulage contracted with a single supplier. A dedicated marketing office in Cork handles shipping and contracts, with a stockyard and ship loading facilities. Haulage accounts for about 5% of total operating costs.

With respect to Inbound Logistics, Contracts are in place with most of the high value suppliers, including drill consumables, pumps, shotcrete, binder for backfill, concrete and explosives.

Lisheen is within close proximity to international airports (Dublin 157 kilometers; Cork 135 kilometers), the national highway network and nearby towns. The nearest motorway is 10 kilometers from the mine site and provides direct motorway access to the port facility in Cork.

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Sales and Marketing

The Lisheen mine extracts lead and zinc ore from underground and processes this into zinc and leads concentrates and sells these concentrates to smelters and customers in Europe, Asia, North Africa and the US. Lisheen currently has a very small base of customers. A dedicated marketing office in Cork handles shipping and contracts, with a stockyard and ship loading facilities. Lisheen has a number of different concentrate sales contracts in place with international customers but increasingly deals on the spot market.

Market Share and Competition

According to Brook Hunt, the Lisheen mine was the eleventh largest zinc mines by production volume in the world in 2011.

Projects & Developments

There are no major projects currently undertaken at Lisheen mine.

Our Aluminum Business

Overview

Our aluminum business is owned and operated by BALCO. BALCO s partially integrated aluminum operations are comprised of two bauxite mines and the Korba facility, which includes an alumina refinery, a 245,000 tpa aluminum smelter, two captive power plants and a fabrication facility, all of which are located in the State of Chhattisgarh in Central India. During fiscal 2009 and until September 2009, BALCO operated an alumina refinery at the Korba facility, which is currently suspended for operations.

We acquired our interest in BALCO in 2001 and have since worked to improve its operating performance through expansions and by improving operational efficiencies and reducing unit costs of production. BALCO s bauxite mines provide a majority of the bauxite required for BALCO s smelters. The bauxite is transferred to Vedanta Aluminium s alumina refinery, which converts the bauxite to alumina and supplies the alumina back to BALCO, for payment of a conversion price by BALCO to Vedanta Aluminium based on Vedanta Aluminium s actual cost of production plus a reasonable margin. The remainder of BALCO s alumina requirements are sourced from third parties. BALCO intends to further improve its operating performance by continuing to reduce unit operating costs at the Korba facility, including by lowering power consumption and improving the operating efficiency of the captive power plant. BALCO also intends to focus on the production of fabricated products with higher margins.

We own a 51.0% ownership interest in BALCO and have management control of the company. The remainder of BALCO is owned by the Government of India, which established BALCO in 1965. We acquired our interest in BALCO from the Government of India on March 2, 2001. On March 19, 2004, we exercised an option to acquire the Government of India s remaining ownership interest. The exercise of this option has been contested by the Government of India. Further, the Government of India retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See - Options to Increase Interests in HZL and BALCO for more information.

Principal Products

Primary Aluminum

Primary aluminum is produced from the smelting of metallurgical grade alumina. BALCO produces primary aluminum in the form of ingots and wire rods for sale. Ingots are used extensively for aluminum castings and fabrication in the construction and transportation industries. Wire rods are used in various electrical applications especially in the form of electrical conductors and cables.

Rolled Products

Rolled products, namely coils and sheets, are value-added products that BALCO produces from primary aluminum. Rolled products are used for a variety of purposes in different industries, including aluminum foil manufacturing, printing, transportation, consumer durables, building and architecture, electrical and communications, packaging and general engineering industries.

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Production Process

BALCO s business has a number of elements which are summarized in the following diagram and explained in greater detail below:

* *In response to recent global economic conditions and a decline in commodity prices, starting in February 2009, BALCO suspended part of its operations at the 100,000 tpa aluminum smelter. Operations at this aluminum smelter ceased on June 5, 2009. At this aluminum smelter, alumina from the refinery was dissolved in an electrolytic bath in a large carbon or graphite lined steel pot. An electric current was passed through it to produce aluminum metal using VSS technology.*

Bauxite Mines

BALCO has two captive bauxite mines, Mainpat and Bodai-Daldali, which provide a majority of BALCO s bauxite requirements for its metal production. See Additional Supply of Alumina. As the bauxite deposits at these mines occur close to the surface, they are mined by open-pit methods. The mining operation employed is semi-mechanized, where bauxite sorting and sizing are carried out through manual labor. Overburden, which is in the form of soil and laterite, is first excavated by a combination of a shovel or excavator and a dumper in order to expose the bauxite ore. The bauxite ore is then drilled and blasted. The blasted ore is sorted according to grade at the mine-face, and the rejected ore is back-filled into the mine. The overburden is then returned and the area is leveled and reforested. The sorted ore is currently transported by road to Vedanta Aluminium, Langigarh, India for processing.

Alumina Refinery

BALCO s alumina refinery at Korba uses the conventional high pressure Bayer process to produce alumina from bauxite. In the Bayer process, caustic soda is used to extract the alumina content from ground bauxite, at temperatures suitable for the particular mineralogy of bauxite, after which the resultant sodium aluminate solution is separated from the undissolved residue called red mud. The solution is then subjected to seeded precipitation to produce alumina hydrate, which is then calcined into alumina and transported to the smelter. Operations at the Korba of the refinery were stopped in September 2009.

Aluminum Smelters

BALCO s 245,000 tpa aluminum smelter uses pre-baked technology from GAMI of China. In this pre-baked process, alumina is converted into primary aluminum through a smelting process using electrolytic reduction. The reduction process takes place in a reduction cell, referred to as the pot, where alumina is reduced to molten aluminum. From the pot-line, the molten aluminum is sent to the fabrication facility.

During fiscal 2009 and until June 5, 2009, BALCO also operated a 100,000 tpa aluminum smelter that uses Vertical Stud Soderberg, or VSS, technology to produce aluminum from alumina. Alumina is dissolved in an electrolytic bath of molten cryolite (sodium aluminum fluoride) in a large carbon or graphite lined steel container known as a pot . An electric current is passed through the electrolyte at low voltage but at a very high current. The electric current flows between a carbon anode (positive), made of petroleum coke and pitch, and a cathode (negative), formed by the thick carbon or graphite lining of the pot. Molten aluminum is deposited at the bottom of the pot and is siphoned off periodically. The molten aluminum is then taken to a holding furnace, cleaned and sent to the fabrication facility. In response to recent global economic conditions and a decline in commodity prices, starting in February 2009, BALCO suspended part of its operations at the 100,000 tpa aluminum smelter at Korba. Operations at the Korba aluminum smelter ceased on June 5, 2009. The surplus power generated by the captive power plants at the Korba facility is sold to the Chhattisgarh State Electricity Board, or CSEB, and other third parties. BALCO is in the process of constructing a new 325,000 tpa aluminum smelter using pre-backed GAMI technology along with an associated 1,200 MW power plant at a cost of Rs. 84,500 million ($ 1,660.4 million) to increase production capacity and lower costs of production. The 325,000 tpa aluminum smelter at Korba is expected to be completed for first metal tapping by the third quarter of fiscal 2013.

Fabrication Facility

BALCO s fabrication facility, consisting of a cast house and a sheet rolling shop, processes the molten aluminum from the smelters into ingots, wire rods and rolled products. The cast house uses continuous rod casters from Continuus-Properzi S.p.A. and has a foundry which has twin-roll continuous casters with a spinning nozzle inert flotation, or SNIF, degasser and hydraulically driven semi-continuous ingot casting machine to produce ingots and wire rods.

Molten metal is cast into slabs and either hot-rolled and sold as hot-rolled sheets or converted into cold-rolled sheets in the cold rolling mills. Alternatively, molten metal is directly used in strip casting and then fed to the cold rolling mills to convert it into cold-rolled sheets or coils.

Delivery to Customers

Ingots, wire rods and rolled products are transported by trucks to customers in India and to ports for export.

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Principal Facilities

Overview

The following map shows the locations of BALCO s mines and production facilities or production capacities, as applicable, as of March 31, 2012:

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The following map shows details of the locations of BALCO s facilities in the State of Chhattisgarh:

Bauxite Mines

Chhattisgarh Mines

BALCO has two captive bauxite mines, namely, the Mainpat bauxite mines and the BodaiDaldali Bauxite mines, in the State of Chhattisgarh in Central India. Mainpat is an open-pit bauxite mine located approximately 170 kilometers from the Korba complex in the Surguja district of the State of Chhattisgarh. The Mainpat mine has been in production since 1993 and has a leased hold area of 6.39 square kilometers and is valid for 20 years with effect from July 9, 1992 and is renewable. The Mainpat mining lease is valid up to July 8, 2012. We have applied for renewal of mining lease for a further period of 10 years from July 2012. The bauxite extraction limit for the mine as granted by MoEF is 750,000 tpa. The Bodai-Daldali deposits are located approximately 260 kilometers from Korba in the Kawardha district of the State of Chhattisgarh. Bodai-Daldali was commissioned in 2004 by BALCO with a lease hold area is 6.3 square kilometers renewable mining lease that is valid until March 26, 2017. The bauxite extraction limit for Bodai-Daldali approved by IBM is 1,250,000 tpa.

The Chhattisgarh bauxite deposits are situated over a plateau with steep scarps on both side, at an elevation of approximately 1,000 meters above minimum sea level, for Mainpat, and approximately 940 meters, for Bodai-Daldali above the surrounding land. The bauxite generally is one meter to three meters thick and lies within a laterite sequence overlying thick Tertiary basalts of the Deccan Traps. The cover of laterite and thin top soil is up to five meters thick but is generally less than two meters. The bauxite outcrops around much of the plateau rims.

A typical profile of the Chhattisgarh deposits comprises topsoil and soft overburden above the laterite. The upper laterite consists of hard, loose or indurated bauxite pebbles and boulders with a clear contact with the underlying hard bauxites.

The bauxite occurs in discontinuous lenses up to four meters in thickness with laterite infilling joints and fractures with the bauxite. The contact with the softer lower laterite is usually gradational and irregular.

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The bauxite is hard to very hard with a natural moisture content of 5.0% to 10.0%, an in-situ density of 2.3 tons to 2.4 tons per cubic meter. It comprises primarily gibbsite with boehmite and minor diaspore. The reactive silica content is low and iron is present in the form of hematite and aluminous goethite. The average grade of the bauxite is approximately 47.0% aluminum oxide and silica levels of less than 4.0%.

All mining and transportation at both mines are undertaken by contractors. One thin top soil layer is removed by excavator and is either transported to an adjacent storage point or an area that is being backfilled. The laterite layer is drilled and blasted. The overburden is then removed by backhoe excavators and 15-ton dumpers. Broken ore is hand-sorted, leaving waste material behind. Ore productivity is around two to three tons per person per day in the dry season which decreases to 1.25 to 1.75 tons per person per day in the wet season.

The ore pile is loaded by hand into non-tipping 16 to 25-ton trucks. Loaded trucks undertake a one-way trip of approximately 210 kilometers via public roads to the offloading point at BALCO s Korba plant. The journey takes approximately six to seven hours, depending upon truck condition and road condition which are highly variable, ranging from seven-meter wide, drained, cambered, smooth bitumen highways to non-surfaced, ungraded, three-meter wide dirt tracks. In May 2009, BALCO commissioned an extensive road building and improvement program to reduce the average one-way haul distance from approximately 250 kilometers to approximately 140 kilometers. At Mainpat s processing site, the trucks are unloaded manually and the bauxite is bulldozed onto an armored pan feeder conveyor, where it is fed into the crusher.

The current exploration drilling program is based on a 50-meter square pattern and is reduced to a 25-meter centers for detailed mine planning. Sampling is normally in 0.40 meter lengths and core is currently split and retained for future reference. Bauxite samples are tested for silica and aluminum oxide at laboratories situated on site and at the Korba plant. Selected sample are re-assayed as part of a quality control program.

Since commencing operations, the Mainpat mine has produced approximately 7.2 million tons of bauxite, with production in fiscal 2012 totaling approximately 620,193 tons at 43.9% aluminum oxide. Our operations are subject to extensive governmental and environmental regulations which have in the past and could in the future cause us to incur significant costs or liabilities for its operations.

Power and water requirements at Mainpat are minimal and can be supplied by small on-site diesel generators and from boreholes in the mine.

BALCO estimates the reserves at Mainpat as of March 31, 2012 to be 3.3 million tons and, based on current and anticipated production rates, expects that the mine will continue to operate for approximately 4.5 years from April 1, 2012.

Total production at the Bodai-Daldali mine since the commencement of production has been 2.9 million tons of bauxite, with production in fiscal 2011 totaling approximately 885,262 tons at 46.3% aluminium oxide. As of the Mainpat mine, manual sorting and sizing of ore is carried out due to the bauxite occurring as boulders, though trials for mechanized crushing and screening on-site are planned. Power is supplied by on-site diesel generators and ground water provides the water requirements for the mine.

BALCO estimates the reserves at Bodai-Daldali as of March 31, 2012 to be 3.7 million tons and, based on current and anticipated production rates, expects that the mine will continue to operate for approximately three years from April 1, 2012.

A cut-off grade of 44.0% aluminia was used to define the reserves at BALCO s mines, as this cut-off limit was primarily fixed by IBM for reserve estimation for the metallurgical use of bauxite. As the bauxite is hand-sorted and the mining recovery adjustment factor is based on reconciliation studies, there is a high degree of confidence in the cut-off limits. Also, BALCO s operations are vertically integrated and all bauxite mined at the Mainpat and Bodai-Daldali mines is only suitable for use at BALCO s Korba alumina refinery. Consequently, the economic feasibility of the reserves depends on the economic feasibility of the company. Based on current costs and historical prices, BALCO s operations are forecast to remain profitable and therefore the deposits at the Mainpat and Bodai-Daldali mines fulfill the requirements for being classified as reserves.

The reserves as of March 31, 2012 at BALCO s mines at Mainpat and Bodai-Daldali have been determined by verifying that the integrated operation is economic at an aluminum price of $ 2,146 per ton, which is the average metal price for the three fiscal years ending March 31, 2012.

A drilling hole spacing of 50 meters by 50 meters is used to determine the proven reserves while a drill hole spacing of 100 meters by 100 meters is used to determine the probable reserves.

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The mining dilution and mining recovery factors applied to determine the reserves at the Mainpat mine are 6.4% and 62.0%, respectively, while the factors applied at the Bodai-Daldali mine are 5.0% and 65.0%, respectively. The parameters for Mainpat are derived from the reconciliation of actual production against the geological model, while the parameters for Bodai-Daldali are based on estimates.

In fiscal 2012, all mining and transportation of the bauxite was done by contractors and the total cost for this was Rs. 2,064 ($ 40.6) per ton of alumina.

For fiscal 2012, the stripping ratio at the Mainpat mine was 1.0:1.9 with 1.9 tons of waste overburden being removed to mine one ton of ore, while the stripping ratio at the Bodai-Daldali mine was 1.0:3.0 with 3.0 tons of waste overburden being removed to mine one ton of ore. The strip ratio for the remaining reserves at Mainpat is 3.89 tons of waste per ton of ore while at Bodai-Daldali, it is 3.79 tons of waste per ton of ore.

Summary of Bauxite Mine Reserves

The following table sets out BALCO s proven and probable bauxite reserves as of March 31, 2012:

Mines	**Proven Reserves**			**Probable Reserves**			**Total Proven and Probable Reserves**			**SIIL Interest**	**Reserve Life**
	Quantity (in million tons)	**Alumina (%)**	**Silica (%)**	**Quantity (in million tons)**	**Alumina (%)**	**Silica (%)**	**Quantity (in million tons)**	**Alumina (%)**	**Silica (%)**	**%**	**(years)**
Mainpat	3,044	46.15	4.11	0.324	45.73	3.53	3,368	46.11	4.06		5
Bodai-Daldali	3,294	46.72	3.07	0.418	45.81	2.78	3,712	46.62	2.98		3
Total	6,338	46.45	3.57	0.742	45.78	3.11	7,080	46.38	3.49	51	

Additional information:

(1) The reserve estimates presented incorporate the losses for mine dilution and mining recovery according to the JORC code.
(2) The cut-off grade used with our reserve estimates for bauxite is 44.0%.
(3) The metallurgical recovery factor for bauxite at both Mainpat and Bodai-Daldali is 65.0%.
(4) The historic three year average commodity prices is $ 2,146 per ton for bauxite and the currency conversion factor that was used to estimate our reserves was Rs. 45.6 per US dollar.
(5) The reserve quantities disclosed are for the entire mine and our share in the reserve quantities is 51.0%.

Korba Facility

Overview

BALCO s Korba facility is located at Korba in the State of Chhattisgarh in Central India and consists of one alumina refinery, two aluminum smelters, two captive power plants and a fabrication facility. The following table sets forth the total capacities as of March 31, 2012 at BALCO s Korba facility:

Facility	**Alumina (tpa)**	**Capacity Aluminum (tpa)**	**Captive Power (MW)**
Korba	200,000	245,000	810

Refinery

The Korba alumina refinery was commissioned in 1973, uses the conventional high pressure Bayer process and has a capacity of 200,000 tpa of alumina. The operations of the refinery has been stopped in September 2009.

Smelters

There are two aluminum smelters at Korba. The newer smelter, which uses pre-baked GAMI technology and has a capacity of 245,000 tpa, was commissioned in November 2006. The older smelter was commissioned in 1975, uses the VSS technology to produce aluminum from alumina and had a capacity of 100,000 tpa.

In response to recent global economic conditions and a decline in commodity prices, starting in February 2009, BALCO suspended part of its operations at the 100,000 tpa aluminum smelter at Korba. Operations at this aluminum smelter ceased on June 5, 2009.

Fabrication Facility

The fabrication facility at Korba has two parts, a cast house and a sheet rolling shop.

Cast House

The cast house uses continuous rod casters from Continuus-Properzi S.p.A. and has a foundry which has twin-roll continuous casters with a SNIF degasser and hydraulically driven semi-continuous ingot casting machine to produce ingots and wire rods.

Sheet Rolling Shop

The sheet rolling shop has three parts: a hot rolling mill with a capacity of 75,000 tpa, an older cold rolling mill with a capacity of 30,000 tpa and a newer cold rolling mill commissioned in 2004 with a capacity of 36,000 tpa. Molten metal is cast into slabs and then either hot-rolled and sold as hot-rolled sheets or converted into cold-rolled sheets in the cold rolling mills. Alternatively, molten metal is directly used in strip casting and then fed to the cold rolling mills to convert it into cold-rolled sheets or coils.

Captive Power Plants

Smelting requires a substantial continuous supply of power and interruptions can cause molten metal to solidify and damage or destroy the pots. Power for the Korba facility is for the most part provided by the coal-based 540 MW captive power plant commissioned in March 2006. Thermal coal is a key raw material required for the operation of BALCO s captive power plants. The surplus generation from the power plants is supplied to the State Electricity Board and other customers. In April 2008, BALCO entered into two five-year coal supply agreements with SECL for the supply of thermal coal by SECL to BALCO, which represents approximately 57.0 % of its thermal coal requirements, with the remainder obtained through open market purchases and imports of coal.

Production Volumes

The following table sets out BALCO s total production from its Korba facility for the three years ended March 31, 2012:

		For the Year Ended March 31,		
Facility	**Product**	**2010**	**2011**	**2012**
			(tons)	
Korba	Alumina[1]	42,893		
	Ingots/Busbar	54,173	27,927	8,671
	Rods	148,279	160,665	167,826
	Rolled products	65,973	66,706	69,157
Total[2]		**268,425**	**255,289**	**245,654**

Notes:

(1) Reflects alumina production. Alumina that is produced is used in production of aluminum and rolled products. Approximately two tons of alumina is required for the production of one ton of aluminum. During fiscal 2012, 462,269 metric tons of alumina was received from Vedanta Aluminium and the remaining 26, 250 metric tons of alumina was sourced from third parties.

(2) Reflects total of ingots, rods and rolled products.

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The following table sets out the total bauxite ore production for each of BALCO s mines for the three years ended March 31, 2012:

Mine (Type of Mine)	Product	For the Year Ended March 31, 2010	2011	2012
		(tons, except for percentages)		
Mainpat (Open-pit)	Bauxite ore mined	486,429	564,608	620,193
	Ore grade	46.4%	45.8%	43.9%
Bodai-Daldali (Open-pit)	Bauxite ore mined	300,000	506,108	885,261
	Ore grade	46.1%	45.8%	46.3%
Total		**786,429**	**1,070,716**	**1,505,455**

Principal Raw Materials

The principal inputs of BALCO s operations are bauxite, alumina, power, carbon, caustic soda and certain other raw materials. BALCO has in the past been able to secure an adequate supply of the principal inputs for its business.

Bauxite

Bauxite is the primary raw material used in the production of alumina. BALCO sources the bauxite required for its alumina refinery from its own mines. BALCO supplies bauxite to Vedanta Aluminium for which a conversion price is paid to Vedanta Aluminium based on Vedanta Aluminium s actual cost of production plus a reasonable margin and receives alumina production from supplied bauxite.

Alumina

Alumina is the primary raw material used in the production of aluminum. Vedanta Aluminium supplies majority of the alumina requirements (after converting the bauxite supplied by BALCO to Vedanta Aluminium) of BALCO and the remainder of alumina requirements are sourced from third party suppliers. The alumina sourced externally is metallurgical grade calcined alumina with a minimum alumina content of 98.6% on a dry basis. In fiscal 2010, 2011 and 2012, BALCO purchased 192,557 tons, 126,210 tons and 26,250 tons of alumina at an average price of $ 305, $ 360 and $ 535 per ton, respectively, on a cost, insurance and freight or CIF basis at the port of Vizag, India.

Power

Smelting primary aluminum requires a substantial, continuous supply of electricity. A reliable and inexpensive supply of electricity, therefore, significantly affects the viability and profitability of aluminum smelting operations. As a result, power is a key input at BALCO s Korba facility, where it is provided by one coal-based captive power plant of 540 MW. Our captive power plant has historically been dependent upon coal allocations from Coal India. In November 2007, BALCO received a coal block allocation of 211.0 million tons for use in its captive power plants. At the time of the allocation, the Ministry of Coal estimated that the coal block allocated to BALCO contained proved reserves of 211 million tons of coal. These allocated coal blocks are regarded as non-reserve coal deposits and is currently in the post-exploration but pre-development stage. We expect mine development activities to commence upon the receipt of all regulatory approvals. Power for BALCO s mines is provided by on-site diesel generators. However, if such allocation is not available, BALCO will continue to source coal from third parties.

Water

Water is also an important input for BALCO s captive power plants. BALCO sources its water requirements at Korba from a nearby canal, with the water transported by pipelines. BALCO is currently in a dispute with NTPC regarding the right of way for its water pipeline that supplies water to its 270 MW captive power plant, which has been built through NTPC premises. Arbitration proceedings commenced on May 18, 2009 and are ongoing. The next date of hearing is fixed on August 27, 2012. See Item 3. Key Information -D. Risk Factors Risks Relating to Our Business- Our operations are subject to operating risks that could result in decreased production, increased cost of production and increased cost of or disruptions in transportation, which could adversely affect our revenue, results of operations and financial condition.

Carbon

Carbon is an important raw material to the aluminum smelting process. Carbon is used in the process of electrolysis, in the form of cathodes and anodes, with the latter the biggest component of BALCO s carbon costs. Anodes are made up of carbonaceous material of high purity. For pre-baked anodes, green carbon paste made of calcined petroleum coke and coal tar pitch is compacted or pressed into the required form. These anodes are baked before their use in electrolytic cells, or pots.

BALCO has in-house facilities to manufacture carbon anodes to meet its entire carbon anode requirements. Calcined petroleum coke, coal tar pitch and fuel oil, which are the key ingredients for the manufacture of carbon anodes, are sourced primarily from the Indian market. There is an adequate supply of these raw materials in India, though their prices are generally determined by movements in global prices.

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Caustic Soda

Caustic soda is a key raw material used to dissolve the bauxite in the alumina refining process. The caustic soda requirement varies significantly depending on the silica content of the bauxite and the technology employed. Currently BALCO is not sourcing its caustic soda requirements from any manufacturer as the refinery has been stopped for carrying out modernization process.

Other Raw Materials

BALCO also uses other raw materials such as fluorides and other chemicals. For these raw materials, there are several sources of supplies in the domestic markets and BALCO does not foresee any difficulty in securing supplies when needed.

Distribution, Logistics and Transport

Bauxite mined from the Mainpat and Bodai-Daldali mines is transported by road approximately 170 kilometers and 260 kilometers, respectively, from the mines to the Korba facility. The alumina purchased from third party suppliers is transported to the Korba facility by rail and ports. BALCO s aluminum products are transported from the Korba facility to domestic customers through a combination of road and rail, and shipped for export.

Sales and Marketing

BALCO s 10 largest customers accounted for approximately 28.9%, 41.1% and 49.5% of its revenue for aluminum business in fiscal 2010, 2011 and 2012, respectively. No customer accounted for greater than 10.0% of BALCO s revenue in the last three fiscal years.

BALCO s sales and marketing head office is located in Mumbai, and it has field sales and marketing offices in most major metropolitan centers in India. Currently, BALCO sells its products primarily in the Indian market, with limited focus on exports. However, with the commissioning of the new aluminum smelter, a significant part of the additional production is sold in the export market. BALCO s key customers include conductor manufacturers, state road transport corporations, railways, defense contractors and electrical equipment and machinery manufacturers.

Domestic sales are normally conducted on the basis of a fixed price for a given month that BALCO determines from time to time on the basis of average LME price for the month, as well as domestic supply and demand conditions. The price for aluminum BALCO sells in India is normally higher than the price it charges in the export markets due to the tariff structure, smaller order sizes that domestic customers place and the packaging, storing and truck loading expenses incurred when supplying domestic customers.

BALCO s export sales of aluminum are currently on a spot basis at a price based on the LME price plus a premium.

Projects and Developments

On October 7, 2006, BALCO entered into a MoU with the State Government of Chhattisgarh, India, and the CSEB under which, among other things, feasibility studies will be undertaken to build a thermal coal-based 1,200 MW captive power facility, along with an integrated coal mine, in the State of Chhattisgarh at an estimated cost of Rs. 46,500 million ($ 913.7 million). The project was disrupted in September 2009 due to the collapse of a chimney under construction during heavy rains and lightning at Korba. There were 40 fatalities in the accident and SEPCO Electric Power Construction Corporation, our EPC contractor, and Gamon Dunkerley and Company Limited, the sub-contractor are the subject of an investigation by the Chhattisgarh government. We have instituted an enquiry being conducted by IIT Rourkee, an expert in the civil engineering field in India. Work had resumed in January 2010 and the synchronization of the first unit of 300 MW is expected in the first quarter of fiscal 2013 and the remaining three units progressively by fiscal 2013.

In addition, on August 8, 2007, BALCO entered into a MoU with the State Government of Chhattisgarh for a potential investment to build an aluminum smelter with a capacity of 650,000 tpa at Chhattisgarh at an estimated cost of Rs. 81,000 million ($ 1,591.7 million). The first of two phases of this project has been commenced by BALCO with the setting up of a 325,000 tpa aluminum smelter at an estimated cost of Rs. 38,000 million ($ 746.7 million), which uses pre-baked GAMI technology. BALCO has received environmental clearance for both phases of the project. Construction has commenced and the first metal tapping from the 325,000 tpa aluminum smelter is expected in the third quarter of fiscal 2013.

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The estimated cost of building the 325,000 tpa aluminum smelter and 1,200 MW captive power facility is Rs. 84,500 million ($ 1,660.4 million). As of March 31, 2012, Rs. 65,242 million ($ 1,282.0 million) has been spent.

BALCO received a coal block allocation of 211 million tons for use in its captive power plants in November 2007. These allocated coal blocks are regarded as non-reserve coal deposits. The forest clearance required for the second stage of the coal block allocation is pending. The estimated cost of developing the coal mine is Rs. 7,150 million ($ 140.5 million). As of March 31, 2012, Rs. 565 million ($ 11.1 million) has been spent.

Market Share and Competition

BALCO is one of the four primary producers of aluminum in India and had a primary market share of 18.0% in fiscal 2012, according to AAI. BALCO s competitors (and their respective primary market shares by volume in India in fiscal 2012) are Hindalco (37.0%), NALCO, a Government of India enterprise (23.0%), and Vedanta Aluminium (22.0%) and subsidiaries of Vedanta.

Aluminum ingots, wire rods and rolled products are commodity products and BALCO competes primarily on the basis of price and service, with price being the most important consideration when supplies are abundant. Aluminum competes with other materials, particularly plastic, steel, iron, glass, and paper, among others, for various applications. In the past, customers have demonstrated a willingness to substitute other materials for aluminum.

Vedanta Aluminium

Overview

We hold a 29.5% ownership interest in Vedanta Aluminium. The other 70.5% of Vedanta Aluminium is owned by Vedanta. Vedanta Aluminium is not part of our consolidated group of companies.

In October 2004, Vedanta Aluminium entered into an agreement with the Orissa Mining Corporation Limited, or OMC, regarding the establishment of the alumina refinery, an aluminum smelter and associated captive power plants in the Lanjigarh and Jharsuguda districts.

On March 11, 2010, Vedanta Aluminium has acquired 100.0% ownership of Allied Port Services Private Limited, or APSPL. APSPL was merged into Vedanta Aluminium with effect from April 1, 2011 pursuant to the merger approved by the High Court of Madras.

Projects and Developments

Lanjigarh Alumina Refinery

We signed an MoU with Government of Orissa for setting up an alumina refinery on June 7, 2003 and the same was assigned by us to Vedanta Aluminium. The MoU was further revised to include an aluminium smelter at Jharsuguda in the State of Orissa on April 4, 2007. On October 5, 2009 Vedanta Aluminium also entered into an agreement with OMC for the supply of 150 million tons of bauxite to the alumina refinery at Lanjigarh from the Lanjigarh bauxite mine and nearby mines. In November 2007, the Supreme Court of India directed SIIL to enter into an agreement with OMC to operate the bauxite mines in place of Vedanta Aluminium. Accordingly, OMC and SIIL have an agreement to form a joint venture company to bauxite from the mines in the name of South West Orissa Bauxite Mining Private. Limited with 74.0% and 26.0% shareholding rights of SIIL and OMC, respectively.

Apart from the formation of the joint venture company for mining for bauxite, OMC and SIIL jointly agreed to the rehabilitation package as suggested by the Supreme Court when it granted clearance to the mines project. Accordingly, SIIL has filed necessary affidavits accepting the rehabilitation package in compliance with the interim judgment dated November 23, 2007.

In addition, Vedanta Aluminium is investing an estimated Rs, 106,000 million ($ 2,082.9 million) to expand its alumina refining capacity at Lanjigarh to 5 mtpa, subject to government approvals by increasing the capacity of the current alumina refinery from 1 mtpa to 2 mtpa through debottlenecking and by constructing a 3 mtpa alumina refinery and an associated 210 MW captive power plant. The construction of the alumina refinery is on hold.

As of March 31, 2012, Vedanta Aluminium had spent an amount of Rs. 38,734 million ($ 761.1 million) on all the projects at Lanjigarh.

On August 8, 2008, the Supreme Court of India granted clearance to the forest diversion proposal for the conversion of 660.7 hectares of forest land from forestry use to mining use, allowing the sourcing of bauxite which has been mined on the Niyamgiri Hills in Lanjigarh. Pursuant to the Supreme Court order, Sterlite was required to pay, from April 2007, the higher of 5% of annual profits before tax and interest from the Lanjigarh project and Rs.100 million ($ 2.0 million) per annum, as a contribution for scheduled area development, as well as Rs.122 million ($ 2.4 million) towards tribal development and Rs.1,055 million ($ 20.7 million) plus expenses towards a wildlife management plan for the conservation and management of wildlife around the Lanjigarh bauxite mine. As of March 31, 2011, an amount of Rs.1,212 million ($ 23.8 million) has been remitted to the Compensatory Afforestation Fund in compliance with the Supreme Court order. On December 11, 2008, the MoEF granted in-principle approval under the Forest (Conservation) Act, 1980, or the Forest Act. The stage one approval for the conveyor corridor was granted on March 15, 2009.

On April 28, 2009, the MoEF granted environmental clearance for the mining of bauxite. Thereafter, MoEF in a statement issued on August 24, 2010 refused the final approval to the OMC proposal for the bauxite mining at Niyamgiri hills, in the State of Orissa, following the report of Dr. N.C. Saxena committee and recommendation of the Forest Advisory Committee, MoEF. On March 8, 2011, OMC challenged the order of the MoEF by way of a special leave petition to the Supreme Court of India. On April 1, 2011, the Supreme Court of India admitted OMC s plea against the MoEF. Upon direction of the Supreme Court, the application has been converted into a writ petition and on April 21, 2011, the Supreme Court directed the MoEF and other parties to file their replies within four weeks and list thereafter.

The MoEF on August 24, 2010 rejected the forest clearance for the Niyamgiri Mines to Orissa Mining Corporation, which is one of the sources of supply of Bauxite to Vedanta Aluminium. Against this order of the MoEF, the OMC filed a writ petition in the Supreme Court on October 24, 2010. In the meantime, the MoEF by its order dated July 11, 2011, cancelled the environmental clearance granted to OMC for its Niyamgiri mines. OMC has filed an application in the Supreme Court against this order of the MoEF on August 1, 2011. The next date of hearing for both the writ petition and application filed by the Orissa Mining Corporation has not yet been fixed.

The MoEF has also directed Vedanta Aluminium to maintain status quo on the expansion of its refinery on October 20, 2010. Against this order, Vedanta Aluminium filed a writ petition in the High Court of Orissa and the court dismissed the writ. Vedanta Aluminium made an application to the MoEF to reconsider the grant of the environmental clearance for its alumina refinery. The MoEF by its letter dated February 2, 2012, issued fresh terms of reference to Vedanta Aluminium for preparation of the EIA report which is required to be submitted to the Orissa Pollution Control Board for public hearing and after incorporation of the response, submit the final EIA report to the MoEF for environment clearance. Vedanta Aluminium submitted the EIA report to the Orissa Pollution Control Board and the public hearing has been kept on hold on the direction of the MoEF. Vedanta Aluminium is pursuing the matter with the state government.

Certain groups of persons and individuals have filed an appeal challenging the grant of environment clearance by the MoEF before The National Environment Appellate Authority, or NEAA, and the same issues which were raised during hearing at the Supreme Court were raised at the NEAA. The NEAA dismissed the appeals by its order dated September 15, 2010, and has refused to consider the issues already discussed in the Supreme Court under the principle of res judicata, but has advised MoEF to consider the two Environment Impact Assessments, or EIAs, prepared for the mining project. Pursuant to the NEAA order, additional conditions, if any are required, can be imposed by MoEF in the environmental clearance, which remains inoperable, until MoEF reconsiders the matter.

In view of the ongoing delay in approval of the Niyamgiri mining, the Government of Orissa is actively considering allocation of alternative sources of bauxite to the Vedanta s alumina refinery, from the State of Orissa.

Jharsuguda Aluminum Smelter

500,000 tpa Aluminum Smelter

Vedanta Aluminium has completed the construction of a greenfield 500,000 tpa aluminum smelter, together with an associated 1,215 MW coal-based captive power plant, in Jharsuguda in the State of Orissa. The project has been implemented in two phases of 250,000 tpa each. Phase 1 was completed on November 30, 2009. In Phase 2, 228 pots (out of 304 pots) with the associated carbon and cast house facilities have been commissioned from March 1, 2010 in stages. The remaining 76 pots have been commissioned in June 2010. All nine units of 135 MW have been commissioned. The metal production for fiscal 2012 was 429,723 tons including trial run production whereas net generation of captive power plant was 6,818 MU.

1,250,000 tpa Aluminum Smelter

Vedanta Aluminium is also setting up another 1,250,000 tpa aluminum smelter in Jharsuguda at an estimated cost of Rs. 145,000 million ($ 2,849.3 million) which is scheduled for completion by the third quarter of fiscal 2014.

As of March 31, 2012, Vedanta Aluminium had spent an amount of Rs. 102,695 million ($ 2,018.0 million) on all the projects at Lanjigarh and Jharsuguda.

Vedanta Aluminium received formal approval to set up a special economic zone in a portion of the area on February 27, 2009. This special economic zone is a designated duty-free enclave approved by the Government of India which is treated as foreign territory for purposes of trade operations, duties and tariffs. Subject to certain conditions, there is no customs duty or excise duty for the import or procurement of capital goods, raw materials, consumables, spares and other products into the special economic zone. There is a 100.0% income tax exemption for a period of five years, a 50.0% income tax exemption for a further period of five years and a further exemption for up to 50.0% of profits that are reinvested into the zone for a period of five years under Section 10AA of the Income Tax Act, 1961, or the Income Tax Act.

Our Commercial Power Generation Business

Overview

Although electricity generation capacity has increased substantially in recent years, the demand for power in India to support its growing economy has in recent years exceeded, and continues to substantially exceed, the available generation supply. Per capita consumption of power in India, despite significant increases in recent years, continues to lag behind power consumption in other leading developed and emerging economies by a large margin. See Our Industry Commercial Power Generation Business Consumption. India has large coal resources of 285.8 billion tons as of April 1, 2011, according to Geological Survey of India, and the coal industry is in a process of government deregulation that is expected to increase the availability of coal for power generation, among other uses. To sustain the recent economic growth in India, the Ministry of Power in India has set a target to provide an installed capacity of 212,000 MW by 2012 by adding approximately 100,000 MW of generation capacity from the 2007 installed capacity. As part of the planned target of approximately 100,000 MW of additional capacity by 2012, the Government of India has proposed setting up nine UMPPs. Each of these projects is expected to be commissioned during the period from 2008 to 2012 and nine have already been awarded as of March 31, 2011. The Ministry of Power has initiated the process for two more such UMPPs in the current year.

We believe that these factors make the commercial power generation business an attractive growth opportunity for us to diversify our business and that, by leveraging our project execution and operating skills and experience in building and managing power plants and by applying our mining experience to the mining of coal blocks that we have been and will continue to seek to have allotted to us by the Government of India, we may compete successfully in this business.

Our Experience with Captive Power Plants

We have been building and managing captive power plants since 1997. As of March 31, 2012, the total power generating capacity of our captive power plants and wind power plants, including the captive power plants of our 29.5%- owned subsidiary Vedanta Aluminium, was 4,730.3 MW, which includes our ten thermal coal-based captive power plants with a total power generation capacity of 4,374 MW.

The following table sets forth information relating to our and Vedanta Aluminium s existing power plants as of March 31, 2012:

Fiscal Year Commissioned	Capacity (MW)	Location	Fuel Used
1988(1)	270	Korba	Thermal Coal
1997	24	Tuticorin	Liquid fuel
2003	14.8	Debari	Liquid fuel
2003	6	Zawar	Liquid fuel
2003	14.8	Chanderiya (2)	Liquid fuel
2005	22.5	Tuticorin	Liquid fuel
2005	154	Chanderiya	Thermal coal

2006	540	Korba	Thermal coal
2007	75[3]	Lanjigarh	Thermal coal
2007	107.2	Gujarat and Karnataka	Wind [4]
2008	80	Chanderiya	Thermal coal

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2009	80	Zawar	Thermal coal
2009	16	Gujarat and Karnataka	Wind (4)
2009	675(3)	Jharsuguda	Thermal coal
2010	540(3)	Jharsuguda	Thermal coal
2011	1200(5)	Jharsuguda	Thermal coal
2011	48	Rajasthan and Karnataka	Wind
2011	160	Dariba	Thermal coal
2012	103	Karnataka, Maharashtra, Rajasthan and Tamil Nadu	Wind (4)
2012	600(5)	Jharsuguda	Thermal coal
	4,730.3		

Notes:

(1) Commissioned by BALCO prior to our acquisition of BALCO in 2001 which is not being used for captive purposes at present due to the closure of operations at the 100,000 tpa aluminum smelter.
(2) Transferred from Debari to Chanderiya in March 2009.
(3) Captive power plant of Vedanta Aluminium, our 29.5%-owned subsidiary that is 70.5%-owned and controlled by Vedanta. The Lanjigarh captive power plant is expandable to 90 MW, subject to government approvals.
(4) Our wind power plants are not for captive use.
(5) Three units out of the four units (600 MW each) were operational as of March 31, 2012

We have the following power plants under construction:

SIIL s 160 MW coal-based thermal captive power plant at Tuticorin which is currently under construction is scheduled for commissioning by the second quarter of fiscal 2013; and

BALCO s 1,200 MW thermal coal-based captive power plant in the State of Chhattisgarh where the first unit of 300 MW is expected to be synchronised in first quarter of fiscal 2013, and the remaining units progressively by fiscal 2013.

In addition, Vedanta Aluminium is setting up a 210 MW coal-based captive power plant at its second 3.0 million alumina refinery which was to be commissioned in fiscal 2012. Currently, the project is on hold.

Our Plans for Commercial Power Generation

Sterlite Energy Orissa

In August 2006, our shareholders approved a new strategy for us to enter into the power generation business in India. Sterlite Energy is investing approximately Rs. 82,000 million ($ 1,611.3 million) to build a 2,400 MW thermal coal-based sub-critical power facility (comprising four units of 600 MW each) in Jharsuguda in the State of Orissa. As of March 31, 2012, Rs. 75,259.0 million ($ 1,478.9 million) has been spent on the project. The first three units have been commissioned and the remaining unit has been synchronized in last quarter of fiscal 2012 and is currently under trial run. This project is financed by internal sources and through debt financings.

Sterlite Energy is building this power facility in the State of Orissa, which has abundant coal resources estimated at 65.3 billion tons as of April 1, 2008, according to the Geological Survey of India 2008. According to the Energy Information Administration, a statistical agency of the United States Department of Energy, India has the fourth largest coal reserves in the world. According to the Ministry of Coal of the Government of India, the State of Orissa has approximately 24.4% of India s coal resources of 267.2 billion tons as of fiscal 2009 . The plant would require approximately 12.49 million tpa of coal. Sterlite Energy has applied to the Ministry of Coal for allotments of coal blocks and long-term coal linkages, which are long-term supply contracts for delivery of coal meeting specific contract specifications. In January 2008, the

Ministry of Coal jointly allocated the coal blocks in the Rampia and Dip Side Rampia in the State of Orissa to six companies, including Sterlite Energy. Sterlite Energy s proportionate share would be 112.2 million tons. The coal block is currently in the pre-exploration stage and are regarded as non-reserve coal deposits. The six companies have entered into an agreement regarding the joint allocation through a joint venture company, Rampia Coal Mine and Energy Private Limited, or RCMEPL,

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incorporated in February 2008. On April 16, 2008, RCMEPL submitted an application to the Government of Orissa for the grant of a prospecting licence, or a licence for exploration, which is currently pending approval from the regulatory authorities. Once the licence for exploration is issued, RCMEPL will commence exploration activities in the coal block. Upon completion of exploration activities, RCMEPL will apply for the grant of the mining lease and other regulatory approvals for the development and mining of the coal block. We expect the development of the mines to take between three and five years. At the time of the allocation, the Ministry of Coal estimated that the coal block contains non-reserves coal deposits of 645.26 million tons of coal. Additionally, Sterlite Energy has been allotted a coal linkage of 2.57 mtpa for the Jharsuguda project to meet the coal requirements of one of the units of 600 MW of the 2,400 MW power facility. Following our application to the Ministry of Coal for a coal linkage to meet the substantial portion of the remaining coal requirements for the remaining three units, on the recommendation of Standing Linkage Committee in its meeting on January 29, 2010, Mahanadi Coal fields Limited issued the letter of assurance on July 14, 2010 for another 6.94 million tons.

Further, on September 26, 2006, Sterlite Energy entered into a memorandum of understanding with the State Government of Orissa under which the government has agreed to assist us in our acquisition of approximately 3,000 acres of land for the power facility, including the rehabilitation and resettlement of persons to be displaced, the obtaining of environmental clearances, the allocation of coal blocks, long-term coal linkages, water allocations and the sourcing of power during the construction period. The process of making arrangements for railway marshalling yard, coal stockpile, ash pond and other required facilities is currently underway. Pursuant to the memorandum of understanding, on September 28, 2006, Sterlite Energy entered into a power purchase agreement, or PPA, with the Grid Corporation of Orissa Limited, or GridCo, a nominee of the State Government of Orissa, which provides for approximately 600 MW of power to be supplied to the State Government of Orissa each year over a five-year period.

The PPA also provides that all power generated by the power plant prior to commercial operations and, thereafter, the power generated from the facility in excess of a plant load factor of 80% will be made available to GridCo at a variable price plus a variable incentive to be determined by the CERC.

Subsequently, Sterlite Energy entered into an amended PPA with GridCo on August 20, 2009 to amend the terms of the PPA pursuant to the Policy Guidelines for Thermal Power Generation notified by the Government of Orissa on August 8, 2008. Pursuant to the amended PPA, GridCo has the right to purchase up to 25.0% of the installed capacity of the power plant after adjustments for auxiliary consumption by us. Further, GridCo shall at all times have the right on behalf of the Government of Orissa to receive from the Jharsuguda power project, 7.0% of power generated (after adjustments for auxiliary consumption by us) at variable cost, determined by OERC. Further, we are required to make available to GridCo the entire power generated from the first unit of the Jharsuguda power project after meeting our own requirement. GridCo will have the right to purchase this power from us once in every five years, for 25 years from the date of commercial operation of the last unit. This right is an option to purchase rather than a binding commitment of GridCo. The PPA is subject to the approval of the OERC.

In the event GridCo decides not avail part or whole of the above mentioned right during any five year period, it shall give six months notice of the same to us prior to the commencement of such period.

The tariff for the sale of power by us to GridCo will be determined by the OERC as follows:

For the sale of power up to 25.0% of the installed capacity:

(i) a fixed capacity charge which shall be determined by the OERC as per the terms and conditions of tariff issued from time to time and will be related to target availability. Recovery of fixed capacity charges below the level of target availability shall be done on a pro rata basis and calculated proportionately to the capacity requisitioned to GridCo; and

(ii) a variable energy charge, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the OERC from time to time.

For the sale of additional 7.0%, on account of allocation of coal blocks within the State of Orissa, a variable energy charge, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the appropriate commission, from time to time.

Power from the power plant to be purchased by GridCo will be evacuated by GridCo from the bus bar of the project. For the evacuation of the remaining power, Sterlite Energy has constructed a 400 KV transmission line to connect to the transmission line being developed by Power Grid

Corporation India Limited, or PGCIL near Jharsuguda. Sterlite Energy entered into an agreement with PGCIL in July 2010 to build the dedicated transmission system required for evacuating power from the power plant to the pooling units of PGCIL and to dispatch power to beneficiaries.

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Sterlite Energy Talwandi Sabo

In July 2008, Sterlite Energy succeeded in an international bidding process and was awarded the project for the construction of a 1,980 MW coal-based thermal commercial power plant at Talwandi Sabo in the State of Punjab in India. The State of Punjab has a power deficit of supply versus demand, according to the Northern Regional Power Committee of the Government of India. All necessary approvals for the project have been obtained and commissioning of this project will be carried out in stages and is expected to be completed in fiscal 2014 at an estimated cost of Rs. 92,450 million ($ 1,816.7 million).

In November 2009, Sterlite Energy entered into an on-shore and offshore engineering, procurement and construction contract with Shandong Electric Power Construction Corporation, or SEPCO, for Sterlite Energy s Talwandi Sabo thermal power project for Rs. 66,560 million ($ 1,307.9 million). The contract was amended to include an additional unit of 660 MW. The revised cost of the contract was Rs. 87,000 million ($ 1,709.6 million). In view of the current coal and power tariff, we have decided to drop the expansion plan of the fourth unit.

SEPCO s obligations under the contract include testing and delivery of plant and equipment, system design and engineering of plant and equipment in accordance with technical specifications, supervision of civil, structure and manufacturing work, custom clearance, port clearance, inland transportation of offshore as well as onshore plant and equipment, unloading, storage and preservation for all equipment and material required, ash disposal among others within the period specified in the contracts. The fixed contract price is payable in multiple instalments according to a fixed payment schedule. SEPCO has provided performance guarantees with respect to various parameters, for instance, net unit heat rate of 2,222.80 kwph/kcal and net unit electric output of 614 MW. If there is a delay in completion or failure to meet performance guarantees, liquidated damages may be imposed on SEPCO in accordance with the terms of the contract.

As of March 31, 2012, we had spent Rs. 46,110 million ($ 906.1 million) on this project. In September 2008, TSPL entered into a long-term PPA with the Punjab State Electricity Board for the sale of power from the completed power plant. This project is expected to be financed by internal sources and/or debt financing.

HZL Wind Power Plants

HZL s board of directors has approved the establishment of wind power plants with a combined capacity of up to 300 MW at an estimated cost of Rs. 16,000 million ($ 314.4 million). As of March 31, 2012, wind power plants with a combined power generation capacity of 274 MW have been commissioned in the States of Gujarat, Karnataka, Tamil Nadu, Maharashtra and Rajasthan in India at a total cost of Rs. 14,520 million ($ 285.3 million) as of March 31, 2012. As of March 31, 2011 total commissioned capacity of wind power plant was 171 MW. Further 103 MW has been commissioned during fiscal 2012. The electricity from these wind power plants is sold to SEBs. This project is funded through internal accruals and will benefit from the various tax incentives available under the Income Tax Act.

The entire 151 MW expansion of the wind power generation capacity was commissioned in the last quarter of fiscal 2012 at a capital expenditure cost of Rs. 8,514 million ($ 167.3 million).

Other Opportunities in Power

Vedanta Aluminium entered into an agreement on October 1, 2007 with GridCo for the sale of excess power from one unit of its 75 MW captive power plant at Lanjigarh with a capacity of 30 MW.

Sterlite Energy intends to participate in projects relating to the generation of coal-based thermal power and ancillary activities, including UMPPs or other projects announced by the Government of India or any state government. A recent initiative of the Ministry of Power of the Government of India offers private developers an opportunity to establish a number of UMPPs. Private developers will be selected on the basis of competitive bidding and under the initiative, will have the benefit of the assured purchase of power generated and payment security mechanisms. Nine of such UMPPs have been awarded as of 31st March, 2011 and subsequently no UMPPs have been awarded.

On October 30, 2009, Sterlite Energy filed its draft red herring prospectus with SEBI for a proposed initial public offering of its equity shares for an issue size of Rs. 51,000 million ($ 1,002.2 million) while the permission from SEBI to proceed with the initial public offering lapsed in April, 1 2011.

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Risks in Commercial Power Business

There will be risks involved in entering into the commercial power generation business. See Item 3. Key Information D. Risk Factors Risks Relating to Our Business We are developing our commercial power generation business, a line of business in which we have limited experience, from which we may never recover our investment or realize a profit and which may result in our management s focus being diverted from our core copper, zinc and aluminum businesses and Item 3. Key Information D. Risk Factors Risks Relating to Our Business If any power facilities we build and operate as part of our commercial power generation business do not meet operating performance requirements and agreed norms as may be set out in our agreements, or otherwise do not operate as planned, we may incur increased costs and penalties and our revenue may be adversely affected for more details.

Other Business

Vizag

We incorporated a special purpose vehicle, Vizag General Cargo Berth Private Limited, or VGCB, on April 20, 2010 for the coal berth mechanization project at Vishakhapatnam port. VGCB is owned by SIIL and Leighton Contractors (India) Limited in the ratio of 74:26. The project is to be carried out on design, build, finance, operate, transfer basis and the concession agreement between Vizag Port Trust and VGCB was signed on June 10, 2010. Vizag Port Trust had specified certain conditions to be satisfied, before the concession is awarded to VGCB. VGCB had 120 days from June 10, 2010 to fulfill the conditions. On October 8, 2010, VGCB was awarded with concession after fulfilling conditions precedents of the concession agreement. The project is expected to be completed in fiscal 2013. , following which commercial operations of the mechanized and modernized coal berth is expected to commence. The concession period is 30 years from the date of the award of the concession. The capacity of upgraded berth shall be 10.18 mmtpa and that the Vishakhapatnam Port Trust will receive 38.10% share of the revenue earned from the berth as royalty. The expected costs for the project is Rs. 6,640 million ($ 130.5 million) of which Rs. 2,634 million ($ 51.8 million) has been spent. Construction has commenced and completion of the berth is expected to be completed in fiscal 2013.

Paradip Port

We incorporated a special purpose vehicle, Paradip Multi Cargo Berth Private Limited, or PMCB, on February 8, 2011 for setting up a multipurpose berth to handle clean cargo including containers at Paradip port, situated in the Jagatsinghpur district of Orissa, on the east coast of India. The project is to be carried out on design, build, finance, operate and transfer basis. PMCB is owned by SIIL and Leighton Contractors (India) Limited in the ratio of 74:26. PMCB is in process of signing the concession agreement in line with request for proposal submitted while bidding for the project and subsequent clarifications from port authorities. The new berth is expected to facilitate the movement of cargo such as aluminium ingots, steel and containers and to have a capacity to handle up to 5.0 mpta of cargo. Upon receipt of environmental approval by the port authority, Paradip Port Trust, the consortium will enter into an agreement with the Paradip Port Trust, to operate the berth on a build-operate-transfer basis for 30 years commencing on the date of award of concession. The Paradip Port Trust will receive 23.4% share of the revenue earned from the berth as royalty.

Exploration and Development Activities

We are engaged in ongoing exploration activities to locate additional ore bodies in India, Australia, South Africa, Namibia and Lisheen. We spent approximately Rs. 785 million ($ 15.4 million) in fiscal 2012 on exploration.

The focus of our exploration has been sediment hosted zinc deposits in India. Bauxite exploration concentrates on delineating and evaluating known deposits within economic transport distance of our alumina refinery at Korba.

Options to Increase Interests in HZL and BALCO

Call Options Over Shares in HZL

On April 11, 2002, we acquired a 26.0% interest in HZL from the Government of India through our subsidiary SOVL. At the time of the acquisition, we owned 80.0% of SOVL and STL owned the remaining 20.0%. In February 2003, STL transferred its 20.0% interest in SOVL to us and SOVL became our wholly-owned subsidiary. SOVL subsequently acquired a further 20.0% interest in HZL through an open market offer. The total cash consideration paid by SOVL for the acquisition of the 46.0% interest in HZL was Rs. 7,776 million.

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Upon SOVL s acquisition of the 26.0% interest in HZL, the Government of India and SOVL entered into a shareholders agreement to regulate, among other things, the management of HZL and dealings in HZL s shares. The shareholders agreement provides that as long as SOVL holds at least 26.0% of the share capital of HZL, SOVL is entitled to appoint one more director to the board of HZL than the Government of India and is entitled to appoint the managing director. In addition, as long as the shareholders agreement remains in force, the Government of India has the right to appoint at least one director to the board of HZL.

There are also various other matters reserved for approval by both the Government of India and SOVL, including amendments to HZL s Articles of Association, the commencement of a new business, non-pre-emptive issues of shares or convertible debentures, a discounted rights issue and the granting of loans or provision of guarantees or security to other companies under the same management as HZL.

Under the shareholders agreement, the Government of India also granted us two call options to acquire all the shares in HZL held by the Government of India at the time of exercise. We exercised the first call option on August 29, 2003 and acquired an additional 18.9% of HZL s issued share capital at a cost of Rs. 3,239 million on November 12, 2003, taking our interest in HZL to 64.9%.

The shareholders agreement provides that prior to selling shares in HZL to a third party, either party must first issue a sale notice offering those shares to the other party at the price it intends to sell them to the third party. However, a transfer of shares, representing not more than 5.0% of the equity share capital of HZL, by the Government of India to the employees of HZL is not subject to such right of first refusal by us. The Government of India has transferred shares representing 1.5% of HZL s share capital to the employees of HZL. The shareholders agreement also provides that if the Government of India proposes to make a sale of its shares in HZL by a public offer prior to the exercise of SOVL s second call option, then we shall have no right of first refusal.

The second call option provides us a right to acquire the Government of India s remaining 29.5% shareholding in HZL, subject to the right of the Government of India to transfer up to 3.5% of the issued share capital of HZL to employees of HZL, in which case the number of shares that we may purchase under the second call option will be reduced accordingly. This call option became exercisable on April 11, 2007 and remains exercisable thereafter so long as the Government of India has not sold its remaining interest pursuant to a public offer of its shares. Under the shareholders agreement, upon the issuance of a notice of exercise of the second call option by us to the Government of India, we shall be under an obligation to complete the purchase of the shares, if any, then held by the Government of India, within a period of 60 days from the date of such notice. The exercise price for the second call option will be equal to the fair market value of the shares as determined by an independent appraiser. In determining the fair market value of the shares, the independent appraiser may take into consideration a number of factors including, but not limited to, discounted cash flows, valuation multiples of comparable transactions, trading multiples of comparable companies, SEBI guidelines and principles of valuation, the minority status of the shares, the contractual rights of the shares and the current market price of the shares. Based solely on the market price of HZL s shares on the NSE on May 11, 2012 of Rs. 118.90 ($ 2.3) per share, and not including the other factors that the independent appraiser may consider, one possible estimation of the exercise price to acquire all of the Government of India s 1,247,950,590 shares of HZL would be Rs.148,381 million ($ 2,915.7 million). If the Government of India sells its remaining ownership interest in HZL through a public offer, Sterlite may look into alternative means of increasing our ownership interest in HZL.

We have exercised the second call option by a letter dated July 21, 2009. The Government of India has stated that it is maintaining the same stand as in BALCO on the validity of the call option and has refused to act upon the second call option. Consequently, we commenced arbitral proceedings and has appointed its arbitrator. The Government of India has not nominated its arbitrator despite SOVL s request for it to do so. Thereafter, we filed an arbitration application pursuant to section 11(6) of the Arbitration and Conciliation Act 1996 in the Delhi High Court for constitution of an arbitral tribunal.

The arbitration application was heard on May 18, 2010, and the Government of India informed that they had appointed Justice V N Khare as their arbitrator. By an order dated May 18, 2010, the court directed the parties to appoint mediators for mediation of the dispute. The mediation process was unsuccessful. Consequently an arbitral tribunal was constituted. The tribunal directed us to submit our claim statement and response and has scheduled the next date of hearing on August 11, 2012.

It has been reported in the media that the Government of India is considering asserting a breach of a covenant by our subsidiary SOVL and may seek to exercise a put or call right with respect to shares of HZL. See Item 3. Key Information D. Risk Factors Risks Relating to Our Business The Government of India may allege a breach of a covenant by our subsidiary SOVL and seek to exercise a put or call right with respect to shares of HZL, which may result in substantial litigation and serious financial harm to our business, results of operations, financial condition and prospects. If the Government of India makes such an assertion, we intend to contest it and believe we have meritorious defenses.

Call Option Over Shares in BALCO

On March 2, 2001, we acquired a 51.0% interest in BALCO from the Government of India for a cash consideration of Rs. 5,533 million ($ 108.7 million). On the same day, we entered into a shareholders agreement with the Government of India and BALCO to regulate, among other things, the management of BALCO and dealings in BALCO s shares. The shareholders agreement provides that as long as we hold at least 51.0% of the share capital of BALCO, we are entitled to appoint one more director to the board of BALCO than the Government of India and are entitled to appoint the managing director. There are various other matters reserved for approval by both the Government of India and Sterlite under the shareholders agreement, including amendments to BALCO s articles of association, the commencement of a new business, non-pre-emptive issues of shares or convertible debentures and the provision of loans or guarantees or security to other companies under the same management as BALCO.

Under the shareholders agreement, if either the Government of India or Sterlite wishes to sell its shares in BALCO to a third party, the selling party must first offer the shares to the other party at the same price at which it is proposing to sell the shares to the third party. The other party shall then have the right to purchase all, but not less than all, of the shares so offered. If a shareholder does not exercise its right of first refusal, it shall have a tag along right to participate in the sale pro rata and on the same terms as the selling party, except that if the sale is by the Government of India by way of a public offer, the tag along right will not apply. However, a transfer of shares representing not more than 5.0% of the equity share capital of BALCO by the Government of India to the employees of BALCO is not subject to such right of first refusal by Sterlite.

The Government of India also granted to Sterlite an option to acquire the remaining shares in BALCO held by the Government of India at the time of exercise. The exercise price is the higher of:

- the fair value of the shares on the exercise date, as determined by an independent valuer; and
- the original sale price Rs. 49.01 per share ($ 1.1 per share) together with interest at a rate of 14.0% per annum compounded half yearly from March 2, 2001 to the exercise date, less all dividends received by the Government of India since March 2, 2001 to the exercise date.

Based on a valuation report commissioned by the Government of India and us in December 2007, the fair value of the remaining shares in BALCO held by the Government of India was Rs. 12,438 million ($ 279.3 million).

Under the terms of the shareholders agreement between us and the Government of India, we were granted an option to acquire the shares of BALCO held by the Government of India at the time of exercise. We exercised this call option on March 19, 2004. However, the Government of India has contested the purchase price and validity of the option, contending that the restriction imposed by the shareholders agreement on the transfer of shares violates Section 111A of the Indian Companies Act. As negotiations for an amicable resolution were unsuccessful, on the direction of the court, arbitrators were appointed by the parties, as provided for under the terms of the shareholders agreement.

By an award dated January 25, 2011 the arbitral tribunal dismissed our claims on the basis that the clauses relating to the call option, the right of first refusal, the tag-along rights and the restriction on the transfer of shares violated section 11A(2) of the Indian Companies Act. The award also ruled that the first valuation report of SBI Capital Markets Limited, which valued the shares of the Government of India at Rs. 77.93 per share, was correct and that we had the right to purchase the Government of India s shares at 75.0% of its valuation. The arbitral tribunal s ruling in relation to the valuation and our right to purchase at 75.0% is inconsequential as the arbitral tribunal had already made a ruling that our call option was invalid. Following the issuance of the award, we filed an application in the High Court of Delhi to set aside the award. The Government of India also filed an application in the High Court of Delhi to set aside the award relating to the valuation report and our right to purchase the Government of India s shares at 75.0% of the valuation. The High Court of Delhi has kept the Government of India s application in abeyance until our application has been determined. Our application is scheduled for final hearing on August 6, 2012. See Item 4. Information on the Company B. Business Overview Our Business Options to Increase Interests in HZL and BALCO.

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Employees

As of March 31, 2012, we had 13,525 employees as follows:

Company		Location	Primary Company Function	Total Employees
Copper				
	Sterlite Industries (India) Limited	India	Copper smelting and refining	1,074
	Copper Mines of Tasmania Proprietary Limited.	Australia	Copper mining	103
	Fujairah Gold FZE	UAE	Precious metal refinery	44
Zinc				
	Hindustan Zinc Limited	India	Zinc and lead production	6,235
Zinc International				
	Black Mountain Mining Limited	South Africa	Zinc and lead Mining	715
	THL Zinc Namibia Holdings Proprietary Limited	Namibia	Zinc and lead Mining & refining	733
	Vedanta Lisheen Holdings Limited (VLHL)	Ireland	Zinc and lead Mining	377
Aluminum				
	Bharat Aluminium Company Limited	India	Aluminum production	3,978
Power				
	Sterlite Energy Limited	India	Commercial power generation	196
	Talwandi Sabo Power Limited	India	Commercial power generation	70

The majority of our workforce is unionized. Employees of HZL and BALCO are members of registered trade unions such as Bharat Aluminum Mazdoor Sangh for BALCO and Hindustan Zinc Workers Federation for HZL, and are affiliated with national trade unions such as the Indian National Trade Union Congress. We believe that relations with our employees and unions are good, though we have in the past and may in the future experience strikes and industrial actions or disputes. See Item 3. Key Information D. Risk Factors Risks Relating to Our Business Our operations are subject to operating risks that could result in decreased production, increased cost of production and increased cost of or disruptions in transportation, which could adversely affect our revenue, results of operations and financial condition.

We have a strong ongoing institutional commitment to the health and safety of our employees for achieving sustainable development in harmony with the communities and environments in which we operate. Proactively complying with and exceeding the requirements of regulatory guidelines, utilizing environment friendly technologies in our expansions and modernizations and implementing programs to support communities around our facilities are integral part of to our business strategy. Most of our mines, refineries and smelters in India are both International Standards Organization (ISO) 14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001 certified. We are committed to providing a healthy and safe working environment, to promoting empowerment, commitment and accountability of our employees and to being an equal opportunity employer. We actively initiate and participate in a variety of programs to contribute to the health, education and livelihood of the people in the local communities in which we operate, including through support of schools, educational programs and centers, women empowerment programs, hospitals and health centers. We constantly seek out and invest in new technologies and operational improvements to minimize the impact of our operations on the environment, including energy conservation measures, reductions in sulphur dioxide gas and other air emissions, water conservation and recycling measures and proper residue management. We also invest in programs to promote reforestation and better agricultural practices.

Insurance

We maintain property insurance which protects against losses relating to our assets arising from fire, business interruption, earthquakes or terrorism and freight insurance which protects against losses relating to the transport of our equipment, product inventory and concentrates. However, our insurance does not cover other potential risks associated with our operations. In particular, we do not have insurance for certain types of environmental hazards, such as pollution or other hazards arising from our disposal of waste products. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on our financial condition or results of operations. Moreover, no assurance can be given that we will be able to maintain existing levels of insurance in the future at the same rates. See Item 3. Key Information -D. Risk Factors Risks Relating to Our Business- Our insurance coverage may prove inadequate to satisfy future claims against us.

We and our directors and officers are subject to US securities and other laws. In order to attract and retain qualified board members and executive officers, we have obtained directors and officers liability insurance. There can be no assurance that we will be able to maintain directors and officers liability insurance at a reasonable cost, or at all.

Regulatory Matters

Mining Laws

The Mines and Minerals (Development and Regulations) Act, 1957, as amended, or the MMDR Act, the Mineral Concession Rules, 1960, as amended, or the MC Rules, and the Mineral Conservation and Development Rules, 1988, as amended, or the MCD Rules, govern mining rights and the operations of mines in India. The MMDR Act was enacted to provide for the development and regulation of mines and minerals under the control of India and it lays down the substantive law pertaining to the grant, renewal and termination of reconnaissance, mining and prospecting licenses. The MCD Rules outline the procedures for obtaining a prospecting license or the mining lease, the terms and conditions of such licenses and the model form in which they are to be issued. The MCD Rules lay down guidelines for ensuring mining is carried out in a scientific and environmentally friendly manner.

The Government of India announced the National Mineral Policy in 1993. The objective of the National Mineral Policy, which was amended in 2008, is to sustain and develop mineral resources so as to ensure their adequate supply for the present needs and future requirements of India in a manner which will minimize the adverse effects of mineral development on the forest, environment and ecology through appropriate protective measures. The aim of the National Mineral Policy is to achieve zero waste mining and the extraction and utilization of the entire run of mines within a framework of sustainable development through the establishment of a resource inventory and registry to be maintained by the Indian Board of Mines or IBM, manpower development through education and training, infrastructure development in mineral bearing areas and the facilitation of financial support for mining. The Government of India has also made various amendments to India s mining laws and regulation to reflect the principles underlying the National Mineral Policy. A draft bill has been proposed by the Ministry of Mines to amend the existing Mines and Minerals (Development and Regulation) Act, 1957, which will result in a number of changes in the existing legal regime for the mining sector. Under the Mines and Minerals (Development and Regulation) Bill, 2011, companies will have to provide an amount equal to (i) the royalty in the case of minerals other than coal and (ii) twenty-six percent of profits, in the case of coal, each year to the district level mineral foundation for the purpose of benefits of persons or families having occupation or traditional rights in the mining areas and for local infrastructure. In addition, the central government will be entitled to invite competitive bids for grant of mineral concession in case of coal, and state governments will be entitled to invite competitive bids in case of other minerals. Under this bill, companies will be required to prepare a mining plan in order to carry out mining operations. The mining plan must include a corporate social responsibility document that contains a scheme for annual expenditure by the lessee on socio-economic for the benefit of the host population and for enabling self-employment opportunities.

Mining companies will be required to allot at least one non-transferable share at par to each person of a family affected by mining related operations. The holder of a mining lease shall also be liable to provide employment in addition to other compensation to affected persons or families. This bill also provides for a new concession for technology and investment- intensive exploration for deep deposits called high-technology reconnaissance-cum-exploration license .

Grant of a Mining Lease

Only the government of the applicable state may grant a mining lease. The mining lease agreement governs the terms on which the lessee may use the land for the purpose of mining operations. If the land on which the mines are located belongs to private parties, the lessee must acquire the surface rights relating to the land from such private parties. If a private party refuses to grant the required surface rights to the lessee, the lessee is entitled to inform the state government and deposit with the state government compensation for the acquisition of the surface rights. If the state government deems that such amount is fair and reasonable, the state government has the power to order a private party to permit the lessee to enter the land and carry out such operations as may be necessary for the purpose of mining. For determining what constitutes a fair amount of compensation payable to the private party, state governments are guided by the principles of the Land Acquisition Act, 1894, as amended, or Land Acquisition Act, which generally governs the acquisition of land by governments from private individuals.

In case of land owned by the government, the surface right to operate in the lease area is granted by the government upon application as per the norms of that state government.

If the mining operations in respect of any mining lease results in the displacement of any persons, the consent of such affected persons, and their resettlement and rehabilitation as well as payment of benefits in accordance with the guidelines of the applicable state government, including payment for the acquired land owned by those displaced persons, needs to be settled or obtained before the commencement of the mining project. In respect of minerals listed in the First

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Schedule of the MMDR Act, prior approval of the Government of India is required to be obtained by the state government for entering into the mining lease. The approval of the Government of India is granted on the basis of the recommendations of the state governments, although the Government of India has the discretion to overlook the recommendation of the state governments. On receiving the clearance of the Government of India, the state government grants the final mining lease and prospecting license. The lease can be executed only after obtaining the mine plan approval from the IBM, which is valid for a period of five years. No person can acquire one or more mining leases for any mineral or prescribed group of associated minerals in a state covering a total area of 10 square kilometers. However, the Government of India may, if necessary in the interest of development of any mineral, relax this requirement.

The maximum term of a mining lease is 30 years and the minimum term is 20 years. A mining lease may be renewed for further periods of 20 years or less at the option of the lessee. Renewals are subject to the lessee not being in default of any applicable laws, including environmental laws. The MC Rules provide that if a lessee uses the minerals for its own industry, then such lessee is generally entitled to a renewal of its mining lease for a period of 20 years, unless it applies for a lesser period. The lessee is required to apply to the relevant state government for the renewal of the mining lease at least one year prior to the expiry of the mining lease. Any delay in applying for a renewal of the mining lease may be waived by the applicable state government provided that the application for renewal is made prior to expiry of the mining lease. In the event that the state government does not make any orders relating to an application for renewal prior to the expiration of the mining lease, the mining lease is deemed to be extended until such time the state government makes the order on the application for renewal.

Protection of the Environment

The MMDR Act also deals with the measures required to be taken by the lessee for the protection and conservation of the environment from the adverse effects of mining. The MCD Rules require every lessee to take all possible precautions for the protection of the environment and control of pollution while conducting mining operations in any area. The required environmental protection measures include, among others, prevention of water pollution, measures in respect of surface water, total suspended solids, ground water pH, chemicals and suspended particulate matter in respect of air pollution, noise levels, slope stability and impact on flora and fauna and the local habitation. The National Mining Policy emphasises that no mining lease would be granted to any party without a proper mining plan, including an environmental plan approved and enforced by statutory authorities and which provides for controlling environmental damage, restoration of mined areas and for planting trees according to prescribed norms.

Labor Conditions

Working conditions of mine laborers are regulated by the Mines Act, 1952, as amended from time to time, which sets forth standards of work, including number of hours of work, leave requirements, medical examination, weekly days of rest, night shift requirements and other requirements to ensure the health and safety of workers employed in mines.

Royalties

Royalties on the minerals extracted or a dead rent component, whichever is higher, are payable to the relevant state government by the lessee in accordance with the MMDR Act. The mineral royalty is payable in respect of an operating mine from which minerals are removed or consumed and is computed in accordance with a prescribed formula. The Government of India has been granted broad powers to modify the royalty scheme under the MMDR Act, but may not do so more than once every three years.

In addition, the lessee must pay the occupier of the surface land over the mining lease an annual compensation determined by the state government. The amount depends on whether the land is agricultural or non-agricultural.

Mines Bill

The Mines (Amendment) Bill, 2011 proposes several amendments to the Mines Act, 1952, including significant enhancement to the monetary penalties and terms of imprisonment for violations under the Mines Act, 1952.

Environment Laws

Our business is subject to environmental laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

Our operations require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to our operations include:

The Environment (Protection) Act, 1986 or EPA

The EPA is an umbrella legislation in respect of the various environment protection laws in India. The EPA vests in the Government of India the power to take any measures it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. Penalties for violation of the EPA include fines up to Rs. 100,000 or imprisonment of up to five years, or both. The MoEF, in exercise of powers conferred under the EPA, issued a notification on January 6, 2011 declaring coastal stretches as coastal regulation zones and thereby imposing restrictions on industries, operations and processes in a coastal regulation zone.

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986 requires prior MoEF approval if any new project in certain specified areas is proposed to be undertaken. To obtain environmental clearance, a no-objection certificate must first be obtained from the applicable regulatory authority. This is granted after a notified public hearing, submission and approval of an environmental impact assessment report that sets out the operating parameters such as the permissible pollution load and any mitigating measures for the mine or production facility and an environmental management plan. Under the EPA and the Environment (Protection) Rules, 1986, as amended, the Government of India has issued a notification (S.O. 1533(E)) dated September 14, 2006, or EIA Notification, which requires that prior approval of the MoEF, Government of India, or State Environment Impact Assessment, or EIA Authority, as the case may be, be obtained for the establishment of any new project and for expansion or modernisation of existing projects specified in the EIA Notification (including power projects). An application for environment clearance is made after identification of the prospective site for the project or activity to which the application relates, but prior to commencing construction activity or preparation of land at the site. Certain projects which require approval from a State Environment Impact Assessment Authority, or SEIAA may not require an EIA report. For projects that require preparation of an EIA report, public consultation involving public hearing and written responses is conducted by the State Pollution Control Board, prior to submission of a final EIA report. The environment clearance (for commencement of the project) is valid for up to 30 years for mining projects and five years for all other projects and activities. This period of validity may be extended by the concerned regulator for up to five years. The EIA Notification states that obtaining of prior environment clearance includes four stages, i.e., screening, scoping, public consultation and appraisal.

The MoEF has, by circular (No. J-11013/41/2006-IA.II(I)) dated November 1, 2010, decided that proposals for obtaining environment clearance for projects that rely on the availability of coal as a raw material, including thermal power projects, will be considered only after the availability of firm coal linkage and the status of environment and forestry clearances of the source of the coal, i.e., the linked coal mine or block, are known. If a project is dependent on coal sourced from outside India, a copy of a signed MoU between the foreign coal supplier and project proponent is required to be submitted to the MoEF prior to environment clearance being granted. All proposals for environment clearance that are currently pending either before the MoEF or State Environment Impact Assessment Authority, or SEIAA, will be deferred and delisted until the conditions of the circular are complied with by the project proponents.

The MoEF has, by office memorandum (No. J-11013/41/2006-IA.II(I)) dated November 01, 2010, requested State governments to initiate action against projects where substantial progress relating to construction has been made and significant investments been made without obtaining requisite prior environment clearance. The memorandum prescribes the procedure for rectifying instances of non-compliance with the EIA Notification. Prior to environment clearance being granted, the concerned entity would be required to mandatorily highlight the violation before its board of directors or managing director or chief operating officer for consideration of its environmental policy or plan of action, and provide written commitment in the form of a formal resolution, to the MoEF or SEIAA within 90 days from receiving the communication from the MoEF or SEIAA, which will be uploaded onto the websites of the MoEF or SEIAA. If the project proponent does not file a response with the MoEF or SEIAA within 90 days, it will be assumed that the project proponent is no longer interested in pursuing the project and the project file will be closed, after which the procedure for obtaining environment clearance will be required to be initiated afresh if the project proponents are desirous of pursuing the project.

Forest (Conservation) Act, 1980, or Forest Act and the Forest Conservation Rules, 2003

The Forest Act requires consent from the relevant authorities prior to clearing forests by felling trees. The final clearance in respect of both forests and the environment is given by the Government of India, through the MoEF. However, all applications have to be made through the respective state governments who will recommend the application to the Government of India. The penalties for non-compliance can include closure of the mine or prohibition of mining activity, stoppage of the supply of energy, water or other services and monetary penalties on and imprisonment of the persons in charge of the conduct of the business of the company.

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Hazardous Wastes (Management and Handling) Rules, 1989, or Hazardous Wastes Rules

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant State Pollution Control Board. The occupier is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and any fine that may be levied by the respective State Pollution Control Boards.

Water (Prevention and Control of Pollution) Act, 1974, or Water Act

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering State Pollution Control Boards. Under the Water Act, any individual, industry or institution discharging industrial or domestic waste water must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. If the required standards and conditions are not complied with, the State Pollution Control Board may serve a notice on the concerned person, cause the local Magistrates to pass an injunction to restrain the activities of such person and impose fines.

Water (Prevention and Control of Pollution) Cess Act, 1977, or Water Cess Act

Under the Water Cess Act, a lessee engaged in mining is required to pay a surcharge calculated based on the amount of water consumed and the purpose for which the water is used. A rebate of up to 25% on the surcharge payable is available to those industries which install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the effluent standards prescribed under the Water Act or the EPA. Penalties for non compliance include imprisonment of any person in contravention of the provisions of the Water Cess Act for a period up to six months or a fine of Rs. 1,000, or both.

Air (Prevention and Control of Pollution) Act, 1981, or Air Act

Pursuant to the provisions of the Air Act, any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must obtain the consent of the relevant State Pollution Control Board prior to commencing any mining or manufacturing activity. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities and the quantity of emissions permitted. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to seven years and the payment of a fine as may be deemed appropriate.

Laws Relating to Coal Mines

The Coal Mines (Nationalization) Act, 1973, or Coal Nationalization Act, Coking Coal Mines (Nationalization) Act, 1972, Coal Mines (Taking Over of Management) Act, 1973, Coking Coal Mines (Emergency Provision) Act, 1971, Coal Bearing Areas (Acquisition and Development) Act, 1957, and Coal Mines (Conservation and Development) Act, 1974, govern the mining rights of coal mines and coal mining operations in India. Under the Coal Nationalization Act, on and from May 1, 1973, the right, title and interest of the owners of coal mines were transferred to the Government of India and the Government of India is required to pay a specified amount for such transfer to the owner. The Coal Nationalization Act prohibits any person from carrying on coal mining operations in India, except for: (a) the Government of India or a Government Company including corporations owned, managed or controlled by the Government of India; (b) a person to whom a sub-lease has been granted by the Government of India or such company or corporation mentioned in (a) above; or (c) a company which is engaged in the production of iron and steel, generation of power, washing of coal obtained from a mine, or such other end use as the Government of India may notify.

Distribution of Coal

The New Coal Distribution Policy, 2007, or NCD Policy, was issued by the Ministry of Coal to regulate the distribution of coal. The NCD Policy removes the classification of consumers into core and non-core sectors, and requires verification of consumers of erstwhile non-core sector consumers and cancellation of allocation to such consumers not found to be *bona fide*. The NCD Policy also deals with distribution and pricing of coal to different consumers or sectors like the defence sector, railways, power utilities, and integrated steel plants, provides for an exclusive distribution policy for consumers in the small and medium sector, replacement of the linkage system with enforceable fuel supply agreements, and policies for new consumers and a fresh scheme for e-auction of coal.

Power Sector

Licencing Requirements

Under the Electricity Act, 2003, or Electricity Act, transmission and distribution of, and trading in, electricity require licences from the appropriate Central or State Electricity Regulatory Commissions (respectively, CERCs and SERCs , and collectively, ERCs), unless exempted in accordance with the Electricity Act. CERC has jurisdiction over generating companies owned or controlled by the Government of India or which have a composite scheme for generation and sale in more than one State. SERCs have jurisdiction over generating stations within State boundaries, except those under CERC s jurisdiction. The respective ERC determines the tariff for supply of electricity from a generating company to a licencee, transmission, wheeling and retail sale of electricity. The Electricity Act was amended in 2007 to exempt captive power generation plants from licencing requirements.

Generation

Currently, any generating company in India can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with the grid. Generating companies are permitted to sell electricity to any licencees and where permitted by the respective SERCs, to consumers. The respective ERCs determine the tariff for supply of electricity from a generating company to any distribution licencee, transmission of electricity, wheeling of electricity and retail sale of electricity. CERC has jurisdiction over generating companies owned or controlled by the Government of India and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one State. SERCs have jurisdiction over generating stations within State boundaries, except those under CERC s jurisdiction.

In order to qualify as a captive generating plant, the Electricity Rules, 2005, or Electricity Rules require that not less than 26% of the ownership of the plant be held by a captive user and not less than 51% of the aggregate electricity generated in such plant, determined on an annual basis, be consumed for captive use. If the minimum percentage of captive use is not complied with in any year, the entire electricity generated is treated as supplied by a generating company and benefits available to a captive generating plant (such as exemption from payment of certain levies and surcharges) will not apply in such year.

Transmission

The Electricity Act allows generating companies open access to transmission lines. The provision of open access is subject to the availability of adequate transmission capacity as determined by the Central or State Transmission Utility. CERC amended its rules in 2009, permitting any captive generating plant using 25% of its own power to sell electricity through an open access system without requiring a separate licence. The balance may be sold through the Indian Energy Exchange, also without requiring a separate licence.

Tariff Principles

Under the Electricity Act, CERCs determine tariff for supply of electricity by a generating company (as well as for transmission, wheeling and retail sale of electricity). In case of shortage of electricity supply, the CERC may fix the minimum and maximum tariff for sale or purchase of electricity, pursuant to an agreement entered into between a generating company and licencee or between licencees, for up to one year. Under guidelines issued by the Ministry of Power (MoP), the determination of tariff for a particular power project depends on the mode of participation in the project, i.e., (i) the MoU route, based on tariff principles prescribed by CERC (cost plus basis, comprising capacity charge, energy charge, unscheduled interchange charge and incentive payments); or (ii) the competitive bidding route, where tariff is market based.

Bidding Route*:* The Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licencees, 2005, or Bidding Guidelines, envisage two types of bids: Case I bids, where location, technology and fuel are not specified by the procurers, that is, the generating company is free to choose the site and technology for the generation plant; and Case II bids, where procurement is location and fuel specific. The Bidding Guidelines envisage a two-step process pre-qualification and final bid. For long-term procurement (for seven or more years), a two-stage process featuring separate request for qualification, or RFQ, and request for proposal, or RFP, stages is required. Bidders are required to submit a technical and financial bid at RFP stage. For medium-term procurement (for up to seven years but exceeding one year), the procurer may, at its option, adopt a single-stage tender process (combining the RFP and RFQ processes). Independent Power Producers, or IPPs, may typically bid at two parameters: fixed or capacity charge; and variable or energy charge, which comprises fuel cost for electricity generated. Bidders are typically permitted to quote a base price and an acceptable escalation formula. The MoP has issued guidelines for competitive bidding as well as draft documentation in the form of model PPAs.

MoU Route: The MoU route involves negotiation between the State power utility and developer. Cost determination under the MoU route involves determination of receivables of capital cost and approval of capital costs by CEA, approval of interest rates and local and foreign debt by Central Electricity Authority (CEA), finalizing term of loans and/or other debt, finalizing the extent of foreign exchange protection, fixing operating parameters within prescribed ceilings, identifying deemed generation provisions, evaluating the extent of dispatchability, evaluating the level of incentive payments, identifying change, in law in terms of tax or any other matter, identifying the extent of working capital permissible, evaluating the premium on fuel prices for assured supply, identifying fuel supply and transportation risk and issues, evaluating escalations in operations and maintenance and insurance expenses permissible, evaluating the extent of maintenance of spares permissible, and rebates in respect of prompt payment.

The Tariff Policy, 2006 requires all procurement of power after January 6, 2006 to be through the bidding route. Certain State governments in India have continued to purchase power under the MoU route, with the view that the Tariff Policy is indicative and not binding.

The CERC (Terms and Conditions of Tariff) Regulations, 2009, or Tariff Regulations, apply where tariff for a generating station or unit (other than those based on non-conventional energy sources) and transmission system is yet to be determined by CERC. Tariff for supply of electricity from a thermal generating station comprises two parts: capacity charge (for recovery of annual fixed cost); and energy charge (for recovery of primary fuel cost and limestone cost where applicable). Tariff in respect of a generating station may be determined for the whole generating station, or a stage, unit, or block of the generating station. The generating company may apply for determination of tariff in respect of the units of the generating station completed or projected to be completed within six months from the date of application.

National Electricity Policy

In compliance with the Electricity Act, the Government of India announced the National Electricity Policy in February 2005. The National Electricity Policy aims at achieving the following objectives:

- access to electricity available for all households by 2010;
- availability of power demand to be fully met by 2012 and energy and peaking shortages to be overcome and adequate spinning reserve to be available;
- supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates;
- per capita availability of electricity to be increased to over 1,000 units by 2012;
- minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012;
- financial turnaround and commercial viability of electricity sector; and
- protection of consumers interests.

National Electricity Plan

The Electricity Act requires CEA to frame a National Electricity Plan once in five years and revise such plan from time to time in accordance with the National Electricity Policy. CEA released a National Electricity Plan in April 2007 which includes:

- short-term and long-term demand forecast for different regions;
- suggested areas or locations for capacity additions in generation and transmission keeping in view the economics of generation and transmission, losses in the system, load centre requirements, grid stability, security of supply, quality of power including voltage profile and environmental considerations including, rehabilitation and resettlement;
- integration of such possible locations with transmission system and development of national grid including type of transmission systems and requirement of redundancies;
- different technologies available for efficient generation, transmission and distribution; and
- fuel choices based on economy, energy security and environmental considerations.

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Mega Power Projects

Under the Mega Power Policy introduced by the MoP on November 10, 1995 and amended on December 14, 2009, power projects which meet the following criteria are eligible to be classified as mega power projects:

- a thermal power plant with capacity of 1,000 MW or more; or

- a thermal power plant with a capacity of 700 MW or more, in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or

- a hydro electricity power project of capacity 500 MW or more; or

- a hydro electricity power plant of a capacity of 350 MW or more, in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura.

Mega power projects are eligible for certain concessions and benefits, including waiver of customs duty for import of capital goods for setting up such projects and certain income tax benefits. Mega Power Policy benefits have been extended to brownfield projects where the size of the expansion unit would not be not less than that provided in the earlier phase of the project certified as a mega power project.

Ultra Mega Power Projects

With the aim of meeting India s significant power requirements, the Government of India proposed the construction of Ultra Mega Power Projects or UMPPs in 2006. The award of the projects is based on competitive bidding processes, with the amount of normalised tariff for 25 years being a significant factor in their selection. UMPPs will be awarded to developers on a build-own-operate basis. Each UMPP will provide power generation capacity of 4,000 MW and use coal as fuel. The Government of India will facilitate land and environmental clearances, off-take agreements, payment security mechanisms and fuel linkages in some cases, to ensure efficient implementation of the UMPPs.

Employment and Labor Laws

We are subject to various labor, health and safety laws which govern the terms of employment of the our laborers at our mining and manufacturing facilities, their working conditions, the benefits available to them and the general relationship between our management and such laborers. These include:

The Industrial Disputes Act, 1947, or IDA

The IDA seeks to preempt industrial tensions in an establishment and, provide the mechanics of dispute resolution, collective bargaining and the investigation and settlement of industrial disputes between unions and companies. While the IDA provides for the voluntary reference of industrial disputes to arbitration, it also empowers the appropriate government agency to refer industrial disputes for compulsory adjudication and prohibit strikes and lock-outs during the pendency of conciliation proceedings before a board of conciliation or adjudication proceedings before a labor court.

Factories Act, 1948, or Factories Act

The Factories Act regulates occupational safety, health and welfare of workers of industries in which 10 or more workers are employed in a manufacturing process being carried out with the aid of power. The Factories Act includes provisions as to the approval of factory building plans before construction or extension, investigation of complaints, maintenance of registers and the submission of yearly and half-yearly returns. Penalties for non-compliance include imprisonment of the occupier and manager for up to two years or fine, or both and further fine for each day of continued contravention.

Contract Labor (Regulation and Abolition) Act, 1970, or CLRA

The CLRA has been enacted to regulate the employment of contract labor. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labor. The CLRA vests the responsibility on the principal employer of an establishment to register as an establishment that engages contract labor. Likewise, every contractor to whom the CLRA applies must obtain a license and may not undertake or execute any work through contract laborers except in accordance with the license issued.

To ensure the welfare and health of contract labor, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid and other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

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Employee State Insurance Act, 1948, or ESIA

The ESIA requires the provision of certain benefits to employees or their beneficiaries in the event of sickness, maternity, disability or employment injury. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed under the ESIA. Every employee, including casual and temporary employees, whether employed directly or through a contractor, who is in receipt of wages up to Rs. 15,000 per month with effect from May 1,2010, is entitled to be insured under the ESIA. The ESIA contemplates the payment of a contribution by the principal employer and each employee to the Employee State Insurance Corporation. Penalties for failure to make contributions under the ESIA include imprisonment for a term which may extend to three years which shall not be less than one year, in case of failure to pay the employee s contribution which has been deducted by him from the employee s wages and shall also be liable for a fine and which shall not be less than six months, in any other case and shall also be liable for a fine.

Payment of Wages Act, 1936, or PWA

The PWA regulates the payment of wages to certain classes of employed persons and makes every employer responsible for the payment of wages to persons employed by such employer. No deductions are permitted from, nor is any fine permitted to be levied on wages earned by a person employed except as provided under the PWA.

Minimum Wages Act, 1948, or MWA

The MWA provides for a minimum wage payable by employers to employees. Under the MWA, every employer is required to pay the minimum wage to all employees, whether for skilled, unskilled, manual or clerical work, in accordance with the minimum rates of wages that have been fixed and revised under the MWA. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment up to six months or a fine up to Rs. 500, or both. Further, state governments are empowered to stipulate higher penalty, in monetary terms, for contravention of the provisions of this legislation, if it deems fit to do so.

Workmen s Compensation Act, 1923, or WCA

The WCA makes every employer liable to pay compensation if injury, disability or death is caused to a workman (including those employed through a contractor) due to an accident arising out of or in the course of his employment. If the employer fails to pay the compensation due under the WCA within one month from the date it falls due, the commissioner may direct the employer to pay the compensation amount along with interest and impose a penalty for non-payment.

Payment of Gratuity Act, 1972, or PGA

Under the PGA, an employee who has been in continuous service for a period of five years is eligible for gratuity upon retirement or resignation. The entitlement to gratuity in the event of superannuation or death or disablement due to accident or disease, will not be contingent on an employee having completed five years of continuous service. The maximum amount of gratuity payable to an employee must not exceed Rs. 350,000 which was increased to Rs. 1,000,000 with effect from May 24, 2010.

An employee in a factory is said to be in continuous service for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

Payment of Bonus Act, 1965, or PBA

The PBA provides for the payment of a minimum annual bonus to all employees regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Under the PBA every employer is bound to pay to every employee, in respect of the relevant accounting year, a minimum bonus equal to 8.33% of the salary or wage earned by the employee during the accounting year or Rs. 100, whichever is higher. If the allocable surplus, as defined in the PBA, available to an employer in any accounting year exceeds the aggregate amount of minimum bonus payable to the employees, the employer is bound to pay bonuses at a higher rate which is in proportion to the salary or wage earned by the employee and the allocable surplus during the accounting year, subject to a maximum of 20% of such salary or wage. Contravention of the provisions of the PBA by a company will be punishable by imprisonment for up to six months or a fine of up to Rs. 1,000, or both, against persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention.

Employees Provident Funds and Miscellaneous Provisions Act, 1952, or EPFA

The EPFA creates provident funds for the benefit of employees in factories and other establishments. Contributions are required to be made by employers and employees to a provident fund and pension fund established and maintained by the Government of India.

The employer is responsible for deducting employees contributions from the wages of employees and remitting the employees as well as its own contributions to the relevant fund. The EPFA empowers the Government of India to frame various funds such as the Employees Provident Fund Scheme, the Employees Deposit-linked Insurance Scheme and the Employees Family Pension Scheme.

Other Laws

Land Acquisition Act, 1894, or Land Acquisition Act

As per the provisions of the Land Acquisition Act, the central government or appropriate state government is empowered to acquire any land from private persons for public purpose subject to payment of compensation to the persons from whom the land is so acquired. The Land Acquisition Act further prescribes the manner in which such acquisition may be made by the central government or the appropriate state government. Additionally, any person having an interest in such land has the right to object to such proposed acquisition.

The Land Acquisition, Rehabilitation and Resettlement Bill, 2011 was introduced in the Indian Parliament on September 7, 2011. The Bill proposes a unified legislation for acquisition of land and adequate rehabilitation mechanisms for all affected persons and replaces the Land Acquisition Act, 1894. The provisions of the Bill relating to land acquisition, rehabilitation and resettlement shall be applicable in cases when the appropriate government acquires land, (a) for its own use and control, (b) to transfer it for the use of private companies for public purpose, and (c) on the request of private companies for immediate use for public purpose.

The Bill proposes that private companies shall provide for rehabilitation and resettlement if they purchase or acquire land, through private negotiations, equal to or more than 100 acres in rural areas and 50 acres in urban areas. In addition, if such companies request the appropriate government to acquire part of an area for public purpose, they shall be liable for rehabilitation and resettlement of the affected persons, for the area acquired by the government, as well as the land purchased previously through private negotiations.

A maximum of five per cent of irrigated multi-cropped land may be acquired in a district, with certain conditions. In the case of urgency, the Bill proposes that the appropriate government shall acquire the land after 30 days from the date of the issue of the notification (without SIA). The urgency route will only be available for defence, national security, and conditions arising out of a national calamity.

The compensation for the land acquired shall based on the higher of (a) the minimum land value, specified in the Indian Stamp Act, 1899 for the registration of sale deeds; and (b) the average sale price of the higher priced 50% of all sale deeds registered in the previous 3 years for similar type of land situated in the vicinity. This amount is further doubled in case of rural areas. The value of the assets (trees, plants, buildings etc) attached to the land being acquired will be added to this amount. This total amount reached will then be multiplied by two to get the final compensation amount; in case of the urgency route, an additional 75% of the market value shall be given.

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C. Corporate Structure

The following diagram summarizes the corporate structure of our consolidated group of companies and our relationship with Vedanta and other key entities as of March 31, 2012:

(1) Volcan is owned and controlled by the Anil Agarwal Discretionary Trust. Onclave, is the trustee of the Anil Agarwal Discretionary Trust and controls all voting and investment decisions of the Anil Agarwal Discretionary Trust. As a result, shares beneficially owned by Volcan may be deemed to be beneficially owned by the Anil Agarwal Discretionary Trust and, in turn, by Onclave. The beneficiaries of the Anil Agarwal Discretionary Trust are members of the Agarwal family, who are related to Mr. Anil Agarwal. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Non-Executive Chairman, as protector of the Anil Agarwal Discretionary Trust, may be deemed to have deemed beneficial ownership of shares that are beneficially owned by the Anil Agarwal Discretionary Trust.

(2) We have exercised the second call option to acquire the Government of India s remaining ownership interest in HZL although the exercise is currently subject to dispute. See - B. Business Overview Our Business Options to Increase Interests in HZL and BALCO for more information.

(3) We have exercised our option to acquire the remaining 49.0% of BALCO owned by the Government of India on March 19, 2004. The exercise of this option has been contested by the Government of India. The Government of India has the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See B. Business Overview Our Business Options to Increase Interests in HZL and BALCO for more information.

The principal members of our consolidated group of companies are as follows:

SIIL. We are incorporated in Kolkata, State of West Bengal, India, our registered office is in Tuticorin, State of Tamil Nadu, India and we are headquartered in Mumbai. We have been a public listed company in India since 1988 and our equity shares are listed and traded on the NSE and BSE. Our ADSs are listed on the NYSE. Vedanta, through Twin Star and MALCO, owns 58.2 % of our issued share capital and has management control of us. Vedanta s 58.2% ownership interest in us is equal to the sum of Twin Star s 54.64% ownership interest in us plus 3.6% ownership interest in us of MALCO. We are a majority-owned and controlled subsidiary of Vedanta. The remainder of our share capital is held by Bhadram Janhit Shalika (previously known as the SIL Employees Welfare Trust), Life Insurance Corporation of India, or LIC, and other institutional and public shareholders (41.8%). We operate our copper business within Sterlite, except for our Australian copper mine, which is owned and operated by our wholly-owned subsidiary CMT.

BALCO. BALCO is incorporated in New Delhi, State of Delhi, India and is headquartered at Korba in the State of Chhattisgarh. We own 51.0% of BALCO s share capital and have management control of the company. The Government of India owns the remaining 49.0%. We exercised an option to acquire the Government of India s remaining ownership interest in BALCO on March 19, 2004, which has been contested by the Government of India. Further, the Government of India retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See B. Business Overview Our Business Options to Increase Interests in HZL and BALCO for more information. BALCO owns and operates our aluminum business.

HZL. HZL is incorporated in Jaipur, State of Rajasthan, India and is headquartered in Udaipur in Rajasthan. HZL is listed on the NSE and BSE. We own 64.9% of HZL s share capital through our wholly-owned subsidiary SOVL. SOVL was merged into SIIL with effect from April 1, 2011 pursuant to a merger approved by the Hon ble Madras High Court. The remainder of HZL s share capital is owned by the Government of India (29.5%) and institutional and public shareholders and employees of HZL (5.6%). We have management control of HZL, which owns and operates our zinc business, and a call option to acquire the Government of India s remaining ownership interest at a fair market value to be determined by an independent appraiser. We have exercised the second call option to acquire the Government of India s remaining ownership interest in HZL although the exercise is currently subject to dispute. See - B. Business Overview Our Business Options to Increase Interests in HZL and BALCO for more information.

Sterlite Energy. Sterlite Energy is incorporated in Mumbai, State of Maharashtra, India, and its registered office is located in Tuticorin, State of Tamil Nadu. Sterlite Energy is our wholly-owned subsidiary. TSPL is a wholly owned subsidiary of Sterlite Energy.

SIL. SIL (formerly Sterlite Paper Limited) was incorporated on June 25, 1999, State of Maharashtra, India, and its registered office is located in Tuticorin, State of Tamil Nadu. SIL is our wholly owned subsidiary. During fiscal 2011, SIL acquired the zinc business of Anglo American Plc which included the acquisition of 100.0% stake in Skorpion, which owns the Skorpion mine and refinery in Namibia, a 74.0% stake in BMM, which owns the Black Mountain mine and the Gamsberg Project, in South Africa and a 100.0%

stake in Lisheen which owns the Lisheen mine in Ireland.

Skorpion. Skorpion, previously Anglo Base Namibia Holdings (Proprietary) Limited, previously Ambase Exploration (Namibia) Proprietary Limited was incorporated on June 16, 1998. The company has its headquarters at the Skorpion Zinc mine site, which is situated 25 km north of Rosh Pinah Namibia. The company s registered office is situated at 24 Orban Street, Klein Windhoek, Namibia. The company holds the entire share capital in the following companies: Skorpion Zinc Proprietary Limited, Namzinc Proprietary Limited and Skorpion Skorpion Zinc Proprietary Limited is an investment holding company, holding the entire share capital in Namzinc and Skorpion. Namzinc operates a zinc refinery, who procures oxide zinc ore from Skorpion, who in turn extracts the ore from an open pit zinc deposit.

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BMM. BMM is an underground mining operation located at Aggeneys in the Northern Cape. It produces zinc, lead and copper concentrates which are sold both locally and exported to international customers through the Saldanha harbour. The zinc mine at Black Mountain is an underground operation, mining a polymetallic ore body, with an attached concentrator producing approximately 28,000 tons of zinc, 50,000 tons of lead, 2,000 tons of copper and 55 tons of silver in concentrate, annually. Exxaro Resources (through its wholly owned subsidiary, Exxaro Base Metals) holds the remaining 26.0% interest in BMM. The predominant mining method is ramp in stope cut and fill. The planned production rate is 1.56 mtpa plant feed and the share hoisting capacity is approximately 150,000 tpa. All production stopes are backfilled and waste filled, integrated into the mining sequence.

Vedanta Lisheen Holdings Limited: Lisheen is located in County Tipperary in Ireland, 160 km SW of Dublin, Republic of Ireland Lisheen is a world-class zinc operation, consisting of an underground mine, concentrator and backfill plant, producing approximately 175,000 tons of zinc in concentrate annually. In addition, Lisheen produces 20,000 tons of lead concentrate annually. The Lisheen zinc deposit is located in the Rathdowney Trend, which comprises sedimentary rocks, mainly limestone, which were formed approximately 320 million years ago. The mine commenced production in 1999, following a successful development partnership between Minorco (merged with Anglo American in 1999) and Ivernia West. Anglo American subsequently acquired Ivernia s stake in 2003 to gain 100% ownership. Lisheen mine extracts lead and zinc ore from underground, processes this into zinc and lead concentrates and sells these concentrates to smelters and customers in Europe, Asia, North Africa and the US. The deposit was discovered in 1990 and construction commenced in 1997 and in late 1999 production commenced from the two main ore bodies. The production from third ore body was commenced in 2006. The average depth is approximately 190 meters below surface and as pre current planning and financial forecasts the end of production is scheduled to 2015.

The key entities that control us are as follows:

Volcan. Volcan was incorporated in the Bahamas on November 25, 1992, and is owned and controlled by the Anil Agarwal Discretionary Trust. Onclave is the trustee of the Anil Agarwal Discretionary Trust and controls all voting and investment decisions of the Anil Agarwal Discretionary Trust. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Non-Executive Chairman, controls the Anil Agarwal Discretionary Trust. Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal are parties to a relationship agreement that regulates the ongoing relationship among them. Volcan holds 56.6% of the share capital and 63.2% of the voting rights of Vedanta.

Vedanta. On April 22, 2003, Vedanta was created as a new company wholly-owned by Volcan. We and a number of other companies owned directly or indirectly by the Agarwal family at that time became subsidiaries of Vedanta. On December 10, 2003, Vedanta completed an initial public offering of its shares in the United Kingdom and its shares were listed on the LSE. As of March 31, 2012, Volcan holds 56.6% of the share capital and 63.2% of the voting rights of Vedanta. Vedanta is a leading metals and mining company that is listed on the LSE and included in the FTSE 100 Index. We are a majority-owned and controlled subsidiary of Vedanta. We are a party to a shared services agreement with Vedanta and other entities regarding the sharing of management services. See Item 7. Major Shareholders and Related Party Transactions. In 2004, Vedanta, through its wholly-owned subsidiary, VRHL, acquired 51.0% of KCM, which is incorporated in Zambia. In April 2008, Vedanta acquired a further 28.4% of KCM. KCM is the largest copper metals and mining company in Zambia and exports substantially all of its copper production to the Middle East and Southeast Asia. KCM competes with us on the world copper markets. In April 2007, Vedanta acquired a 51.0% controlling interest in Sesa Goa Limited, which was incorporated in India, is India s largest private sector iron ore producer and exports substantially all of its iron ore production to leading global steel companies in China, Europe and Japan. In December 2011, Vedanta acquired 58.5% controlling stake in Cairn India, the largest private crude oil producer in India with assets in the State of Rajasthan.

MALCO. MALCO was incorporated in 1960 in the State of Tamil Nadu, India where it is also headquartered. MALCO was delisted from the NSE and BSE on June 19, 2009. Vedanta has management control of MALCO. We also have an associate company, Vedanta Aluminium, which is incorporated in the State of Maharashtra, India, and is 70.5% owned by Vedanta through Twin Star and Welter Trading, following a Rs. 4,421 million investment in March 2005. In September 2008, Twin Star sold 25.0% of its interest in Vedanta Aluminium to Welter Trading, a wholly-owned subsidiary of Twin Star. We own the remaining 29.5% non-controlling interest in Vedanta Aluminium. Vedanta Aluminium is part of Vedanta s consolidated group of companies but is not part of our consolidated group of companies. See B. Business Overview Our Business Overview.

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D. Property, Plant and Equipment

See - B. Business Overview Our Business Our Copper Business Principal Facilities, - B. Business Overview Our Business Our Zinc Business Principal Facilities - B. Business Overview Our Business Our Aluminum Business Principal Facilities. and - B. Business Overview Our Business Our Zinc International Business Principal Facilities.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not Applicable

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our business, financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. Some of the statements in the following discussion are forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under Item 3. Key Information D. Risk Factors and elsewhere in this annual report. Our consolidated financial statements and the financial information discussed below have been prepared in accordance with IFRS.

Overview

We are a non-ferrous metals and mining company with operations in India, Australia, Namibia, South Africa and Ireland. We also have a non-controlling interest in Vedanta Aluminium, an alumina refining and aluminum smelting company, and are developing a commercial power generation business in India that leverages our experience in building and managing captive power plants used to support our copper, zinc and aluminum businesses. We have experienced significant growth in recent years through various expansion projects which have expanded our copper smelting business, by acquiring our zinc business in 2002, the acquisition of the zinc business of Anglo American Plc in Namibia, South Africa and Ireland in fiscal 2011 and the acquisition of our aluminum businesses in 2001, through the Government of India s privatization programs and by successfully growing our acquired businesses. We believe our experience in operating and expanding our business in India will allow us to capitalize on attractive growth opportunities arising from India s large mineral reserves, relatively low cost of operations and large and inexpensive labor and talent pools.

Our revenue and operating profit increased from Rs. 244,903 million and Rs. 53,834 million in fiscal 2010 to Rs. 302,472 million and Rs. 67,574 million in fiscal 2011, respectively representing increases of 23.5% and 25.5%, respectively and further increased to Rs. 412,063 million ($ 8,097.1 million) and Rs. 71,294 million ($ 1,400.9 million) in fiscal 2012, respectively representing an increase of 36.2% and 5.5 %, respectively.

The following tables are derived from our selected consolidated financial data and set forth:

- the revenue for each of our business segments as a percentage of our revenue on a consolidated basis;
- the operating profit for each of our business segments as a percentage of our operating profit on a consolidated basis; and
- the segment profit, calculated by adjusting operating income for depreciation and amortization for each of our business segments as a percentage of our segment profit on a consolidated basis.

	For the Year Ended March 31,		
	2010	**2011**	**2012**

	(in percentages)		
Revenue:			
Copper	53.3	51.8	48.9
Zinc India	32.4	32.5	27.0
Zinc International		3.3	10.0
Aluminum	11.6	10.0	7.5
Power	2.7	2.4	5.9
Others			0.7
Total	**100.0**	**100.0**	**100.0**
Operating Profit:			
Copper	5.8	13.6	10.9
Zinc India	81.9	75.3	75.8
Zinc International		2.4	8.4
Aluminum	5.9	5.2	1.9
Power	6.4	3.6	3.1
Others		(0.1)	(0.1)
Total	**100.0**	**100.0**	**100.0**
Segment Profit(1) :			
Copper	8.3	14.1	10.3
Zinc India	76.1	69.2	61.5
Zinc International		5.3	18.0
Aluminum	8.9	7.3	4.1
Power	6.7	4.2	6.1
Others		(0.1)	
Total	**100.0**	**100.0**	**100.0**

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Note:

(1) Segment profit is calculated by adjusting operating profit for depreciation and amortization. Our segment profit may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. We have included our segment profit because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Our segment profit should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. We believe that the inclusion of supplementary adjustments applied in our presentation of segment profit are appropriate because we believe it is an indicative measure of our baseline performance as it excludes certain charges that our management considers to be outside of our core operating results. In addition, our segment profit is among the primary indicators that our management uses as a basis for planning and forecasting of future periods. The following table reconciles operating profit to segment profit for the periods presented:

	For the Year Ended March 31,			
	2010 (Rs. in millions)	**2011** (Rs. in millions)	**2012** (Rs. in millions)	**2012** (US Dollar in millions)
Copper:				
Operating profit	3,138	9,198	7,770	152.6
Plus: Depreciation and amortization	1,982	2,049	2,173	42.8
Segment profit	**5,120**	**11,247**	**9,943**	**195.4**
Zinc India:				
Operating profit	44,071	50,914	54,018	1061.5
Plus: Depreciation and amortization	3,053	4,429	5,236	102.8
Segment profit	**47,124**	**55,343**	**59,254**	**1,164.3**
Zinc International:				
Operating profit		1,592	6,008	118.1
Plus: Depreciation and amortization		2,655	11,359	223.2
Segment profit		**4,247**	**17,367**	**341.3**
Aluminum:				
Operating profit	3,189	3,495	1,345	26.4
Plus: Depreciation and amortization	2,310	2,371	2,653	52.2
Segment profit	**5,499**	**5,866**	**3,998**	**78.6**
Power:				
Operating profit	3,445	2,437	2,200	43.2
Plus: Depreciation and amortization	715	917	3,681	72.3
Segment profit	**4,160**	**3,354**	**5,881**	**115.5**
Others:				
Operating profit	(9)	(62)	(47)	(0.9)
Plus: Depreciation and amortization	1	1	1	0
Segment profit	**(8)**	**(61)**	**(46)**	**(0.9)**

Business Summary

Our company is comprised of the following business segments:

Copper. Our wholly-owned copper business is principally one of custom smelting and includes a copper smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and two captive power plants at Tuticorin in the State of Tamil Nadu in Southern India, and a refinery and two copper rod plants at Silvassa in Western India. In addition, we own the Mt. Lyell copper mine in Tasmania, Australia, which provides a small percentage of our copper concentrate requirements and a copper rod plant and a precious metal refinery in Fujairah in the UAE. Our primary products are copper cathodes and copper rods. Revenue from our copper business increased from Rs. 156,610 million in fiscal 2011 to Rs. 201,647 million ($ 3,962.4 million) in fiscal 2012 whereas operating profit decreased from Rs. 9,198 million in fiscal 2011 to Rs. 7,770 million ($ 152.7 million) in fiscal 2012, representing increase of 28.8% and decrease of 15.5% respectively. The decrease in operating profit was primarily due to the charge of Rs. 4,233 million ($ 83.2 million) towards Asarco s claim in fiscal 2012. Revenue and operating profit from our copper business increased from Rs. 130,608 million and Rs. 3,138 million in fiscal 2010 to Rs. 156,610 million and Rs.9,198 million in fiscal 2011, representing increases of 19.9% and 193.1%, respectively.

Zinc India. Our zinc business in India is owned and operated by HZL, India s leading zinc producer with a 82.0% market share by volume of the Indian zinc market in fiscal 2012, according to ILZDA. We have a 64.9% ownership interest in HZL. The remainder of HZL is owned by the Government of India with a 29.5% shareholding and institutional and public shareholders holding 5.6%. HZL is a fully integrated zinc producer with operations including four lead-zinc mines, four zinc smelters, two lead smelters, one lead zinc smelter, six sulphuric acid plants, a silver refinery and five captive power plants in the State of Rajasthan in Northwest India, one zinc smelter and a sulphuric acid plant in the state of Andhra Pradesh in Southeast India, and a zinc ingot melting and casting plant at Haridwar and a silver refinery, one zinc ingot melting and casting plant and one lead ingot melting and casting plant at Pantnagar in the State of Uttarakhand in North India. HZL s primary products are zinc, silver and lead ingots. Revenue and operating profit from our Zinc India business increased from Rs. 98,444 million and Rs. 50,914 million in fiscal 2011 to Rs. 111,319 million ($ 2,187.4 million) and Rs. 54,018 million ($ 1,061.5 million) in fiscal 2012, respectively representing increase of 13.1% and 6.1% respectively, Revenue and operating profit for our Zinc India business increased from Rs.79,434 million and Rs. 44,071 million in fiscal 2010 to Rs. 98,444 million and Rs. 50,914 million in fiscal 2011, respectively representing increases of 23.9% and 15.5%, respectively.

Zinc International. In fiscal 2011, we completed the acquisition of the zinc business of Anglo American Plc for a total cash consideration of Rs.69,083 million ($ 1,513.1 million). This acquisition resulted in our 100.0% ownership of the Skorpion mines in Namibia, the 74.0% ownership of BMM, which includes the Black Mountain mine and the Gamsberg project in South Africa and the 100.0% ownership of the Lisheen mine in Ireland. The zinc business of Anglo American Plc has been classified as Zinc International . The revenue and operating profit of the segment Zinc International increased from Rs. 9,961 million and Rs.1,592 million in fiscal 2011 to Rs. 41,272 million ($ 811.0 million) and Rs.6,008 million ($ 118.1 million) respectively for fiscal 2012 representing an increase of 314.3% and 277.4% respectively. The revenue and operating profit for our Zinc International business for fiscal 2011 is from the period from the respective date of acquisitions till March 31, 2011.

Aluminum. Our aluminum business is primarily owned and operated by BALCO. We have a 51.0% ownership interest in BALCO. The remainder of BALCO is owned by the Government of India. We have exercised our option to acquire the Government of India s remaining 49.0% ownership interest, though the exercise of this option has been contested by the Government of India. The Government of India retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO s employees. BALCO s operations include two bauxite mines, one alumina refinery, one aluminum smelters and two captive power plants. Operations at the older 100,000 tpa aluminum smelter was partially suspended from February 2009 and ceased on June 5, 2009. Following the shutdown of the 100,000 tpa aluminum smelter, the 270 MW captive power of BALCO is now used for commercial purpose as power generated by the power plant is sold to third parties. BALCO s primary products are aluminum ingots, rods and rolled products. Revenue increased from Rs. 30,175 million in fiscal 2011 to Rs. 31,089 million ($ 610.9 million) in fiscal 2012 whereas operating profit decreased from Rs. 3,495 million in 2011 to Rs. 1,345 million ($ 26.4 million) in fiscal 2012, representing an increase of 3.0% and decrease of 61.5 % respectively. Revenue and operating profit increased from Rs. 28,289 million and Rs. 3,189 million in fiscal 2010 to Rs. 30,175 million and Rs. 3,495 million in 2011, representing increase of 6.7% and 9.6% respectively.

Power. Our power business is still under development. In respect of Sterlite Energy s first power project, a 2,400 MW thermal coal-based power facility (comprising four units of 600 MW each) in Jharsuguda in the State of Orissa three units of 600 MW has been commissioned in March 2011, May 2011 and February 2012 respectively and the remaining one unit has already been synchronized in the last quarter of fiscal 2012. We have obtained coal block allocations of 112.2 million tons from the Ministry of Coal of the Government of India to support this facility. These allocated coal blocks are regarded as non-reserve coal deposits. Our commercial power generation business also includes 274 MW of wind power plants commissioned by HZL and a 270 MW power plant at BALCO s Korba facility which was previously used for captive use before the shutdown of the 100,000 tps aluminium smelter at Korba on June 5, 2009.

Further, in July 2008, Sterlite Energy was awarded the tender for a project to build a 1,980 MW thermal coal-based commercial power plant at Talwandi Sabo, in the State of Punjab, India, by the Government of Punjab. The project is expected to be completed by fiscal 2014. The project is financed through a mix of internal accruals and external debt. Revenue from our power business has increased from Rs. 7,282 million in fiscal 2011 to Rs. 24,333 million ($ 478.1 million) in fiscal 2012 and operating profit decreased from Rs. 2,437 million in fiscal 2011 to Rs. 2,200 million ($ 43.2 million) in fiscal 2012 representing an increase of 234.2 % and decrease of 9.7 % respectively. Revenue from our power business increased from Rs. 6,572 million in fiscal 2010 to Rs.7,282 million in fiscal 2011 representing an increase of 10.8% and operating profit decreased from Rs. 3,445 million in fiscal 2010 to Rs. 2,437 million in fiscal 2011, representing a decrease of 29.3%.

Others. Our other business segment includes infrastructure, paper and other activities.

Recent Developments

Consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium and MALCO to form Sesa Sterlite and transfer of Vedanta s shareholding in Cairn India to Sesa Sterlite

On February 25, 2012, we, Sesa Goa and Vedanta announced an all-share merger of our company and Sesa Goa to create Sesa Sterlite and a consolidation of various subsidiaries held within Vedanta through a Scheme of Arrangement under Indian law.

Under the Scheme of Arrangement, the following steps are proposed to occur:

(i) Vedanta s 70.5 per cent shareholding in Vedanta Aluminium will be consolidated into Sesa Goa in consideration for the issue to Vedanta of 72.3 million Sesa Goa shares;

(ii) Sterlite will be merged into Sesa Goa, which will be renamed Sesa Sterlite, in consideration for the issue to our shareholders (other than MALCO) of three Sesa Goa shares for every five existing shares of our company and the issue to holders of our ADSs of three Sesa Goa ADSs for every five existing ADSs of our company;

(iii) MALCO s power business will be hived off to Vedanta Aluminium for cash consideration of Rs. 1,500 million;

(iv) MALCO will be merged into Sesa Sterlite in consideration for the issue of 78.7 million Sesa Sterlite shares to shareholders of MALCO;

(v) Sterlite Energy will be merged into Sesa Sterlite;

(vi) Vedanta Aluminium s aluminium business will be demerged into Sesa Sterlite; and

(vii) Vedanta s 38.8 per cent shareholding in Cairn India, together with debt of approximately $ 5.9 billion incurred by Vedanta to acquire that interest in Cairn India, will be transferred to Sesa Sterlite for nominal consideration.

The Sesa Goa shares are, and the Sesa Sterlite shares will continue to be, listed on the Bombay Stock Exchange and the National Stock Exchange in India. In connection with the merger of Sterlite into Sesa Goa to form Sesa Sterlite, Sesa Sterlite will establish an ADS facility and its ADSs will be listed on The New York Stock Exchange.

The boards of directors of Sterlite, Sesa Goa and Vedanta have approved the Scheme of Arrangement. The Scheme of Arrangement requires approval from the shareholders of each of our company, Sesa Goa, MALCO and Vedanta Aluminium.

The Scheme of Arrangement also requires court approval. We filed the Scheme with the High Court of Madras on April 23, 2012, the High Court of Orissa on April 24, 2012 and the Goa bench of the High Court of Bombay on April 19, 2012 for their approval and directions for convening the meetings of each companys shareholders and creditors, as may be necessary under the applicable laws. The notices of such meetings together with copies of the Scheme of Arrangement and other relevant documentation will be provided to the shareholders, in compliance with the applicable laws and the directions issued by the courts.

In addition to shareholder approval and court approval, the consents of the Competition Commission of India, the Foreign Investment Promotion Board of India, the Bombay Stock Exchange and the National Stock Exchange of India are required to implement certain aspects of the consolidation and re-organization. We received the consent of the Bombay Stock Exchange and the National Stock Exchange of India on April 2, 2012 and Competition Commission of India on April 12, 2012.

Asarco Acquisition

On March 17, 2010, Asarco filed a complaint in the U.S. Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, against us and Sterlite USA alleging that we and Sterlite USA had breached an agreement dated May 30, 2008 (May 2008 Agreement) by, among other things, refusing to pay the $ 2.6 billion purchase price and refusing to assume the liabilities and contractual obligations as allegedly required under the May 2008 Agreement. Asarco is seeking to recover from us and Sterlite USA the damages allegedly suffered by it, as a result of the alleged breach and certain other amounts, including costs associated with Asarco s efforts to complete their reorganization and costs, disbursements and attorney s fees in connection with the proceedings. Asarco claimed these damages to be in the range of $ 533 million to $ 1,509 million and has also claimed applicable pre-judgment interest.

The May 2008 Agreement was only a stalking horse bid, the consummation of which was subject to various approvals from creditors of Asarco s estate, the U.S. Bankruptcy Court and competition from any other bidders. The reorganization plan proposed by Asarco s parent companies (Parent Plan) was finally approved by the U.S. District Court and was consummated. It paid all the creditors in full along with interest and provided substantial benefits to the equity holders. The Parent Plan provided for a cash contribution of $ 2.205 billion to the estate of Asarco, a promissory note of $ 280 million to the trust set up for the benefit of asbestos claimants, assumption of certain liabilities and waiver of certain claims against Asarco. Asarco s estate also provided substantial tax benefits to the equity holders. Asarco disclosed in the joint disclosure statement filed by it during the bankruptcy proceedings, in its view that the recovery, if, any, against such potential claims may be approximately $ 100 million.

Further, Asarco terminated the agreement it entered with us on March 6, 2009 (the March 2009 Agreement). This agreement superseded the May 2008 Agreement in its entirety. The March 2009 Agreement provided for the settlement and release of any potential claims against us arising out of the May 2008 Agreement. Asarco drew the $ 50 million provided as deposit under this agreement. We filed an application to the U.S. Bankruptcy Court for the return of the $ 50 million drawn by Asarco which was subsequently rejected.

The trial on Asarco s complaint and our application was completed on August 17, 2011. The U.S. Bankruptcy Court, by its order dated February 27, 2012 ruled that Asarco is entitled to a gross amount of $ 132.75 million in incidental damages. This amount shall be reduced by $ 50 million drawn by Asarco under the March 2009 Agreement, making Asarco entitled for a net amount of $ 82.75 million. We and Asarco have filed a notice of appeal against this judgment. Additionally, Asarco filed a motion seeking pre-judgement interest on the incidental damages and for reimbursement of legal fees and expenses of $ 37 million. The U.S. Bankruptcy Court rejected Asarco s motion for $ 37 million. We have provided for the amount of Rs. 4,233 million ($ 83.2 million) in our consolidated statement of income as part of our administration expenses for fiscal 2012.

Tuticorin Smelter Madras High Court Order

Various writ petitions were filed before the High Court of Madras between 1996 and 1998 by various non-governmental organisations such as The National Trust for Clean Environment, political parties and some private citizens alleging, among other things, that sulphur dioxide emissions from our copper smelting operations at Tuticorin are causing air and water pollution and hazardous waste resulting in damage to the marine ecosystem and the lives of people living in and around Tuticorin.

On September 28, 2010, the High Court of Madras ordered the closure of our copper smelting plant at Tuticorin and following our application to the Supreme Court of India against the order of the High Court of Madras, the Supreme Court stayed the order until further notice. The Supreme Court directed the Tamil Nadu Pollution Control Board , National Environmental Engineering Research Institute and the Central Pollution Control Board to implement certain measures for the improvement of the copper smelter unit at Tuticorin. The copper smelter unit is in the process of complying with such measures issued and the matter isscheduled for hearing in the fourth week of August, 2012.

The stay order granted by the Supreme Court is in effect and the copper smelter plant at Tuticorin continues to operate at rated capacity.

Factors Affecting Results of Operations

Our results of operations are primarily affected by commodity prices, our cost of production, our production output, government policy in India and exchange rates.

Metal Prices, Copper TcRc and Power Tariff

Overview

Our results of operations are significantly affected by the treatment charge and refining charge, or TcRc, of copper in our copper business and the commodity prices of the metals that we produce, which are based on LME prices, in our zinc and aluminum businesses. Both the TcRc of copper and the commodity prices of the metals that we produce can vary significantly when supply of and demand for copper smelting and refining capacity and the metals we produce fluctuate. While copper smelters and metal producers are unable to influence the market rate of the TcRc or commodity prices directly, events such as changes in copper smelting or commodity production capacities, temporary price reductions or other attempts to capture market share by individual smelters and metal producers, including by our consolidated group of companies, may have an effect on market prices. Moreover, the prices realized by us can, to some extent, be affected by the particular terms we are able to negotiate for the contractual arrangements we enter into with buyers. Price variations and market cycles, including recent volatility for both LME prices and the copper TcRc, have historically influenced, and are expected to continue to influence, our financial performance.

The recovery in demand and commodity prices backed by growth momentum in China, Brazil and India appears well founded. The medium and long term outlook for the resource sector remains positive. For a further discussion of global market and economic conditions and the risks to our business, see Item 3. Key Information D. Risk Factors Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations Recent global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs.

Copper

The revenue of our copper business fluctuates based on the volume of our sales and the LME price of copper. However, as our copper business is primarily one of custom smelting and refining, with only a small percentage of our copper concentrate requirements sourced from our own mine, the profitability of our copper business is significantly dependent upon the market rate of the TcRc. We purchase copper concentrate at the LME linked price for the relevant quotational period less a TcRc that we negotiate with our suppliers but which is influenced by the prevailing market rate for the TcRc. The market rate for the TcRc is significantly dependent upon the availability of copper concentrate, worldwide copper smelting capacity and transportation costs. The TcRc that we are able to negotiate is also substantially influenced by the TcRc terms established by certain large Japanese custom smelters. The profitability of our copper business as to the portion of our copper business where we source copper concentrate from third parties, which accounted for 92.0% of our copper concentrate requirements in fiscal 2012, is thus dependent upon the amount by which the TcRc we are able to negotiate exceeds our smelting and refining costs. The profitability of our copper operations is also affected by the prices we receive upon the sale of by-products, such as sulphuric acid and gypsum and precious metals, which are generated during the copper smelting and refining process. The prices we receive for by-products can vary significantly, including as a result of changes in supply and demand and local market factors in the location the by-product is produced. The following table sets forth the average TcRc that we have realized for each of the last three fiscal years:

	For the Year Ended March 31,		
	2010	2011	2012
	(in US cents per pound)		
Copper TcRc	13.6	11.9	14.5

The LME price of copper affects our profitability as to the portion of our copper business where we source copper concentrate from our own mine, which accounted for 8.0% of our copper concentrate requirements in fiscal 2012 and which is expected to decrease as a percentage in the future as the reserves of our sole remaining copper mine, Mt. Lyell in Tasmania, Australia, are expected to be exhausted by fiscal 2015 and to the extent we seek to increase our copper smelting and refining capacity. The following table sets forth the daily average copper LME price for each of the last three fiscal years:

	For the Year Ended March 31,		
	2010	2011	2012
	(in US dollars per ton)		
Copper LME	6,112	8,138	8,475

Zinc and Aluminum

The revenue of our zinc and aluminum businesses fluctuate based on the volume of our sales and the respective LME prices of zinc and aluminum. Our zinc business is fully integrated, so its profitability is dependent upon the difference between the LME price of zinc and lead and silver prices and our cost of production, which includes the costs of mining and smelting. BALCO is a partially integrated producer and in fiscal 2012, sourced 5.0% of its alumina requirements from third party suppliers and the remaining was alumina supplied by Vedanta Aluminium. BALCO supplies bauxite to Vedanta Aluminium for payment of a conversion price by BALCO to Vedanta Aluminium based on Vedanta Aluminium s actual cost of production plus a reasonable margin. BALCO then receives alumina from Vedanta Aluminium. Going forward, we expect BALCO to source all or a majority of its alumina requirements from Vedanta Aluminium by supplying bauxite to Vedanta Aluminium for conversion. For the portion of our aluminum business where the alumina is sourced from BALCO s own bauxite mines , profitability is dependent upon the LME price of aluminum less our cost of production, which includes the costs of bauxite mining, transportation costs, the refining of bauxite into alumina and the smelting of alumina into aluminum. For the portion of our aluminum business where alumina is sourced from third parties, , profitability is dependent upon the LME price of aluminum less the cost of the sourced alumina and our cost of production. The following table sets forth the daily average zinc and aluminum LME prices for each of the last three fiscal years:

	For the Year Ended March 31,		
	2010	2011	2012
	(in US dollars per ton/ ounce)		
Zinc LME	1,936	2,185	2,098
Aluminum LME	1,868	2,257	2,313
Lead LME	1,990	2,244	2,269
Silver LBMA*		23.9	35.3

* silver is denominated in $/ ounce

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India Market Premium

Generally, our products sold in India are sold at a premium to the LME market price due to a number of factors including the customs duties levied on imports by the Government of India, the costs to transport metals to India and regional market conditions. See Government Policy. As a result, we endeavor to sell as large quantities of our products in India.

Hedging

We engage in hedging strategies to a limited extent to partially mitigate our exposure to fluctuations in commodity prices, as further described in Item 11. Quantitative and Qualitative Disclosures About Market Risk Qualitative Analysis Commodity Price Risk.

Power

Under the Indian Electricity Act, the Central Electricity Regulatory Commission (CERC) determine tariffs for the supply of electricity by a generating company. In case of shortage of electricity supply, the CERC may fix the minimum and maximum tariff for sale or purchase of electricity, pursuant to an agreement entered into between a generating company and licensees, for upto one year. Under the guidelines issued by the Ministry of Power, the determination of the tariff for a particular project depends on the mode of participation in the project (i) through signing a memorandum of understanding, based on tariff principles prescribed by CERC (cost plus basis, comprising capacity charge, energy charge, unscheduled interchange charge and incentive payments) or (ii) competitive bidding, where tariff is market based.

Our tariffs are based on the memorandum of understanding route. Further, surplus power sold to multiple customers is based on the pricing determined by demand and supply of the power markets. The average power realization price for the years ended March 31, 2011 and 2012 was Rs. 3.38 and Rs. 3.39 respectively.

Cost of Production

Our results of operations are, to a significant degree, dependent upon our ability to efficiently run our operations and maintain low costs of production. Efficiencies relating to recovery of metal from the ore, process improvements, by product management and increasing productivity help drive our costs down. Costs associated with mining and metal production include energy costs, ore extraction and processing costs at our captive mines, labor costs and other manufacturing expenses. Cost of production also includes cost of alumina for our aluminum business.

The cost of production of copper for our custom smelting and refining operations consists of cost of converting copper concentrate into copper cathodes, but does not include the cost of copper concentrate. We purchase copper concentrate at the LME price for copper metal for the relevant quotational period less a treatment charge and refining charge (TcRc) that we negotiate with our suppliers, including with CMT, but which is influenced by the prevailing market rate for the TcRc. We attempt to make the LME price a pass through for us as both the copper concentrate purchases and sales of finished copper products are based on LME prices. The profitability of the copper custom smelting and refining business is therefore dependent upon the amount by which the TcRc that we negotiate with both external suppliers and CMT exceeds our smelting and refining costs.

Energy cost is the most significant component of the cost of production in our metal production businesses. Most of our power requirements are met by captive power plants, which are primarily coal fueled. Thermal coal, diesel fuel and fuel oil, which are used to operate our power plants, and metcoke, which is used in the zinc smelting process, are currently sourced from a combination of longterm and spot contracts. Our aluminum business, which has high energy consumption due to the power intensive nature of aluminum smelting, sources approximately 57.0% of its thermal coal requirement from a subsidiary of Coal India under a five year supply agreement entered into in April 2008. Shortages of coal at Coal India may require that a greater amount of higher priced imported coal be utilized. For example, in April 2005, a shortage of coal led Coal India to reduce the amount of coal supplied to all its customers, except utilities, including BALCO, forcing BALCO to utilize higher priced imported coal.

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However, in January 2006, we were allotted a 31.5 million ton share in the Madanpur coal block for use in HZL s captive power plant. This allocated coal block is regarded as non reserve coal deposits and is currently in the post-exploration but pre-development stage. The forest diversion proposal was rejected by the MoEF by a letter dated December 30, 2009. The environmental clearance and approval for forest diversion were rejected by the MoEF and thus a letter of rejection was issued by the state government on January 23, 2010. We have made our submissions to the MoEF to reconsider the case. Thereafter, the Prime Minister s Office also constituted a committee to review the rejection of the environmental clearances. Based on the latest guidelines by Ministry of Coal, we have resubmitted our proposal to the state government and the same is currently under review. The Prime Minister s Office also constituted a committee to resolve the issue of forest clearance which is now being discussed at the committee meetings.

In addition, in November 2007, we were allotted a 211.0 million ton share of a coal block by the Ministry of Coal for use in BALCO s captive power plant. These allocated coal blocks are regarded as non-reserve coal deposits. In October 2008, the Ministry of Coal approved BALCO s mining plan although certain other approvals including environmental approval and forest clearance from the regulatory authorities are still pending. We expect mine development activities to commence upon the receipt of all regulatory approvals. Any change in coal prices or the mix of coal that is utilized, primarily whether the coal is sourced locally or imported, can affect the cost of generating power.

For our zinc business and the portions of our copper and aluminum businesses where we source the ore from our own mines, ore extraction and processing costs affect our cost of production. In our zinc and copper businesses, the ore extraction and processing costs to produce concentrates are generally a small percentage of our overall cost of production of the finished metals. In our aluminum business, the bauxite ore extraction cost is not significant but the refining cost to produce alumina from bauxite ore including transportation costs represents approximately one-third of the cost of production of aluminum. In addition, a significant cost of production in our zinc business is the royalty that HZL pays on the lead-zinc ore that is mined, which royalty is a function of the LME prices of zinc and lead. See Government Policy Taxes and Royalties.

Labor costs are principally a function of the number of employees and increases in compensation from time to time. Improvements in labor productivity in recent years have resulted in a decrease in the per unit labor costs. We outsource a majority of BALCO s and CMT s mining operations, a substantial portion of HZL s mining operations and a limited number of functions at our copper, zinc and aluminum smelting operations to third party contractors.

Other manufacturing expenses include, among other things, additional materials and consumables that are used in the production processes and routine maintenance to sustain ongoing operations. None of these represents a significant portion of our costs of production.

Cost of production as reported for our metal products includes an offset for any amounts we receive upon the sale of the by-products from the refining or smelting processes. We divide our cost of production by the daily average exchange rate for the year to calculate the US dollar cost of production per lb or ton of metal as reported.

The following table sets forth our average realized TcRc and cost of production for each of our metals for each of the last three fiscal years:

	Unit of Measurement	For the Year Ended March 31, 2010	2011	2012
	(in US dollars per ton, except as indicated)			
Treatment charge and refining charge (TcRc):[1]	¢/lb	13.6	11.9	14.5
Cost of production:[2]				
Copper smelting and refining[2]	¢/lb	10.5	4.0	0.0
Zinc India [2]	$	850	990	1,010
Zinc International[2]			1,077	1,069
Aluminum[2]	$	1,542	1,784	1,997
Power[2]	Rs./unit			2.62

Notes:

(1) Represents our average realized TcRc for the period.

(2) Cost of production is not a recognized measure under IFRS. We have included cost of production as a measure of effectiveness because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Our computation of cost of production should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. Cost of production is a measure intended for monitoring the operating performance of our operations. This measure is presented by other non-ferrous metal companies, though our measure may not be comparable to similarly titled measures reported by other companies.

Cost of production as reported for our metal products consists of:

- direct cash costs relating to production and conversion costs of metal (such as energy costs, ore extraction costs and processing costs at our captive mines, labor costs and other manufacturing expenses) and

- excludes depreciation and finance costs.

Further these costs are offset for any amounts we receive upon sale of immaterial by-products from such operations. We explain the cost of production for each metal as set forth below:

- In the case of copper, cost of production relates only to our custom smelting and refining operations (and not for our mining operations), and consists of converting copper concentrate into copper cathodes, including the cost of freight of copper anodes from Tuticorin to Silvassa. Revenue earned from the sale of by-product, sulphuric acid, and copper metal recovered in excess of paid copper metal are deducted from the cash costs. The total cash costs are divided by the total number of pounds of copper metal produced to calculate the cost of production per pound of copper metal produced.

- In the case of Zinc India operations, where we have integrated operations from production of zinc ore to zinc metal, cost of production is the cost of extracting ore and conversion of the ore into zinc metal ingots. Royalty is paid on mining and this cost is included in determining the cost of production. Revenue earned from by-product, sulphuric acid, is deducted from the cost of production. The total cash cost is divided by the total number of tons of zinc metal produced to calculate the cost of production per ton of zinc metal. Our Zinc India segment also includes lead and silver. However, the cost of production presented for Zinc India operations does not include lead and silver.

- Our Zinc International operations consists of the Skorpion mine and refinery in Namibia, Black Mountain mine in South Africa and Lisheen mine in Ireland. Skorpion produces special high grade zinc ingots. As a result, the cost of production with respect to the Skorpion mine consists of the total direct cost of procuring zinc ore from the mining company and producing zinc in the refinery through a leaching refining and electrowinning process. Skorpion does not produce any material by-products. Black Mountain mine produces zinc and lead concentrate. Therefore, the cost of production with respect to the Black Mountain mine consists of direct mining costs, concentrate costs, direct services cost and allocated indirect costs. Lisheen mine produces zinc and lead concentrate. Therefore, the cost of production with respect to the Lisheen mine consists of direct mining costs, mill processing costs, other overhead costs, treatment charges and other direct cash costs. The by-product revenue of lead and silver are credited to the cost of production. Royalties paid are excluded from the cost of production of zinc as the same is levied on turnover. The total cash cost is divided by the total number of tons of zinc metal produced or zinc metal in concentrate produced to calculate the cost of production per ton of zinc metal produced or zinc metal in zinc concentrate produced.

In the case of aluminum, cost of production for BALCO s smelters includes cost of purchased alumina, the cost of producing bauxite and conversion of bauxite/alumina into aluminum metal. Revenue earned from the sale of by-products, such as vanadium, reduces the total cash costs. The total cost is divided by the total quantity of hot metal produced to determine the cost of production per ton of aluminum hot metal produced. Hot metal production output is used instead of the cast metal production output disclosed elsewhere in this annual report in calculating cost of production as the hot metal production, which excludes the value added cost of casting, is the measure generally used in the aluminum metal industry for calculating cost of production.

Cost of production is divided by the daily average exchange rate for the year to calculate US dollar cost of production per lb or per ton of metal as reported.

Cost of production of power for Sterlite Energy s power plant (and not for the 274 MW HZL power plant and the 270 MW BALCO power plant) includes the cost of coal and other liquid fuels used for generating power and other overhead costs such as operating , maintenance and manpower costs. The total costs is divided by the total net units generated to calculate the cost of production per unit of energy produced.

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The following table reconciles segment cost, calculated as segment sales less segment profit, to cost of production for the periods presented:

	Year Ended March 31, 2010 (Rs.) (in millions, except production output and cost of production)	2011 (Rs.) (in millions, except production output and cost of production)	2012 (Rs.) (in millions, except production output and cost of production)
Copper[2]:			
Segment sales	Rs. 130,608	Rs. 156,610	Rs. 201,647
Less:			
Segment profit	(5,120)	(11,247)	(9,943)
	125,488	145,363	191,704
Less:			
Purchased concentrate/rock	(114,923)	(135,651)	(181,766)
By-product/free copper net sale	(1,981)	(4,686)	(6,685)
Cost for downstream products	(1,543)	(1,638)	(1,481)
Others, net	(3,386)	(2,153)	(1,773)
Total	Rs. 3,655	Rs. 1,235	Rs. (1)
Production output (in tons)	334,202	303,991	325,877
Cost of production[a]	**10.46 ¢/lb**	**4.0 ¢/lb**	**0.0 ¢/lb**
Zinc India[2]:			
Segment sales	Rs. 79,434	Rs. 98,444	Rs. 111,319
Less:			
Segment profit	(47,124)	(55,343)	(59,254)
	32,310	43,101	52,065
Less:			
Cost of tolling including raw material cost			
Cost of intermediary product sold	(3,060)	(3,350)	(3,270)
By-product revenue	(1,871)	(3,762)	(5,315)
Cost of lead metal sold	(2,652)	(3,028)	(5,260)
Others, net	(1,406)	(815)	(1,481)
Total	Rs. 23,321	Rs. 32,146	Rs. 36,739
Production output (in tons)	578,411	712,471	758,716
Cost of production (per ton)[a]	**$ 850**	**$ 990**	**$ 1,010**
Zinc International[2]:			
Segment sales		Rs. 9,961	Rs. 42,771
Less:			
Segment profit		(4,247)	(17,367)
		5,714	25,404
Less:			
Cost of intermediary product sold		(82)	
TcRc			4,340
By-product revenue		(706)	(1,621)
Cost of lead metal sold		(453)	(6,240)

Royalty				(197)		(1,212)
Others, net				(345)		(2,228)
Total				3,931		18,443
Production output (in tons)				809,066		359,728
Cost of production (per ton)[(a)]			**$**	**1,077**	**$**	**1,069**
Aluminum[(2)]:						
Segment sales	Rs.	28,367	Rs	30,245	Rs	31,119
Less:						
Segment profit		(5,499)		(5,866)		(3,998)
		22,868		24,379		27,121
Less:						
Cost of intermediary product sold		(304)				
By-product revenue		(126)		(229)		(290)
Cost for downstream products		(1,767)		(2,597)		(2,674)
Others, net		(1,455)		(973)		(542)
Total	Rs.	19,216	Rs.	20,580	Rs.	23,615
Production output (hot metal) (in tons)		262,760		253,157		246,579
Cost of production (per ton)[(a)]	**$**	**1,542**	**$**	**1,784**	**$**	**1,997**
Power[(2)]						
Segment Sales						25,461
Less: Segment profit						(5,881)
						19,580
Less: cost of power for BALCO and HZL						(5,469)
Others						(1,572)
Total						12,539
Production output (in MU)						4,790
Cost of production (per unit)					Rs.	2.62

(a) Exchange rates used in calculating cost of production were based on the daily Reserve Bank of India, or RBI, reference rates for the years ended March 31, 2009, 2010, 2011 and 2012 of Rs. 45.91 per $ 1.00, Rs. 47.42 per $ 1.00, Rs. 45.58 per $ 1.00 and Rs. 47.95 per $ 1.00, respectively.

(b) Production does not include units generated from the 274 MW HZL wind power plant and 270 MW BALCO power plant.

Production Volume and Mix

Production volume has a substantial effect on our results of operations. We are generally able to sell all of the products we can produce, so our revenue generally fluctuates as a result of changes in our production volumes. Production volumes depend on our production capacities, which have increased in recent years across all of our businesses. For our mining operations, production volumes also depend upon the quality and consistency of the ore. Perunit production costs are significantly affected by changes in production volumes in that higher volumes of production generally reduce the perunit production costs. Therefore, our production volumes are a key factor in determining our overall cost competitiveness. We have benefited from significant economies of scale as we have increased production volumes in recent years. For example, operations at BALCO s older 100,000 tpa aluminum smelter were partially suspended on February 2009 and ceased on June 5, 2009. The following table summarizes our production volumes for our primary products for the last three fiscal years:

		For the Year Ended March 31,		
	Product	**2010**	**2011**	**2012**
		(tons)		
Copper	Copper cathode[1]	334,202	303,991	325,877
	Copper rods	196,882	187,892	161,421
Zinc India	Zinc	578,411	712,471	758,716
	Lead	64,319	57,294	92,099
Zinc International				
Skorpion	Zinc		49,698	144,755
BMM	Copper[3]		673	2,709
	Zinc[3]		7,593	31,769
	Lead[3]		9,324	53,578
Lisheen	Zinc[3]		22,775	183,206
	Lead[3]		3,913	30,202
Aluminum	Ingots	54,173	27,927	8,671
	Rods	148,279	160,665	167,826
	Rolled Products [2]	65,973	66,706	69,157

Notes:

(1) Copper cathode is used as a starting material for copper rods. Approximately one ton of copper cathode is required for the production of one ton of copper rods.

(2) Includes production capitalized in fiscal 2011 and 2012 of 8,856 tons and 6,478 tons respectively.

(3) Refers to mined metal content in concentrate.

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In addition, the mix of products we produce can have a substantial impact on our results of operations as we have different operating margins in each of our businesses, and within each business our operating margins vary between the lower margins of primary metals and the higher margins of value-added products such as copper rods and aluminum rolled products. For example, copper cathodes are converted in our copper rod plant into copper rods, a value-added product which has a higher margin than copper cathodes. As copper rods have higher margins, we endeavor to sell as large a percentage of copper rods as possible. As the production volume of our various products fluctuate primarily based on market demand and our production capacity for such products, the percentage of our revenue from those products will also fluctuate between higher and lower margin products, which will in turn cause our operating profit and operating margins to fluctuate.

Periodically, our facilities are shut down for planned and unplanned repairs and maintenance which temporarily reduces our production volume.

Government Policy

India Customs Duties

We sell our products in India at a premium to the LME price, due in part to the customs duties payable on imported products. Our profitability is affected by the levels of customs duties as we price our products sold in India generally on an import-parity basis. We also pay a premium on certain raw materials that we import or which are sourced locally but which are priced on an import-parity basis as a result of customs duties, with copper concentrate, coal, petroleum products, alumina, carbon and caustic soda being the primary examples. The following table sets forth the customs duties that were applicable for the periods indicated:

	January 22, 2007 to April 28, 2008	April 29, 2008 to January 2, 2009	January 3, 2009 to February 28, 2011	March 1, 2011 to Present
Copper	5.00%	5.00%	5.00%	5.00%
Copper concentrate	2.00%	2.00%	2.00%	2.50%
Zinc	5.00%	0.00%	5.00%	5.00%
Aluminum	5.00%	5.00%	5.00%	5.00%

In addition, the Finance Act (2 of 2004) of India, which has been in effect since July 8, 2004, levies an additional surcharge at the rate of 2.0% of the total customs duty payable which has been further increased to 3.0% of the total customs duty payable effective March 1, 2007. We are also liable to pay an additional duty of customs, or CVD, of 12.0% (prior to February 27, 2010 the CVD was 8.0%, from February 27, 2010 to March 17, 2012 the CVD was 10%) of the assessable value and basic custom duty, which is levied on imports in India. Education cess and secondary and higher education cess on CVD is reduced to nil from March 17, 2012 (prior to March 17, 2012 it was 3% of CVD).

In January 2004, the special additional duty, of 4.0% which was also levied on imports of copper, zinc and aluminum was abolished, reducing the effective customs duties levied on all imports. The Government of India may reduce or abolish customs duties on copper and aluminum in the future, although the timing and extent of such reductions cannot be predicted. As we sell the majority of the commodities we produce in India, any further reduction in Indian tariffs on imports will decrease the premiums we receive in respect of those sales. Our profitability is dependent to a small extent on the continuation of import duties and any reduction would have an adverse effect on our results of operations and financial condition.

On February 28, 2011, the Indian government announced the following changes which took effect from March 1, 2011:

- There will be a 1.0% excise duty on fly ash.

- The import duty on copper concentrate and rock phosphate will be increased from 2.0% to 2.5%.

Export Incentives

The Government of India provides a variety of export incentives to Indian companies. Indian exports of copper, aluminum and zinc receive assistance premiums from the Government of India. Export incentives do not outweigh the Indian market price premiums. Accordingly, notwithstanding the export incentives, we endeavor to sell large quantities of our products domestically.

In fiscal 2011 and 2012, exports accounted for 41.3% and 51.3%, respectively, of our copper business revenue. The following table sets forth the export assistance premiums, either as Indian Rupees per ton of exports or as a percentage of the FOB value of exports, on copper cathode and copper rods for the period indicated:

	July 15, 2006 to August 31, 2008	September 1, 2008 to September 19, 2010	September 20, 2010 to September 30, 2011	October 1, 2011 to Present
	(percentage of FOB value of exports)			
Copper cathode	2.2%(1)	2.2%(3)	2.0%	2.0% (6)
Copper rods	2.2%(2)	2.2%(4)	2.2%(5)	2.0%

Notes:

(1) Subject to a cap of Rs. 7,500 per ton.
(2) Subject to a cap of Rs. 7,760 per ton.
(3) Subject to a cap of Rs. 7,000 per ton.
(4) Subject to a cap of Rs. 9,800 per ton.
(5) Subject to a cap of Rs. 7,500 per ton.
(6) Subject to a cap of Rs. 8,000 per ton.

In fiscal 2011 and 2012, exports accounted for 38.2% and 33.7% respectively, of our zinc India business revenue. The following table sets forth the export assistance premiums, as a percentage of the FOB value of exports, on zinc concentrate, zinc ingots and lead concentrate for the periods indicated:

	October 9, 2007 to November 03, 2008	November 4, 2008	November 5, 2008 to September 30, 2011	October 1, 2011 to Present
	(percentage of FOB value of exports)			
Zinc concentrate	3.0%	2.0%	3.0%	2.0%
Zinc ingots	5.0%	4.0%	5.0%	2.0%
Lead concentrate	3.0%	3.0%	3.0%	2.0%

In fiscal 2011 and 2012, exports accounted for 1.8% and 2.2% respectively, of our aluminum business revenue. The following table sets forth the export assistance premiums, as a percentage of the FOB value of exports, on aluminum ingots, aluminum rods and aluminum rolled products for the periods indicated:

	October 9, 2007 to September 30, 2011	October 1, 2011 to Present
	(percentage of FOB value of exports)	
Aluminum ingots	3.0%	2.0%
Aluminum rods	5.0%	2.0%

Aluminum rolled products	4.0%	3.0%

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The Government of India may further reduce export incentives in the future, which would adversely affect our results of operations.

Taxes and Royalties

Income tax on Indian companies during fiscal 2012 was charged, at a statutory rate of 30.0% plus a surcharge of 5.0% on the tax and has an additional charge of 3.0% on the tax including surcharge, which results in an effective statutory tax rate of 32.5 %. We have in the past had an effective tax rate lower than the statutory rate, benefiting from tax incentives on infrastructure projects in specific locations.

Profits of companies in India are subject to either regular income tax or Minimum Alternate Tax (MAT), whichever is greater. The effective MAT rate during fiscal 2012 was, 20.01% of the book profits as prepared under generally accepted accounting principles in India, or Indian GAAP. Amounts paid as MAT may be applied towards regular income taxes payable in any of the succeeding ten years subject to certain conditions.

A tax on dividends declared and distributed by Indian companies during fiscal 2012 is charged at an effective tax rate of 16.2%. This tax is payable by the company declaring, distributing or paying the dividends. Dividends from our subsidiaries to us are also subject to this tax, though we do not pay income tax upon the receipt of any such dividends. The Finance Bill 2012 proposes that if a company receives a dividend from any of its subsidiaries during the year, and such subsidiary has paid a tax on its dividends, then the dividend distributed by the parent company shall not be subject to dividend tax.

We currently pay an excise duty of 12.0% (prior to December 6, 2008 the excise duty was 14.0%, from December 6, 2008 to February 23, 2009, the excise duty was 10.0%, from February 24, 2009 to February 26, 2010, the excise duty was 8.0%, from February 27, 2010 to March 16, 2012 the excise duty was 10%) and an additional charge of 3.0% on the excise duty based on all of our domestic production intended for domestic sale. We charge the excise duty and additional charge to our domestic customers.

We are also subject to government royalties. We pay royalties to the state governments of Chhattisgarh and Rajasthan in India based on our extraction of bauxite and lead-zinc ore. Most significant of these is the royalty that HZL is currently required to pay to the State of Rajasthan, where all of HZL mines are located, at a rate of 8.4% with effect from August 13, 2009 (which was 6.6% prior to August 13, 2009) of the zinc LME price payable on the zinc metal contained in the concentrate produced and 12.7% (which was 5.0% prior to August 13, 2009) of the lead LME price payable on the lead metal contained in the concentrate produced. The royalties paid by BALCO on extraction of bauxite are not material to our results of operations. We pay royalties to the state government of Tasmania in Australia based on the operations at CMT at a rate equal to (a) the sum of (x) 1.9% (1.6% upto December 31, 2011) of the revenue plus (y) 0.4 times the profit multiplied by (b) the profit margin over revenue, subject to a cap of 5.35% (5.0 % up to December 31, 2011) of revenue, effective from January 1, 2012. Our royalties in Zinc International business are 3.0%, 7.0% and 3.5% by Skorpion, BMM and Lisheen respectively.

There are several tax incentives available to companies operating in India, including the following:

- profits from newly established units in special economic zones are entitled to a tax holiday for a specified period;
- profits from newly established units in certain geographical areas are entitled to a tax holiday for a specified period;
- profits from newly constructed power plants (including for captive use) benefit from a tax holiday for a specified period;
- investments in projects where alternative energy such as wind energy is generated can claim large tax depreciation in the first year of operations (removed with effect from April 1, 2012); and
- income from investment in mutual funds is exempt from a tax subject to certain deductions.

We have benefited from these tax incentives. Such benefits have resulted in lower effective tax rates, both within SIIL and in some of our operating subsidiaries such as BALCO and HZL. HZL s new export unit, effective from the quarter ended June 30, 2008, has benefited from its 100.0% export unit status, where profits on export sales are exempt from tax for a specified period. The export unit status expired on March 31, 2011. HZL also benefits from a tax holiday exemption with respect to its newly commissioned zinc ingot melting and casting plant at Haridwar and silver refinery, zinc and lead melting casting plant at Pantnagar in the State of Uttarakhand in North India. BALCO and HZL have considerable investments in captive power plants enjoying tax exemptions, and HZL has also benefited from establishing wind energy generating projects. HZL also benefits from a tax holiday exemption with respect to its newly commissioned zinc ingot melting and casting plant at Haridwar in the State of Uttarakhand in North India. In addition, a large part of SIIL s and HZL s investment of surplus cash are in tax exempt instruments.

Exchange Rates

We sell commodities that are typically priced by reference to US dollar prices. However, a majority of our direct costs in our zinc and aluminum businesses and our smelting and refining costs in our copper business are incurred in Indian Rupees and to a much lesser extent in Australian dollars, South African Rand and Namibian dollar. Also, all costs with respect to imported material for all our businesses are generally incurred in US dollars. As a result, an increase in the value of the US dollar compared to the Indian Rupee, and to a lesser extent the Australian dollar, South African Rand and Namibian dollar, is generally beneficial to our results of operations, except to the extent that the increase results in increased costs of copper concentrate, alumina and other imported materials for our businesses. A decrease in the value of the US dollar relative to the Indian Rupee, Australian dollar South African Rand and Namibian dollar has the opposite effect on our results of operations. For more information on the fluctuations in the value of the Indian Rupee against the US dollar, the Australian dollar, South African Rand and Namibian dollar, see Item 10. Additional Information D. Exchange Controls Exchange Rates.

Power Business

We expect our future results of operations to be affected by our entry into the commercial power generation business. The effect of this new business will depend on the timing of and our success in executing this plan. See Item 4. Information on the Company B. Business Overview Our Business Our Commercial Power Generation Business for additional details on our plans for this business.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with IFRS. In the course of preparing these financial statements, our management has made judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions. For a discussion of our significant accounting policies, see note 3 to our consolidated financial statements included in this annual report. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

We believe the critical accounting estimates described below are those that are both important to reflect our financial condition and results and require difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Mine properties

The costs of mining properties, 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 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, etc 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 are amortized on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties and are subject to impairment review.

Stripping costs/secondary development expenditure incurred during the production stage of operations of an ore body is charged to the statement of income immediately.

In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Useful Economic Lives of Assets and Impairment

Property, plant and equipment, other than mine properties, are depreciated over their useful economic lives. Our 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.

We also review our property, plant and equipment, including mine properties, for possible impairment if there are events or changes in circumstances that indicate that the carrying value of an asset may not be recoverable and exceeds its fair value. In assessing property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, our business plans and significant downward revision in the estimated mining reserves are taken into consideration. The carrying value of the assets of a cash generating unit and associated mining reserves is compared with the recoverable amount of those assets, that is, the higher of fair value less costs to sell 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, increase in cost, discount rate, economic and regulatory climates, long term mine plan and other factors. Any subsequent changes to cash flow due to changes in the abovementioned factors could have an impact on the carrying value of the assets.

Investment in Vedanta Aluminium

Due to the ongoing delay in obtaining approval for the Niyamgiri mines and expansion of the alumina refinery, we have reviewed the carrying value of our investments in Vedanta Aluminium for any impairment, and have concluded that no impairment is currently considered necessary based on the possible alternate source of obtaining bauxite and expectation of obtaining the necessary approvals for the alumina refinery expansion in due course.

Contingencies and Commitments

We have significant capital commitments in relation to various capital projects which are not recognized on the consolidated statements of financial positions. In the normal course of business, contingent liabilities may arise from litigation and other claims against us. Guarantees are also provided in the normal course of business. There are certain obligations which the management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the consolidated financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which we are involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

Income Tax

In preparing the consolidated financial statements, we recognize the income taxes in each of the jurisdictions in which we operate. There are many transactions and calculations for which the ultimate tax determination is uncertain. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Restoration, Rehabilitataion 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 mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting our 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.

Retirement Benefits

The Company operates or participates in a number of defined benefit and defined contribution pension schemes, the assets of which are (where funded) held in separately administered funds. For defined benefit pension schemes, the cost of providing benefits under the plans is determined separately each year 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 statement of income for the year. For defined contribution schemes, the amount charged to the statement of income in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Results of Operations

Overview

Consolidated Statement of Income

The following table is derived from our selected consolidated financial data and sets forth our historical operating results as a percentage of revenue for the periods indicated:

	For the Year Ended March 31,		
	2010	2011	2012
	(in percentages)		
Consolidated Statement of Income:			
Revenue	100.0	100.0	100.0
Cost of sales	(74.3)	(74.8)	(77.6)
Other operating income	0.8	0.8	0.3
Distribution expenses	(1.2)	(1.2)	(1.8)
Administration expenses	(3.3)	(2.5)	(3.6)
Operating profit	22.0	22.3	17.3
Investment and other income	5.6	7.3	7.0

Finance and other costs	0.1	0.4	(2.9)
Share in profit/(loss) of associates	0.8	(1.0)	(2.1)
Profit before taxes	28.5	28.9	19.3
Income Tax expense	(5.4)	(6.2)	(4.9)
Profit for the period	**23.1**	**22.7**	**14.4**
Profit attributable to:			
Equity holders of the parent	16.1	16.1	9.5
Non-controlling interest	7.1	6.6	4.9

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Net revenue by Geographic Location

The primary markets for our products are India and the Far East. Our exports to the Far East are primarily to China, South Korea, Singapore and Thailand. Other markets include a variety of countries mostly in the Middle East and Europe. We endeavor to sell as large a quantity of our products as possible in India due to the Indian market premium that we receive on sales in India. The following table sets forth our revenue from each of our primary markets and our revenue from each of our primary markets as a percentage of our total revenue for the periods indicated:

	For the Year Ended March 31,						
	2010		2011		2012		
	(in millions, except percentages)						
	Revenue (in Rs.)	% of Revenue	Revenue (in Rs.)	% of Revenue	Revenue (in Rs.)	Revenue (in $)	% of Revenue
India	155,218	63.4%	187,454	62.0%	229,163	4,503.1	55.6%
Far East[1]	43,242	17.7%	32,488	10.7%	76,845	1,510.0	18.7%
Other[2]	46,443	19.0%	82,530	27.3%	106,055	2,084.0	25.7%
Total	**244,903**	**100%**	**302,472**	**100%**	**412,063**	**8,097.1**	**100%**

Notes:

(1) Far East includes a number of countries, primarily China, South Korea, Malaysia, Singapore, Vietnam, Thailand and Taiwan.

(2) Other primarily include Nigeria, Belgium, Switzerland, Netherlands, Italy, South Africa, Saudi Arabia, Oman, Turkey, UAE, Kenya, Sri Lanka and Nepal

Customer Concentration

The following table sets forth for the periods indicated:

- the percentage of our revenue accounted for by our 10 largest customers on a consolidated basis; and

- for each of our three primary businesses, the percentage of the revenue of such business accounted for by the 10 largest customers of such business.

	Year Ended March 31,		
	2010	2011	2012
	(% Percentage)		
Consolidated	29.1	38.2	21.9
Copper	27.2	33.5	39.5
Zinc India	32.3	36.5	39.3
Zinc International		96.0	58.4
Aluminum	28.9	49.3	49.5
Power			82.7

Except for one customer who accounted for 15.4% and 11.8% of our revenue for our copper business for fiscal 2011 and 2012 respectively, no single customer accounted for 10.0% or more of our revenue on a consolidated basis or for any of our primary businesses in any of the periods indicated.

Comparison of years ended March 31, 2011 and March 31, 2012

Revenue, Other Operating Income and Operating Profit

Consolidated

Revenue increased from Rs. 302,472 million in fiscal 2011 to Rs. 412,063 million ($ 8,097.1 million) in fiscal 2012, an increase of Rs. 109,591 million, or 36.2%. Revenue increased in fiscal 2012 as Zinc India, Zinc International and power businesses had higher volume growth with several of our growth projects commencing operations and ramping up production, the volume growth in power business at Sterlite Energy after the commencement of two units of 600 MW each, significant increase in revenues of silver production in our Zinc India business and the successful integration of the Zinc International business acquired in the second half of fiscal 2011.

Other operating income decreased from Rs. 2,366 million in fiscal 2011 to Rs. 1,398 million ($ 27.5 million) in fiscal 2012, a decrease of Rs. 968 million, or 40.9%. The decrease was primarily due to foreign exchange losses because of rupee depreciation against the US dollar.

Operating profit increased from Rs. 67,574 million in fiscal 2011 to Rs. 71,294 million ($ 1,400.9 million) in fiscal 2012, an increase of Rs. 3,720 million, or 5.5%. The increase in operating profit was primarily due to higher volumes from zinc and silver operations of our Zinc India business, higher operating profits from the Zinc International business as the acquisition was completed in the second half of fiscal 2011 and higher operating profits from the power business due to commissioning of two more 600 MW units at Sterlite Energy. The higher operating profit was offset by lower operating margins from the aluminium business due to lower LME, higher cost of production and charge of Rs. 4,233 million on account of the adverse court ruling in Asarco s case. Operating margin decreased from 22.3% in fiscal 2011 to 17.3% in fiscal 2012 as a result of a decrease in the operating margins in all businesses.

Contributing factors to our consolidated operating income were as follows:

Cost of sales increased from Rs. 226,134 million in fiscal 2011 to Rs. 319,719 million ($ 6,282.6 million) in fiscal 2012, an increase of Rs. 93,585 million, or 41.4%. Cost of sales increased primarily due to higher input costs, higher royalty costs, higher costs due to increase in volume at our Zinc India business, power business and Zinc International business due to the acquisition of Zinc International business in the second half of fiscal 2011. Cost of sales as a percentage of revenue increased from 74.8% in fiscal 2011 to 77.6% in fiscal 2012.

Distribution expenses increased from Rs. 3,516 million in fiscal 2011 to Rs.7,446 million ($ 146.3 million) in fiscal 2012, an increase of Rs. 3,930 million, or 111.8%. As a percentage of revenue, selling and distribution expenses increased from 1.2 % in fiscal 2011 to 1.8 % in fiscal 2012 due to expenditure from the Zinc International business acquired in the second half of fiscal 2011 and higher distribution costs for the power business.

Administration expenses increased from Rs.7,614 million in fiscal 2011 to Rs. 15,002 million ($ 294.8 million) in fiscal 2012, an increase of Rs. 7,388 million, or 97.0%, As a percentage of revenue, administration expenses increased from 2.5% in fiscal 2011 to 3.6% in fiscal 2012 due to the charge of Rs. 4,233 million with respect to the claim made by Asarco and higher administrative costs from the Zinc International business acquired in the second half of fiscal 2011.

Copper

Revenue in the copper segment increased from Rs. 156,610 million in fiscal 2011 to Rs. 201,647 million ($ 3,962.4 million) in fiscal 2012, an increase of Rs. 45,037 million, or 28.8%. This increase was primarily due to the

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increase in production of cathodes supplied to growing power sector, higher sales in Fujairah, higher LME prices of copper and reflecting the impact of the planned bi-annual plant maintenance shutdown for 26 days in June and July 2010 and a temporary shutdown pursuant to the order of the High Court in September 2010 and higher LME prices of copper. Specifically:

- Copper cathode production increased from 303,991 tons in fiscal 2011 to 325,877 tons in fiscal 2012, an increase of 7.2%. The production in fiscal 2011 was low primarily due to the planned bi-annual plant maintenance shut down for 26 days in June and July 2010 and stabilization issues faced during post shut down ramp-up. Copper cathode sales increased from 116,590 tons in fiscal 2011 to 159,004 tons in fiscal 2012, an increase of 36.0%, due to increased production.

- Production of copper rods decreased from 187,892 tons in fiscal 2011 to 161,421 tons in fiscal 2012, a decrease of 14.1%. Copper rod sales decreased from 186,737 tons in fiscal 2011 to 161,514 tons in fiscal 2012, a decrease of 13.5%. The rod sales decreased as we preferred to sell cathodes in view of better realization from the export market.

- Sales of copper in the Indian market decreased from 206,653 tons in fiscal 2011 to 197,434 tons in fiscal 2012, a decrease of 4.5%, and our exports increased from 96,674 tons in fiscal 2011 to 123,084 tons in fiscal 2012, an increase of 27.3%. We also carried out tolling of 4,581 tons of copper cathode. We endeavor to sell large quantities of our products domestically, where we receive an Indian market premium. Our domestic sales as a percentage of total sales decreased from 68.1% in fiscal 2011 to 61.6% in fiscal 2012.

- The daily average copper cash settlement price on the LME increased from $ 8,138 per ton in fiscal 2011 to $ 8,475 per ton in fiscal 2012, an increase of 4.1%.

Operating profit in the copper segment decreased from Rs. 9,198 million in fiscal 2011 to Rs. 7,770 million ($ 152.7 million) in fiscal 2012, a decrease of Rs. 1,428 million, or 15.5%. Operating margin decreased from 5.9% in fiscal 2011 to 3.9% in fiscal 2012. The decrease was primarily due to provision of 4,233 million during the current year on account of the adverse court ruling in Asarco s claim, higher costs at our CMT mines offset by improvement in margins due to increase in price and volumes, decrease in production costs and higher realization of suphuric acid. In particular:

- TcRc rates increased from an average of 11.9¢/lb realized in fiscal 2011 to an average of 14.5 ¢/lb realized in fiscal 2012.

- Cost of production, which consists of cost of smelting and refining costs, decreased significantly from 4.0 ¢/lb in fiscal 2011 to 0.0 ¢/lb in fiscal 2012, primarily due to higher realization on the sale of sulphuric acid by-product and higher metal recoveries.

Zinc India

Revenue in the zinc India segment increased from Rs. 98,444 million in fiscal 2011 to Rs. 111,319 million ($ 2,187.4 million) in fiscal 2012, an increase of Rs. 12,875 million, or 13.1%. This increase was primarily due to an increase in sales volume in both domestic and export volumes, increase in lead sales from the new lead smelter at Dariba and depreciation of the Indian rupee against the US dollar by 5.0% between 2011 and 2012. Specifically:

- Zinc ingot production increased from 712,471 tons in fiscal 2011 to 758,716 tons in fiscal 2012, an increase of 6.5%, due to ramp-up of production from our first zinc smelter at Dariba and improved operational efficiencies. Zinc ingot sales increased from 712,603 tons in fiscal 2011 to 758,499 tons in fiscal 2012, an increase of 6.4%, enabled by the higher production and strong market demand in India as well as in the rest of Asia.

Zinc ingot sales in the domestic market increased from 411,617 tons in fiscal 2011 to 438,171 tons in fiscal 2012, an increase of 6.5%. Our domestic sales as a percentage of total sales remained constant in fiscal 2011 and in fiscal 2012. Export sales increased from 300,986 tons of zinc in fiscal 2011 to 320,328 tons of zinc in fiscal 2012, an increase of 6.4% due to increased production.

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The daily average zinc cash settlement price on the LME decreased from $ 2,185 per ton in fiscal 2011 to $ 2,098 per ton in fiscal 2012, a decrease of 4.0%.

Zinc concentrate sales decreased from 65,957 dry metric tons in fiscal 2011 to nil in fiscal 2012. This decrease was primarily due to higher captive consumption. We sold surplus lead concentrate of 38,457 dry metric tons in fiscal 2011 and 10,086 dry metric tons in fiscal 2012 to third parties. This decrease in concentrate sales was due to higher captive consumption on account of higher capacities available from the new ramped up smelters.

Lead ingot production increased from 57,294 tons in fiscal 2011 to 92,099 tons in fiscal 2012, an increase of 60.8%, due to the ramp up of the new lead smelter at Dariba. Lead ingot sales increased from 57,229 tons in fiscal 2011 to 91,701 tons in fiscal 2012, an increase of 60.2%, due to increase in production.

Silver ingot production increased from 148,082 kilograms in fiscal 2011 to 206,945 kilograms in fiscal 2012, an increase of 39.8%, primarily due to higher silver content in the mined ore. The daily average silver London Bullion Metal Association, or LBMA, price increased by 32.3% in fiscal 2012 as compared to fiscal 2011. Sale of silver ingots increased from 146,558 kilograms in fiscal 2011 to 205,691 kilograms in fiscal 2012, an increase of 40.3% enabled by the increase in production.

The daily average lead cash settlement price on the LME increased from $ 2,244 per ton in fiscal 2011 to $ 2,269 per ton in fiscal 2012, an increase of 1.1%.

The daily average silver LBMA prices increased from $ 23.9 per ounce in fiscal 2011 to $ 35.3 per ounce in fiscal 2012 an increase of 48.0%.

Operating profit in the zinc segment increased from Rs. 50,914 million in fiscal 2011 to Rs. 54,018 million ($ 1,061.5 million) in fiscal 2012, an increase of Rs. 3,104 million, or 6.1 %. Operating margin decreased from 51.7% in fiscal 2011 to 48.5% in fiscal 2012. The increase in operating income was primarily due to the higher sales volume, higher improved by-product, offset by higher cost of production. The operating margins decreased due to higher cost of production.

Zinc International

On May 10, 2010, we agreed to acquire various zinc business of Anglo American Plc for a total consideration of Rs. 69,083 million ($ 1,513.1 million). The zinc business comprises of:

(1) a 100.0% stake in Skorpion which owns the Skorpion mine and refinery in Namibia;

(2) a 74.0% stake in BMM, which includes the Black Mountain Mine and the Gamsberg Project, in South Africa and

(3) a 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

On December 3, 2010, we announced the completion of the acquisition of Skorpion by SIL, a wholly-owned subsidiary of Sterlite at a consideration of Rs. 32,098 million ($ 706.7 million). On February 04, 2011, we announced the completion of the acquisition of the 74.0% stake in BMM for a consideration of Rs. 11,529 million ($ 250.9 million), net of refund of $ 9.3 million. On February 15, 2011, we announced the completion of the acquisition of 100.0% stake in Lisheen for a consideration of Rs.25,020 million ($ 546.2 million) . The purchase price for the zinc business was paid in US dollars and has been converted into Indian Rupees based on the exchange rate as on the date of each such acquisition.For further information, see Item 4. Our Business Our Zinc International Business .

Revenue and operating profit in the Zinc International business segment was Rs. 41,272 million ($ 811 million) and Rs. 6,008 million ($ 118.1 million) in fiscal 2012 respectively. Revenue and operating profit in the Zinc International business segment was Rs. 9,961 million and Rs. 1,592 million in fiscal 2011 respectively for the period from the respective acquisition dates till March 31, 2011.Revenue and operating profits increased on account of higher volumes from the Zinc International business during fiscal 2012 as the Zinc International business was acquired during the second half of fiscal 2011.

Aluminum

Revenue to external customers in the aluminum segment increased from Rs. 30,175 million in fiscal 2011 to Rs. 31,089 million ($ 610.9 million) in fiscal 2012, an increase of Rs. 914 million, or 3.0%. This increase was primarily due to the 2.48% increase in average LME prices and depreciation of the Indian rupee against the US dollar by 5.0% offset by decrease in sales volume as compared to the previous year. Specifically:

Aluminum production decreased from 255,298 tons in fiscal 2011 to 245,654 tons in fiscal 2012, a decrease of 3.8%, primarily due to lower production of hot metal. However, the production of value added products at 96.0% in fiscal 2012 as against 89.0% in fiscal 2011 primarily due to the process improvement and introduction of copper ring mould in wire rod mills to enhance the quality of our valued added products.

Aluminum sales decreased from 247,412 tons in fiscal 2011 to 239,335 tons in fiscal 2012, a decrease of 3.3%, due to captive consumption of 5,321 MT of rolled products and 1,157 MT busbars in the smelter expansion project. Sales of aluminum ingots decreased from 26,510 tons in fiscal 2011 to 7,490 tons in fiscal 2012, a decrease of 71.7%, as a result of production of higher value added products. Wire rod sales increased from 160,723 tons in fiscal 2011 to 167,808 tons in fiscal 2012, an increase of 4.4%, as a result of increased production and increased demand for this product, particularly in the electrical sector, and reflects our continued focus on the sale of value-added products. Rolled product sales increased from 60,149 tons in fiscal 2011 to 63,996 tons in fiscal 2012, an increase of 6.4%, primarily due to higher demand and process improvements.

Aluminum sales in the domestic market decreased from 241,894 tons in fiscal 2011 to 233,385 tons in fiscal 2012, a decrease of 3.5%, due to captive consumption of 7,418 MT of rolled products and 1,438 MT busbars in the smelter expansion project. Our aluminum exports increased from 5,518 tons in fiscal 2011 to 5,950 tons in fiscal 2012, as a result of higher premium in the international market. Our domestic sales as a percentage of total sales decreased from 97.8% in fiscal 2011 to 97.5 % in fiscal 2012.

The daily average aluminum cash settlement price on the LME increased from $ 2,257 per ton in fiscal 2011 to $ 2,313 per ton in fiscal 2012, an increase of 2.5%.

Operating profit in the aluminum segment decreased from Rs. 3,495 million in fiscal 2011 to Rs. 1,345 million ($ 26.4 million) in fiscal 2012, a decrease of Rs. 2,150 million, or 61.5%. Operating margin decreased from 11.6% in fiscal 2011 to 4.3% in fiscal 2012. This decrease in operating profits was due to higher costs of production on account of increase in coal, carbon and alumina costs.

Power

Revenue in the power segment increased from Rs.7,282 million in fiscal 2011 to Rs. 24,333 million ($ 478.1 million) in fiscal 2012, an increase of Rs. 17,051 million or 234.2 %, primarily due to sale of power from Sterlite Energy s three units of 600 MW each and additional power sales from the wind power projects commissioned during the year.

Similarly, operating profit in the power segment decreased from Rs. 2,437 million in fiscal 2011 to Rs. 2,200 million ($ 43.2 million) in fiscal 2012, a decrease of Rs. 237 million, or 9.7% due to increased foreign exchange loss of Rs. 1,329 million ($ 26.1 million) and offset by higher sales volume in the power business.

Others

Operating loss in our other business segment decreased from Rs. 62 million in fiscal 2011 to Rs. 47 million ($ 0.9 million) in fiscal 2012.

Investment and Other income

Investment and other income increased from Rs. 21,933 million in fiscal 2011 to Rs. 28,829 million ($ 566.5 million) in fiscal 2012, an increase of Rs. 6,896 million ($ 135.5 million), or 31.4 % primarily due to an increase in fair value gain on financial assets held for trading (net of dividend income), an increase in interest income on bank deposits and loans and receivables consequent to increased deployment of funds in bank deposits and loans and receivables.

Finance costs

Finance costs increased from an income of Rs. 1,096 million in fiscal 2011 to an expense of Rs. 12,042 million ($ 236.6 million) in fiscal 2012. This increase in finance costs was primarily due to foreign exchange loss on account of rupee depreciation during fiscal 2012 and higher interest costs.

Share in profit / loss of associate

Share in loss of associate increased from Rs. 3,082 million in fiscal 2011 to Rs. 8,767 million ($ 172.3 million) in fiscal 2012. The increase in loss of Rs. 5,685 million ($ 111.7 million) is primarily related to interest cost relating to loans taken for expansion of projects, foreign exchange loss as well as increased depreciation.

Tax expense

Tax expense increased from Rs. 18,810 million in fiscal 2011 to Rs. 20,077 million ($ 394.5 million) in fiscal 2012. Our effective income tax rate, calculated as tax expense divided by our profit before taxes was 21.5% in fiscal 2011 and 25.3% in fiscal 2012. The effective tax rate was higher in fiscal 2012 primarily due to non-availability of tax exemption for the export oriented units in fiscal 2012 as compared to fiscal 2011 and recognition of higher share of losses in Vedanta Aluminium on which deferred tax are not recognized offset by higher tax free dividend and investment income.

Non-controlling interest

Profit attributable to non-controlling interest increased from Rs. 19,813 million in fiscal 2011 to Rs. 20,239 million ($ 397.7 million) in fiscal 2012, an increase of Rs. 426 million ($ 8.4 million), or 2.2%. This increase was mainly due to higher profits in our zinc business and due to new acquisitions in fiscal 2011. Non-controlling interest as a percentage of profit increased from 28.8% in fiscal 2011 to 34.2% in fiscal 2012.

Comparison of Years Ended March 31, 2010 and March 31, 2011

Revenue, Other Operating Income and Operating Profit

Consolidated

Revenue increased from Rs. 244,903 million in fiscal 2010 to Rs. 302,472 million in fiscal 2011, an increase of Rs. 57,569 million, or 23.5%. Revenue increased primarily as a result of acquisition of the Zinc International business and commissioning one unit of 600 MW power plant by Sterlite Energy, higher daily average LME prices of metals and higher daily average LBMA prices of precious metals, partially offset by appreciation of the Indian Rupee against the US dollar by 3.9% and lower production due to a planned shutdown of our Tuticorin plant.

Other operating income increased from Rs. 1,907 million in fiscal 2010 to Rs. 2,366 million in fiscal 2011, an increase of Rs. 459 million, or 24.1%. The increase was primarily due to increased revenue from the sale of scrap in the zinc segment and profit on sale of assets held for sale in aluminum segment.

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Operating profit increased from Rs. 53,834 million in fiscal 2010 to Rs. 67,574 million in fiscal 2011, an increase of Rs. 13,740 million, or 25.5%. The increase was due to higher sales volumes from our zinc business, rise in the daily average LME prices of zinc and aluminum, acquisition of the Zinc International business and commissioning of one unit of 600 MW power plant, which was partially offset by decrease in the TcRc in copper business by 12.4%. In addition, during the fiscal 2011, 253 and 215 employees in BALCO and HZL, respectively opted for a voluntary retirement scheme and the expenses pursuant to our voluntary retirement scheme resulted in an increase in expenses leading to decrease in our operating profit by Rs. 322 million. Operating margin increased from 22.0% in fiscal 2010 to 22.3% in fiscal 2011 as a result of an increase in the operating margins in our copper and aluminium business.

Contributing factors to our consolidated operating income were as follows:

Cost of sales increased from Rs. 181,928 million in fiscal 2010 to Rs. 226,134 million in fiscal 2011, an increase of Rs. 44,206 million, or 24.3%. Cost of sales increased primarily due to higher input prices, higher royalty costs and higher production volumes in our zinc india business and acquisition of the Zinc International business. Cost of sales as a percentage of revenue increased from 74.3% in fiscal 2010 to 74.8% in fiscal 2011.

Distribution expenses increased from Rs. 3,022 million in fiscal 2010 to Rs. 3,516 million in fiscal 2011, an increase of Rs. 494 million, or 16.3%. As a percentage of revenue, however, selling and distribution expenses remained the same in fiscal 2010 and fiscal 2011 at 1.2%. The increase in distribution expenses was due to acquisition of Zinc International business.

Administration expenses decreased from Rs. 8,026 million in fiscal 2010 to Rs. 7,614 million in fiscal 2011, a decrease of Rs. 412 million, or 5.1%, As a percentage of revenue, administration expenses decreased from 3.3% in fiscal 2010 to 2.5% in fiscal 2011. These expenses decreased primarily due to a one time provision of Rs. 2,735 million in fiscal 2010 for the acquisition of Asarco. This decrease has been partially offset by increase in administration expenses due to acquisition of Zinc International business.

Copper

Revenue in the copper segment increased from Rs. 130,608 million in fiscal 2010 to Rs. 156,610 million in fiscal 2011, an increase of Rs. 26,002 million, or 19.9%. This increase was primarily due to higher daily average copper LME prices, which was partially offset by lower sales volume during the fiscal 2011 and appreciation of the Indian Rupee against the US dollar by 3.9% between fiscal 2010 and 2011. Specifically:

Copper cathode production decreased from 334,202 tons in fiscal 2010 to 303,991 tons in fiscal 2011, a decrease of 9.0%. The production in the fiscal 2011 was lower as compared to the fiscal 2010, primarily due to the planned bi-annual plant maintenance shut down for 26 days in June and July 2010 and stabilization issues faced during post shut down ramp-up. Copper cathode sales decreased from 136,362 tons in fiscal 2010 to 116,590 tons in fiscal 2011, a decrease of 14.5%, due to decreased production.

Production of copper rods decreased from 196,882 tons in fiscal 2010 to 187,892 tons in fiscal 2011, a decrease of 4.6%. Copper rod sales decreased from 196,883 tons in fiscal 2010 to 186,737 tons in fiscal 2011, a decrease of 5.2%. The decrease in sales was due to the decrease in production.

Sales of copper in the Indian market increased from 206,150 tons in fiscal 2010 to 206,653 tons in fiscal 2011, an increase of 0.2%, and our exports decreased from 127,095 tons in fiscal 2010 to 96,674 tons in fiscal 2011, a decrease of 23.9%. We endeavor to sell as large a quantity of our products as possible domestically, where we receive an Indian market premium. Our domestic sales as a percentage of total sales increased from 61.9% in fiscal 2010 to 68.1% in fiscal 2011.

The daily average copper cash settlement price on the LME increased from $ 6,112 per ton in fiscal 2010 to $ 8,138 per ton in fiscal 2011, an increase of 33.1%.

Operating profit in the copper segment increased from Rs. 3,138 million in fiscal 2010 to Rs. 9,198 million in fiscal 2011, an increase of Rs. 6,060 million, or 193.1%. Operating margin increased from 2.4% in fiscal 2010 to 5.9% in fiscal 2011. The increase in operating profit was primarily due to higher by-product realization and higher metal recovery by 0.4%, which was partially offset by an appreciation of the Indian Rupee against the US dollar by 3.9% between fiscal 2010 and 2011. In particular:

TcRc rates decreased from an average of 13.6¢/lb realized in fiscal 2010 as compared to an average of 11.9¢/lb realized in fiscal 2011.

Cost of production, which consists of cost of smelting and refining costs, decreased significantly from 10.4¢/lb in fiscal 2010 to 4.0¢/lb in fiscal 2011, primarily due to higher realization on the sale of sulphuric acid by-product and higher metal recovery of 0.4%.

Zinc India

Revenue in the Zinc India segment increased from Rs. 79,434 million in fiscal 2010 to Rs. 98,444 million in fiscal 2011, an increase of Rs. 19,010 million, or 23.9%. This increase was primarily due to a 12.9% increase in the daily average zinc LME price in fiscal 2011 as compared to fiscal 2010, an increase in sales volume enabled by increased production which was partially offset by an appreciation of the Indian Rupee against the US dollar by 3.9% between fiscal 2010 and 2011. Specifically:

Zinc ingot production increased from 578,411 tons in fiscal 2010 to 712,471 tons in fiscal 2011, an increase of 23.2%, due to ramp-up of production from our first hydrometallurgical zinc smelter at Dariba and improved operational efficiencies. Zinc ingot sales increased from 577,685 tons in fiscal 2010 to 712,603 tons in fiscal 2011, an increase of 23.4%, enabled by the higher production and strong market demand in India as well as in the rest of Asia.

Zinc ingot sales in the domestic market increased from 385,881 tons in fiscal 2010 to 411,617 tons in fiscal 2011, an increase of 6.7%. Our domestic sales as a percentage of total sales decreased from 66.8% in fiscal 2010 to 57.8% in fiscal 2011. Export sales increased from 191,805 tons of zinc in fiscal 2010 to 300,986 tons of zinc in fiscal 2011, an increase of 56.9% due to better demand in the global market.

The daily average zinc cash settlement price on the LME increased from $ 1,936 per ton in fiscal 2010 to $ 2,185 per ton in fiscal 2011, an increase of 12.9%.

Zinc concentrate sales decreased from 223,489 dry metric tons in fiscal 2010 to 65,957 dry metric tons in fiscal 2011. This decrease was primarily due to higher captive consumption. We sold surplus lead concentrate of 30,929 dry metric tons in fiscal 2010 and 38,457 dry metric tons in fiscal 2011 to third parties. This increase was primarily due to the availability of surplus lead concentrate.

Lead ingot production decreased from 64,319 tons in fiscal 2010 to 57,294 tons in fiscal 2011, a decrease of 10.9%, as a result of unplanned shutdown of lead smelter at Chanderiya. Lead ingot sales decreased from 64,391 tons in fiscal 2010 to 57,229 tons in fiscal 2011, a decrease of 11.1%, due to decrease in production.

Silver ingot production increased from 138,550 kg in fiscal 2010 to 148,082 kg in fiscal 2011, an increase of 6.9%, primarily due to higher silver content in the mined ore. The daily average silver LBMA price increased by 51.6% in fiscal 2011 as compared to fiscal 2010. Sale of silver ingots increased from 139,130 kg in fiscal 2010 to 146,558 kg in fiscal 2011, an increase of 5.3% enabled by the increase in production.

The daily average lead cash settlement price on the LME increased from $ 1,990 per ton in fiscal 2010 to $ 2,244 per ton in fiscal 2011, an increase of 12.8%.

Operating profit in the zinc segment increased from Rs. 44,071 million in fiscal 2010 to Rs. 50,914 million in fiscal 2011, an increase of Rs. 6,843 million, or 15.5%. Operating margin decreased from 55.5% in fiscal 2010 to 51.7% in fiscal 2011. The increase in operating income was primarily due to the increase in the daily average zinc and lead LME prices of 12.9 % and 12.8%, respectively, between fiscal 2010 and fiscal 2011, and increase in sales volume, partially offset by an appreciation of the Indian Rupee against the US dollar and higher operating costs.

Zinc International

On May 10, 2010, Sterlite agreed to acquire the zinc business of Anglo American Plc for a total consideration of Rs.69,083 million ($ 1,513.1 million). The zinc business comprises of (1) a 100.0% stake in Skorpion, which owns the Skorpion mine and refinery in Namibia; (2) a 74.0% stake in BMM, which assets include the Black Mountain mine and the Gamsberg Project, in South Africa; and (3) a 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

On December 3, 2010, we announced the completion of the acquisition of 100.0% stake in Skorpion by SIL, a wholly-owned subsidiary of Sterlite for a consideration of Rs. 32,098 million ($ 706.7 million). On February 4, 2011, we announced the completion of the acquisition of the 74.0% stake in BMM for a consideration of Rs. 11,529 million ($ 250.9 million), net of refund of $ 9.3 million. On February 15, 2011, we announced the completion of the acquisition of 100.0% stake in Lisheen for a consideration of Rs. 25,020 million ($ 546.2 million). The purchase price for the zinc business was paid in US dollars and has been converted into Indian Rupees based on the exchange rate as on the date of each such acquisition. For further information, see Item 4. Our Business Our Zinc International Business .

Revenue and operating profit in the Zinc International business segment was Rs. 9,961 million and Rs. 1,592 million in fiscal 2011 respectively for the period from the respective acquisition dates till March 31, 2011

Aluminum

Revenue to external customers in the aluminum segment increased from Rs. 28,289 million in fiscal 2010 to Rs. 30,175 million in fiscal 2011, an increase of Rs. 1,886 million, or 6.7%. This increase was primarily due to the 20.8% increase in daily average aluminum LME prices in fiscal 2011 compared to fiscal 2010 which was partially offset by appreciation of the Indian Rupee against the US dollar by 3.9% between fiscal 2010 and 2011 and lower volume during the year as compared to the previous year. Specifically:

Aluminum production decreased from 268,425 tons in fiscal 2010 to 255,298 tons in fiscal 2011, a decrease of 4.9%, primarily due to the complete ramp down of the old 100,000 tpa smelter at Korba. However production from the new smelter at Korba slightly increased by 1.5% from 249,552 tons in fiscal 2010 to 253,392 tons in fiscal 2011.

Aluminum sales decreased from 267,802 tons in fiscal 2010 to 247,412 tons in fiscal 2011, a decrease of 7.6%, due to captively consumption of 7,418 MT of Rolled Products and 1,438 MT Busbars in the smelter expansion project. Sales of aluminum ingots decreased from 51,069 tons in fiscal 2010 to 26,510 tons in fiscal 2011, a decrease of 48.1%, as a result of the phased shutdown of the old Korba smelter. Wire rod sales increased from 148,239 tons in fiscal 2010 to 160,723 tons in fiscal 2011, an increase of 8.4%, as a result of increased production and increased demand for this product, particularly in the electrical sector, and reflects our continued focus on the sale of value-added products. Rolled product sales decreased from 65,419 tons in fiscal 2010 to 60,149 tons in fiscal 2011, a decrease of 8.1%, primarily due to captive consumption of 7,418 MT of rolled products in the smelter expansion project.

Aluminum sales in the domestic market decreased from 250,970 tons in fiscal 2010 to 241,894 tons in fiscal 2011, a decrease of 3.6%, due to captive consumption of 7,418 MT of rolled products and 1,438 MT busbars in the smelter expansion project. Our aluminum exports decreased from 16,832 tons in fiscal 2010 to 5,518 tons in fiscal 2011, as a result of higher premium in the domestic market. We endeavor to sell as large a quantity of our products as possible domestically, where we receive an Indian market premium. Our domestic sales as a percentage of total sales increased from 93.7% in fiscal 2010 to 97.8% in fiscal 2011, due to the increased demand of the value added product in the domestic market, particularly in the power market.

The daily average aluminum cash settlement price on the LME increased from $ 1,868 per ton in fiscal 2010 to $ 2,257 per ton in fiscal 2011, an increase of 20.8%.

Operating profit in the aluminum segment increased from Rs. 3,189 million in fiscal 2010 to Rs. 3,495 million in fiscal 2011, an increase of Rs. 306 million, or 9.6%. Operating margin increased from 11.2% in fiscal 2010 to 11.6% in fiscal 2011. The increase in operating profit was primarily due to increase in the daily average aluminum LME price.

Power

Revenue in the power segment increased from Rs. 6,572 million in fiscal 2010 to Rs. 7,282 million in fiscal 2011, an increase of Rs. 710 million, primarily due to sale of power generated by the 270 MW power plant at Korba in external power market and sale of power from Sterlite Energy s first unit of 600 MW power plant commissioned during the fourth quarter of fiscal 2011 which was partially offset by lower realization of 270 MW power plant at Korba.

Operating profit in the power segment decreased from Rs. 3,445 million in fiscal 2010 to Rs. 2,437 million in fiscal 2011, a decrease of Rs. 1,008 million, primarily due to lower realization, higher cost of generation of power and higher depreciation.

Others

Operating loss in our other business segment increased from Rs. 9 million in fiscal 2010 to Rs. 62 million in fiscal 2011.

Investment and Other income

Investment and other income increased from Rs. 13,811 million in fiscal 2010 to Rs. 21,933 million in fiscal 2011, an increase of Rs.8,122 million, or 58.8% primarily due to an increase in fair value gain on financial assets held for trading (net of dividend income), an increase in interest income on bank deposits and loans and receivables consequent to increased deployment of funds in bank deposits and loans and receivables.

Finance costs

Finance costs decreased from an income of Rs. 214 million in fiscal 2010 to an income of Rs. 1,096 million in fiscal 2011. This decrease in finance costs was primarily due to an increased gain on fair value of conversion option offset by a decrease in foreign exchange gain.

Share in profit / loss of associate

Share in profit of associate was Rs. 2,051 million in fiscal 2010. Share in the loss of associate was Rs. 3,082 million in fiscal 2011. The decrease is primarily related to interest cost relating to loans taken for expansion of projects as well as increased depreciation.

Tax expense

Tax expense increased from Rs. 13,247 million in fiscal 2010 to Rs. 18,810 million in fiscal 2011. Our effective income tax rate, calculated as tax expense owed divided by our profit before taxes was 18.9% in fiscal 2010 and 21.5% in fiscal 2011. The effective tax rate was higher in fiscal 2011 primarily due to lower tax exemption for the export oriented units as compared to fiscal 2010, which were partially offset by tax holiday exemptions for the zinc ingot melting and casting plant at Haridwar in the State of Uttrakhand in North India, tax holiday exemption on the newly commissioned 16 MW wind power plant and 80 MW thermal captive power plant at our zinc business and 540 MW thermal captive power plant at our aluminum business, and higher tax free dividend and investment income.

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Non-controlling interest

Profit attributable to non-controlling interest increased from Rs. 17,400 million in fiscal 2010 to Rs. 19,813 million in fiscal 2011, an increase of Rs. 2,413 million, or 13.9 %. This increase was mainly due to higher profits in our zinc business and new acquisitions in fiscal 2011. Non-controlling interest as a percentage of profit decreased from 30.7% in fiscal 2010 to 28.8% in fiscal 2011.

Liquidity and Capital Resources

The following table is derived from our selected consolidated financial data and sets forth our cash flow for the fiscal years 2009, 2010, 2011 and 2012:

	For the Year Ended March 31,				
	2009 (Rs. in millions)	**2010 (Rs. in millions)**	**2011 (Rs. in millions)**	**2012 (Rs. in millions)**	**2012 (US Dollars in millions)**
Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	72,585	14,249	127,529	66,998	1,316.5
Investing activities	(95,295)	(117,582)	(128,562)	(94,705)	(1,861.0)
Financing activities	13,442	102,322	20,650	22,634	444.8
Other Consolidated Financial Data:					
Revenue to external customers:					
Copper	116,525	130,608	156,610	201,647	3,962.4
Zinc India	55,724	79,434	98,444	111,319	2,187.4
Zinc International			9,961	41,272	811.0
Aluminum	39,170	28,289	30,175	31,089	610.9
Power	773	6,572	7,282	24,333	478.2
Others				2,403	47.2
Total	**212,192**	**244,903**	**302,472**	**412,063**	**8,097.1**
Operating profit:					
Copper	11,121	3,138	9,198	7,770	152.6
Zinc India	25,158	44,071	50,914	54,018	1,061.5
Zinc International			1,592	6,008	118.1
Aluminum	6,494	3,189	3,495	1,345	26.4
Power	323	3,445	2,437	2,200	43.2
Others	(6)	(9)	(62)	(47)	(0.9)
Total	**43,090**	**53,834**	**67,574**	**71,294**	**1,400.9**
Segment profit:[1]					
Copper	13,312	5,120	11,247	9,943	195.4
Zinc India	27,773	47,124	55,343	59,254	1,164.3
Zinc International			4,247	17,367	341.3
Aluminum	9,103	5,499	5,866	3,998	78.6
Power	931	4,160	3,354	5,881	115.5
Others	(5)	(8)	(61)	(46)	(0.9)
Total	**51,114**	**61,895**	**79,996**	**96,397**	**1,894.2**

Note:

(1) Segment profit is calculated by adjusting operating profit for depreciation and amortization. Our segment profit may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. We have included our segment profit because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Our segment profit should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. We believe that the inclusion of supplementary adjustments applied in our presentation of segment profit are appropriate because we believe it is an more indicative measure of our baseline performance as it excludes certain charges that our management considers to be outside of our core operating results. In addition, our segment profit is among the primary indicators that our management uses as a basis for planning and forecasting of future periods.

Comparison of Years Ended March 31, 2011 and March 31, 2012

Liquidity

As of March 31, 2012, we had cash and short term investments (excluding restricted cash and cash equivalents) totaling Rs. 233,456 million ($ 4,587.5 million), and no significant near-term debt redemption obligations, and we had, on a standalone basis, cash and short term investments (excluding restricted cash and cash equivalents) totaling Rs. 37,589 million ($ 738.6 million). We expect that our current cash and short term investments, together with our cash flows from operations, will be our principal sources of cash to satisfy our capital requirements for the next few years. We also obtained cash from shareholder contributions to our share capital, offerings of our equity shares or ADSs and by issue of FCCNs during fiscal 2010. While we believe that our current and anticipated sources of cash will be adequate to satisfy our capital requirements, recent global market and economic conditions have increased the cost of and decreased the availability of credit and adversely affected the financial markets and economy in India, the United States and most other western and emerging economies, which in turn has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs. See Item 3. Key Information D. Risk Factors Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations .

Capital Requirements

Our principal capital requirements include:

- capital expenditures, towards expansion of capacities in existing businesses including modernization of facilities;
- the establishment of our commercial power generation business;
- consolidation of our ownership in our various subsidiaries; and
- acquisitions of complementary businesses that we determine to be attractive opportunities.

We continue to consider increasing capacities of our existing businesses through greenfield and brownfield projects and through acquisitions as one of our major growth strategies, though we are actively monitoring global market and economic conditions and the outlook for commodity prices, as well as our current and anticipated liquidity positions, as we constantly evaluate our desired rate of growth in pursuing this strategy.

Our business is heavily dependent on plant and machinery for the production of our copper, zinc and aluminum products, as well as investments in our mining operations and our commercial power generation business. Investments to maintain and expand production facilities are, accordingly, an important priority and have a significant effect on our cash flows and future results of operations. Our capital expenditures in fiscal 2010, 2011 and 2012 were Rs 61,875 million Rs. 50,016 million and Rs 67,670 million ($ 1,329.7 million), respectively, largely due to our capacity expansion and new projects across our copper, zinc, aluminum and power businesses.

We have Rs. 22,900 million ($ 450.0 million) of ongoing expansion projects to increase our total copper capacity to 800,000 tpa with a 160 MW coal based thermal captive power plant. The 400,000 tpa copper smelter expansion project at Tuticorin is being rescheduled while we await the order of the court and consent from the State Pollution Control Board. We have incurred Rs. 10,990 million ($ 216.0 million) on these projects as of March 31, 2012.

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HZL has expansion projects in the amount of approximately Rs. 5,020 million ($ 98.6 million) to be spent on the expansion of its existing underground mines together with the development of new underground mine at Rampura Agucha and Kayar. Production from these new underground mines at Rampura Agucha and Kayar is expected to start in fiscal 2013 and will be gradually enhanced through the continuous development of the mines. As of March 31, 2012, Rs. 1,540 million ($ 30.3 million) has been spent.

BALCO is building a 1,200 MW coal-based captive power plant in Chhattisgarh at an estimated cost of Rs. 46,500 million ($ 913.7 million) consisting four units of 300 MW each. The first unit of 300 MW each is expected to be synchronized by the first quarter of fiscal 2013 and the remaining two units, progressively in fiscal 2013. The capital expenditure spent on this project as of March 31, 2012 is Rs. 37,134 million ($ 729.7 million).

In order to enhance aluminum production capacity to 1.0 million tons, BALCO entered into a memorandum of understanding with the State Government of Chhattisgarh on August 8, 2007, for a potential investment to build an aluminum smelter with a capacity of 650,000 tpa at Chhattisgarh, at an estimated cost of Rs. 81,000 million ($ 1,591.7 million). BALCO has commenced the implementation process of the first phase of expansion for setting up a 325,000 tpa aluminum smelter at an estimated cost of Rs. 38,000 million ($ 746.7 million) which uses pre-baked technology from the Guiyang Aluminium Magnesium Design & Research Institute, or GAMI, of China. The first metal tapping from the 325,000 tpa aluminum smelter is scheduled for the third quarter of fiscal 2013. The capital expenditure spent on this project as of March 31, 2012 is Rs. 28,108 million ($ 552.3 million).

BALCO received a coal block allocation of 211 million tons for use in its captive power plants in November 2007. These allocated coal blocks are regarded as non-reserve coal deposits. BALCO is working towards obtaining the forest clearance for the second stage of the 211 million tons coal block. The estimated cost of developing the coal mine is Rs. 7,150 million ($ 140.5 million). As of March 31, 2012, Rs. 565 million ($ 11.1 million) has been spent.

Sterlite Energy is investing approximately Rs. 82,000 million ($ 1,611.3 million) to build a 2,400 MW thermal coal-based sub-critical power facility (comprising of four units of 600 MW each) in Jharsuguda in the State of Orissa. The three units of 600 MW each has been commissioned and the fourth unit has been synchronised in fourth quarter of fiscal 2012 and is currently under trial run. As of March 31, 2012, Rs. 75,259 million ($ 1,478.9 million) has been spent on the project.

The 1,980 MW coal-based thermal commercial power plant at Talwandi Sabo in the State of Punjab in India is expected to be completed by fiscal 2014 at an estimated cost of Rs. 92,450 million ($ 1,816.7 million). As of March 31, 2012, we had spent Rs. 46,110 million ($ 906.1 million) on this project.

In fiscal 2013 and 2014, we have scheduled loan repayment obligations, denominated in a mix of Indian Rupees and US dollars of Rs. 12,220 million ($ 240.1 million) and Rs. 6,997 million ($ 137.5 million), respectively, for various outstanding long-term loans. We plan to finance our capital expenditures and our loan repayment obligations out of our cash flows from operations and financing activities. Our failure to make planned expenditures could adversely affect our ability to maintain or enhance our competitive position and develop higher margin products.

Consistent with our strategy to consolidate our ownership interests in our key subsidiaries, we had exercised the second call option to acquire the Government of India s remaining ownership interest in HZL although the exercise is currently subject to dispute. See Item 4. Information on the Company B. Business Overview Our Business Options to Increase Interests in HZL and BALCO for more information. The option value will be the fair market value determined by an independent appraiser, and will entail significant capital requirements. Based solely on the market price of HZL s shares on the NSE on May 11, 2012 of Rs. 118.90 ($ 2.3) per share, and not including the other factors that the independent appraiser may consider, one possible estimation of the exercise price to acquire all of the Government of India s 1,247,950,590 shares of HZL would be Rs. 148,381 million ($ 2,915.7 million). If the Government of India sells its remaining ownership interest in HZL through a public offer, we may look into alternative means of increasing our ownership interest in HZL.

In addition, we have exercised our option to acquire the Government of India s remaining 49.0% ownership interest in BALCO, although the exercise of this option has been contested by the Government of India and the Government of India retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See Item 4. Information on the Company B. Business Overview Our Business Options to Increase Interests in HZL and BALCO for more information.

We may in the future make acquisitions of mines, plants or minerals and metals businesses that complement or enhance our existing businesses.

We have consistently paid dividends including tax on dividend amounting to Rs. 3,437 million for fiscal 2010, Rs. 3,674 million for fiscal 2011 and Rs. 7,658 million ($ 150.5 million) in fiscal 2012.

Capital Resources

We plan to finance our capital requirements through a mix of cash flows from operating and financing activities. We do not depend on off-balance sheet financing arrangements.

Comparision of Years Ended March 31, 2011 and March 31, 2012

Net Cash provided by/ used in Operating Activities

Net cash provided by continuing operating activities was Rs. 66,998 million ($ 1,316.5 million) in fiscal 2012 compared to net cash provided by continuing operating activities of Rs. 127,529 million in fiscal 2011. The cash used in operating assets and liabilities (working capital) in fiscal 2012 was Rs. 5,124 million ($ 100.7 million) compared to cash used of Rs. 898 million in fiscal 2011. Cash generation from operations declined primarily due to higher proceeds from short term investments in fiscal 2011 of Rs. 57,390 million compared to outflow from short term investments of Rs.7,992 million ($ 157 million) in fiscal 2012. We believe our current working capital is sufficient for our present capital requirements.

Net Cash Used in Investing Activities

Net cash used in investing activities was Rs. 94,705 million ($ 1,861.0 million) in fiscal 2012 and Rs. 128,562 million in fiscal 2011. The net cash used in investing activities in fiscal 2012 was lower due to: (i) net cash used in fiscal 2012 to purchase investments of Rs. 7,158 million ($ 140.7 million) compared to the acquisition of the Zinc International business of Rs. 53,526 million in fiscal 2011; (ii) net cash inflow of Rs. 5,488 million ($ 107.8 million) in fiscal 2012 as compared to net cash outflow from short term deposits of Rs. 48,570 million in fiscal 2011; (iii) higher cash used towards our expansion projects across our copper, zinc, power and aluminum businesses of Rs. 67,670 million ($ 1,329.7 million) in fiscal 2012 as compared to Rs. 50,016 million in fiscal 2011; and (iv) net cash outflow on account of loan to related parties of Rs. 26,305 million ($ 516.9 million) in 2012 as compared to net cash inflow of Rs. 22,975 million in fiscal 2011.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was Rs. 22,634 million ($ 444.8 million) in fiscal 2012, primarily as a result of the net proceeds from long-term and short-term debts (other than working capital and related party debt) of Rs. 37,530 million ($ 737.5 million) and net cash inflow from acceptances of Rs. 1,232 million ($ 24.2 million) which were partially offset by repayment of related party loan of Rs. 5,202 million ($ 102.2 million) and payment of dividends of Rs. 12,612 million ($ 247.8 million). Net cash provided by financing activities was Rs. 20,650 million in fiscal 2011, primarily as a result of the net proceeds from long-term and short-term debts of Rs. 23,477 million and loan from related parties of Rs. 4,900 million which were partially offset by repayment of acceptances (acceptances comprise of credit availed from financial institutions) of Rs. 4,676 million and payment of dividends of Rs. 4,743 million.

We tap both the domestic and offshore markets for our long-term funding needs. Since we have sizeable imports and exports, we access both import and export credits, based on cost effectiveness, both in the Indian Rupee and in foreign currencies, to finance our short-term working capital requirements. We have in place both secured and unsecured borrowings, with our secured borrowings being generally Indian Rupee denominated bonds.

We have tapped different segments of borrowing resources, including banks and capital markets, both in India and overseas. We have credit ratings of above investment grade from the local rating agencies such as Credit Rating Information Services of India Limited and ICRA Limited. We therefore have not had, and do not believe that we will have, difficulty in gaining access to short-term and long-term financing sufficient to meet our current requirements.

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Comparison of Years Ended March 31, 2010 and March 31, 2011

Liquidity

As of March 31, 2011, we had cash and short term investments (excluding restricted cash and cash equivalents) totaling Rs. 224,598 million and no significant near-term debt redemption obligations, and we had, on a standalone basis, cash and short term investments (excluding restricted cash and cash equivalents) totaling Rs. 50,603 million. We expect that our current cash and short term investments, together with our cash flows from operations, will be our principal sources of cash to satisfy our capital requirements for the next few years. We also obtained cash from shareholder contributions to our share capital, offerings of our equity shares or ADSs and by issue of FCCNs during 2010. While we believe that our current and anticipated sources of cash will be adequate to satisfy our capital requirements, recent global market and economic conditions have increased the cost of and decreased the availability of credit and adversely affected the financial markets and economy in India, the United States and most other western and emerging economies, which in turn has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs. See Item 3. Key Information D. Risk Factors Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations .

Capital Resources

We plan to finance our capital requirements through a mix of cash flows from operating and financing activities. We do not depend on off-balance sheet financing arrangements.

Net Cash Provided by/ used in Operating Activities

Net cash provided by continuing operating activities was Rs. 127,529 million in fiscal 2011 compared to net cash provided by continuing operating activities of Rs. 14,249 million in fiscal 2010. The cash used in operating assets and liabilities (working capital) in fiscal 2011 was Rs.898 million compared to net cash provided of Rs. 1,082 million in fiscal 2010. We believe our current working capital is sufficient for our present capital requirements.

Net Cash Used in Investing Activities

Net cash used in investing activities was Rs. 117,582 million in fiscal 2010 and Rs. 128,562 million in fiscal 2011. The net cash used to acquire the Zinc International business was Rs. 53,526 million and the cash used towards our expansion projects across our copper, zinc, power and aluminum businesses was Rs. 50,016 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was Rs. 20,650 million in fiscal 2011, primarily as a result of the net proceeds from long-term and short-term debts of Rs. 23,477 million and an increase in working capital loan of Rs. 1,692 million which were partially offset by net repayment of acceptances of Rs. 4,676 million and payment of dividends of Rs. 4,743 million. Net cash provided by financing activities was Rs. 102,322 million in fiscal 2010 primarily as a result of net proceeds from short term and long term debts of Rs 9,403 million which were partially offset by repayment of working capital loan of Rs 1,194 million and by a payment of dividends of Rs. 4,163 million. Net cash provided by financing activities includes Rs 76,529 million in fiscal 2010 as a result of proceeds from the ADS offering, net of expense.

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Outstanding Loans

The principal loans held by us and our subsidiaries and the amounts outstanding there under, as of March 31, 2012 were as follows:

Working capital loans

We have credit facilities from various banks for meeting working capital requirements, generally in the form of credit lines for establishing letters of credit, packing credit in foreign currency, or PCFC, cash credit, bank guarantees and bills discounting. Amounts due under working capital loans as of March 31, 2011 and March 31, 2012 were Rs. 3,029 million and Rs. 4,969 million ($ 97.6 million) respectively. The working capital loan of Rs. 4,969 million ($ 97.6 million) outstanding as of March 31, 2012 consist of Rs. 2,680 million ($ 52.7 million) under a US dollar denominated loan at Fujairah, Rs.1,400 million ($ 27.5 million working capital loan at BALCO and Rs. 889 million ($ 17.5 million) under a cash credit facility at BALCO. Interest on the working capital loan facility under US dollar denominated is based on the London Inter-Bank Offer Rate, or LIBOR, plus 160 basis points for Fujairah. The weighted average interest on working capital loan and cash credit facility at BALCO is 11.74% and 12.64%, respectively. US dollar denominated loan facility as of March 31, 2012 at Fujairah is secured against the inventories and receivables of Fujairah and also supported by a comfort letter issued by us. Working capital facility from BALCO is secured by hypothecation of stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. The charges rank pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities.

Foreign currency loans

In November 2008, BALCO obtained a US dollar denominated unsecured loan facility of $ 25.0 million from DBS Bank Limited, arranged by DBS Bank Limited, Mumbai Branch, to meet its capital expenditure requirement on projects. The rate of interest payable on this facility is six month LIBOR plus 345 basis points. The loan is repayable in three equal yearly installments beginning November 2013. The amount outstanding under this facility as of March 31, 2011 and 2012 was Rs. 1,089 million and Rs.1,269 million ($ 25.0 million). Under this facility, BALCO is subject to certain financial covenants which provides that the debt coverage ratio at a minimum should be 1.5 times at all times, the ratio of long term debt to tangible net worth should not exceed 1.5 times at any time, the ratio of earnings before interest and tax to interest expenses should not be less than 5 times and the ratio of BALCO s total outside liabilities to tangible net worth should not exceed 2 times.

In February 2011, at the time of acquisition of BMM, short-term unsecured loan from Exxaro Base Metals (Proprietary) Limited (Exxaro) amounting to ZAR 218.7 million was also acquired. Exxaro owns 26.0% non-controlling equity interest in BMM. As of March 31, 2011 and March 31, 2012, the balance due under this loan was Rs. 1,426 and Rs. 436 million ($ 8.6 million).

In July 2011, BALCO entered into an agreement with State Bank of India, London branch for external commercial borrowing of $ 200 million for setting up a 3.25 LTPA aluminium smelter along with a thermal power plant of 1200 MW at Korba. The facility is secured by first pari passu charges on all the fixed assets (excluding land) of the project and secured lenders. BALCO has fully drawn the loan and the outstanding balance as at March 31, 2012 is Rs.10,008 million ($ 196.7 million). The interest rate on this facility is six month LIBOR plus 260 basis points. The loan is repayable in three annual equal installments starting from August 2016.

Term loans

As of March 31, 2012, we had three term loans which consist of two term loans from ICICI Bank Limited, or ICICI Bank, one term loan from Jammu and Kashmir Bank, or J&K Bank and one term loan from Bank of Baroda.

Pursuant to the approval of the Board for Industrial and Financial Reconstruction, or BIFR, for the rehabilitation scheme of India Foils Limited, or IFL in November 2008, SIIL assumed two loans aggregating to Rs. 1,023 million granted by ICICI Bank, on the same terms and conditions by way of two novation agreements entered into among SIIL, IFL and ICICI Bank. The interest rates for these facilities were linked to ICICI bank benchmark advance rate or I-BAR. The first loan of Rs. 1,020 million, of which Rs. 773 million was transferred to SIIL pursuant to the novation agreement, has an effective interest rate of 10.5% from December 2009, and is repayable in twelve quarterly installments beginning from November 2008. The second loan of Rs. 250 million has an effective interest rate of 11.0% per annum is repayable in 16 quarterly installments beginning from November 2008. As of March 31, 2012, SIIL had repaid Rs. 992 million of these loans, out of the total loan amount of Rs. 1,023 million. As of March 31, 2011, and 2012 the balances due under the two loans were Rs. 248 million and Rs. 31 million ($ 0.6 million), respectively. These loans are unsecured.

On January 19, 2012, VGCB was sanctioned financial assistance in the form of rupee term loan of Rs.4,640 million from Axis Bank for financing the capital expenditure required towards the development, establishment, construction, operation and maintenance of coal handling facilities and upgradation of general cargo berth at outer harbor of Visakhapatnam port. Pending the final sanction of rupee term loan, VGCB availed short term loan of Rs. 250 million from Axis Bank to meet the immediate fund requirement for the project and the same was repaid by March 31, 2012 from the proceeds of rupee term loans from Axis Bank. Current effective interest rate of rupee term loan is at 11.25%, which is a floating rate based on Axis Bank Base Rate and is repayable with in 45 unequal quarterly installments commencing December 2014. As of March 31, 2012, the outstanding amount under this facility is Rs. 1,079 million ($ 21.2 million). This loan is secured by first pari passu floating charge on movable and immovable assets of VGCB and unconditional and irrevocable corporate guarantee from us.

Sterlite Energy received a sanction of Rs. 5,000 million from Bank of Baroda. Out of the sanctioned limit of Rs. 5,000 million, we have drawn an interim financing of Rs. 2,500 million ($ 49.1 million) to finance our immediate project requirements on March 30, 2012. The interest rate of the loan is 150 basis points above State Bank Base Rate and is currently 11.50% per annum. The loan is repayable after four months from the date of first disbursement from its own sources or release of long term loan whichever is earlier. This loan is secured by a first pari-passu charge by way of hypothecation of all the present and future movable fixed assets including plant and machinery related to the proposed project and irrevocable corporate guarantee by us. As of March 31, 2012, the balance due under this facility is Rs. 2,500 million ($ 49.1 million).

Buyers credit

Sterlite Energy had utilised extended credit terms relating to purchases of property, plant and equipment for its projects. As of March 31, 2011, and March 31, 2012, the balance due under this facility was Rs.10,191 million and Rs. 3,213 million ($ 63.1 million), respectively. The outstanding loan as on March 31, 2012 bear interest at LIBOR plus 196 basis points. These are unsecured debts. They are repayable on various dates, within the next one year.

In April 2009, BALCO obtained a one time capital expenditure letter of credit limit of $ 100 million from SBI, which is secured by first pari passu charges on the movable and immovable fixed assets of BALCO. During the financial year, BALCO repaid $ 82.97 million of this facility. As of March 31, 2011 and 2012, the balance outstanding under this facility was Rs. 4,317 million and Rs. 737 million ($ 14.5 million), respectively. The interest rate on this facility is 6 month LIBOR plus 200 basis points. The balance due under the said facility is repayable in April 2012. This has since been paid.

In June 2009, BALCO obtained a non-fund based limit of Rs. 6,250 million from AXIS Bank for the purchase of capital goods for projects, which is secured by a subservient charge on the current assets and movable fixed assets of BALCO. As of March 31, 2011 and March 31, 2012, the balance outstanding under this facility was Rs. 4,093 million and Rs. 5,163 million ($ 101.5 million), respectively. The interest rate on this facility is six month LIBOR plus 197 basis points. The said outstanding amount is repayable from May 2012 to July 2014. Under this facility, BALCO is subject to certain financial covenants which provides that the ratio of the total term debt to tangible networth should not exceed two times, a fixed asset cover of 1.25 times and a minimum debt service coverage ratio of 1.5 times should be maintained at all times and any other financial indicators stipulated by the bank should be followed.

In January 2010, BALCO obtained a non-fund based limit of Rs. 6,000 million from ICICI Bank for the purpose of import of capital goods, and subsequently another limit of Rs.2,500 million in December 2010 and Rs. 7,500 million in October 2011 which is secured by exclusive charge on assets to be imported under the facility. As of March 31, 2011 and 2012, the balance outstanding under this facility was Rs. 4,931 million and Rs. 10,459 million ($ 205.5 million), respectively. The interest rate on this facility is six month LIBOR plus 205 basis points. The said outstanding amount is repayable on various dates from April 2012 to February 2015.

In May 2010, BALCO obtained buyers credit facility of $ 50 million from DBS Bank Limited, Singapore for the import of capital goods for projects. The facility is secured by first pari passu charge on capital goods imported under the facility. The interest rate on this facility is six month LIBOR plus 175 basis points. The outstanding amount is repayable from April 2012 to June 2013. The balance outstanding under the facility as on March 31, 2011 and March 31, 2012 is Rs. 1,226 million and Rs. 1,423 ($ 27.9 million).

In August 2010, Talwandi Sabo obtained a non-fund based limit of Rs.10,000 million from ICICI Bank for the purpose of import of capital goods, which is secured by unconditional and irrevocable corporate guarantee from us and a first charge on a pari passu basis on all the movable assets of Talwandi Sabo. As of March 31, 2011 and 2012, the balance outstanding under the non fund based facility was Rs. 911 million and Rs. 8,833 million ($ 173.6 million) respectively. The interest rate on this facility is LIBOR plus 200 basis points. The outstanding amount is repayable from April 2012 to September 2014.

In September 2010, VGCB obtained a non-fund based limit of Rs.1,000 million from ICICI Bank for import of capital goods, which is secured by a first pari passu floating charge on movable and immovable assets and unconditional and irrevocable corporate guarantee from us. As of March 2012, the balance outstanding under this facility was Rs. 22 million ($ 0.4 million) .The interest rate on this facility is LIBOR plus 350 basis points. The outstanding amount is repayable within one year.

In November 2011, Talwandi Sabo obtained a non-fund based limit of Rs. 5,000 million from State Bank of India for the purpose of import of capital goods, which is secured by unconditional and irrevocable corporate guarantee from us. As of March 2012, the balance outstanding under this facility was Rs. 4,971 million ($ 97.7 million) .The interest rate on this facility is LIBOR plus 330 basis points. The outstanding amount is repayable from June 2012 to September 2014.

In February 2012, Talwandi Sabo obtained a non-fund based limit of Rs. 5,000 million from Axis Bank for import of capital goods, which is secured by unconditional and irrevocable corporate guarantee from us and a subservient charge on all the movable assets of Talwandi Sabo. As of March 2012, the balance outstanding under this facility was Rs. 4,838 million ($ 95.1 million). The interest rate on this facility is LIBOR plus 190 basis points. The outstanding amount is repayable from April 2014 to September 2014.

Non-convertible debentures

In April 2003, we issued Rs. 1,000 million Indian Rupee denominated non-convertible debentures to Life Insurance Corporation of India, or LIC. The debentures were issued in two tranches. Tranche A, in the amount of Rs. 400 million, due in April 2010 and Tranche B, in the amount of Rs. 600 million, due in April 2013. Interest payable on these debentures is linked to annualized Government of India securities rates plus 190 basis points. These debentures are secured by some of our immovable properties and the current rate fixed is 8.0%. As of March 31, 2011, and March 31, 2012 the outstanding balances were Rs. 600 million and Rs. 600 million ($ 11.8 million) respectively.

In November 2008, BALCO issued Rs. 5,000 million in Indian Rupee denominated non-convertible debentures to LIC. The debentures are repayable in three equal yearly installments beginning in November 2013. The applicable interest rate is 12.25% per annum. The debentures are secured and have a pari passu charge on BALCO s movable and immovable properties tangible or intangible assets, other than BALCO s current assets to the extent of 1.33 times the issued amount of the debentures. As of March 31, 2011 and March 31, 2012 the outstanding balance were Rs. 5,000 million and Rs. 5,000 million ($ 98.3 million).

Talwandi Sabo has issued non convertible debentures, or (NCD) of Rs. 15,000 million to ICICI Bank at a rate of 9.8% per annum. The first tranche of Rs. 7,500 million was issued in December 2010 and second tranche for the balance amount was issued in January 2011. The NCDs are secured by first pari passu charge on the assets of TSPL both present and future, with a minimum asset cover of 1.25 times during the lifetime of the NCDs (including the debt service reserve account) and unconditional and irrevocable corporate guarantee by us. Debentures have tenure of 13 years from the respective date of allotment, repayable in twelve equal quarterly installments after 10 years of allotment. As of March 31, 2011 and 2012, the amount outstanding was Rs. 14,963 million and Rs. 14,982 million ($ 294.4 million) respectively.

Commercial papers

During fiscal 2012, we issued commercial paper to various asset management companies for short term funding requirements. As of March 31, 2012, outstanding balance is Rs 4,977 million ($ 97.8 million) bearing interest rate of 11.20% and repayable on April 16, 2012. This has since been paid.

During fiscal 2012, Sterlite Energy issued commercial paper to various asset management companies for funding project payables. As on March 31, 2012 outstanding balance is Rs. 20,750 million ($ 407.7 million) bearing interest rate ranging between 9.85% to 11.75%. The commercial papers were issued for short durations and are due for repayment from April 2012 to May 2012.

Convertible notes

Convertible Senior Notes or Convertible Notes, due 2014

On October 29, 2009, we raised $ 500 million by issue of 4.0% convertible notes of $ 1,000 each. Subject to certain exceptions, the note holders have an option to convert these Convertible Notes into ADSs (each ADS now represents four equity shares. Prior to the bonus issue and the share split of our equity shares on June 25, 2010, each ADS represented one equity share) at any time prior to business day immediately preceding the maturity date at a conversion rate of 42.8688 ADSs per $ 1,000 principal amount of notes which is equal to a conversion price of approximately $ 23.33 per ADS. The conversion price could be subject to adjustments should certain events occur. Further, at any time after November 4, 2012, we have a right to redeem in whole or parts of the convertible notes, subject to meeting certain conditions. The amount which we are required to pay contractually on October 30, 2014 is $ 500 million, unless previously converted, redeemed or purchased and cancelled.

At inception, the difference between the proceeds received on issuance of the convertible notes and the fair value of the conversion option (which is an embedded derivative) has been allocated to the convertible notes to establish its initial carrying cost. Subsequently, the conversion option has been measured at fair value through profit and loss with changes in fair value recognised in the statement of income, and the convertible notes have been carried at amortised cost using an effective interest rate method.

The conversion option amounting to Rs. 2,757 million and Rs. 302 million ($ 5.9 million) and un-amortised borrowing costs amounting to Rs. 131 million and Rs. 93 million ($ 1.8 million) as of March 31, 2011 and March 31, 2012, respectively, are included along with the notes in statement of financial position. Change in the fair value of conversion option has been presented in the notes to our financial statements.

Export Obligations

We had export obligations of Rs. 117,988 million and Rs. 146,267 million ($ 2,874.2 million) as of March 31, 2011 and March 31, 2012 respectively on account of concessional rates received on import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight years. If we are unable to meet these obligations, our liability would be Rs. 22,482 million ($ 441.8 million) reduced in proportion to actual exports. Due to the remote likelihood of us being unable to meet our export obligations, we do not anticipate a loss with respect to these obligations and hence have not made any provision in our consolidated financial statements.

Guarantees

As of March 31, 2012, we have given the following guarantees in the normal course of business:

- Guarantees including corporate guarantees on the issuance of customs and excise duty bonds amounting to Rs. 12,022 million and Rs. 12,442 million ($ 244.5 million) for the import of goods, including capital equipment at concessional rates of duty as of March 31, 2011 and March 31, 2012 respectively. We do not anticipate any liability on these guarantees.

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Corporate guarantee of Rs. 32,000 million and Rs. 31,000 million ($ 609.2 million) on behalf of Vedanta Aluminium for obtaining credit facilities as of March 31, 2011 and March 31, 2012 respectively. We also issued corporate guarantees of Rs. 14,384 million and Rs. 14,383 million ($ 282.6 million) on behalf of Vedanta Aluminium, for importing capital equipment at concessional rates of duty under the Export Promotion Capital Goods Scheme enacted by the Government of India for the referred periods. Vedanta Aluminium is obligated to export goods worth eight times the value of concessions enjoyed in a period of eight years following the date of import, failing which we will be liable to pay the dues to the Government of India. As of March 31, 2011 and March 31, 2012, we determined that we have no liability on these corporate guarantees.

Bank guarantee amounting of AUD 5 million (Rs. 266 million or $ 5.2 million) as of March 31, 2012 (previous year AUD 5 million or Rs. 231 million), in favour of the Ministry for Economic Development, Energy and Resources, as a security against rehabilitation liabilities on behalf of CMT. The same guarantee is backed up by the issuance of a corporate guarantee of Rs. 320 million ($ 6.3 million). These liabilities have been fully recognized in our consolidated financial statements. We do not anticipate any additional liability on these guarantees.

Bank indemnity guarantees amounting to AUD 2.9 million (Rs. 154 million or $ 3.0 million) as of March 31, 2012 (previous year AUD 2.9 million or Rs. 134 million), in favor of the State Government of Queensland, Australia, as a security against rehabilitation liabilities that are expected to occur at the closure of the mine. The same guarantee is backed up by the issuance of a corporate guarantee of Rs. 153 million ($ 3.0 million). The environmental liability has been fully recognized our consolidated financial statements. We do not anticipate any additional liability on these guarantees.

Performance bank guarantees amounting to Rs. 3,678 million and Rs. 3,368 million ($ 66.2 million) as of March 31, 2011 and March 31, 2012 respectively. These guarantees are issued in the normal course of business while bidding for supply contracts or in lieu of advances received from customers. The guarantees have varying maturity dates normally ranging up to three years. These are contractual guarantees and are enforceable if the terms and conditions of the contracts are not met and the maximum liability on these contracts is the amount mentioned above. We do not anticipate any liability on these guarantees.

Bank guarantees for securing supplies of materials and services in the normal course of business. The value of these guarantees as of March 31, 2011 and March 31, 2012 was Rs. 2,438 million and Rs. 4,763 million ($ 93.6 million) respectively. We have also issued bank guarantees in the normal course of business for an aggregate value of Rs. 182 million and Rs. 242 million ($ 4.8 million) for litigation, against provisional valuation and for other liabilities as of March 31, 2011 and March 31, 2012 respectively. We do not anticipate any liability on these guarantees.

Our outstanding guarantees cover obligations aggregating Rs. 64,704 million and Rs. 66,198 million ($ 1,300.8 million) as of March 31, 2011 and March 31, 2012 respectively, the liabilities for which have not been recorded in our consolidated financial statements.

Contractual Obligations

The following table sets out our total future commitments to settle contractual obligations as of March 31, 2012:

	Payment Due by Period									**(in millions)**
	Total		**Less than 1 Year**		**1-3 Years**		**3-5 Years**		**More than 5 Years**	
	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)
Bank loans and borrowings	107,106	2,104.7	53,983	1,060.8	17,568	345.2	12,292	241.5	23,263	457.2
Interest commitment	34,339	674.8	5,647	110.9	9,078	178.4	7,260	142.7	12,354	242.8
Convertible notes	21,367	419.9			21,367	419.9				
Other non-current liabilities	5,265	103.5			3,779	74.3	1,064	20.9	422	8.3
Capital commitments	100,951	1,983.7	45,470	893.5	55,475	1,090.1	6	0.1		
Total	**269,028**	**5,286.6**	**105,100**	**2,065.2**	**107,267**	**2,107.9**	**20,622**	**405.2**	**36,039**	**708.3**

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Our total future commitments to settle contractual obligations as of March 31, 2012 were Rs. 269,028 million ($ 5,286.6 million), representing a Rs. 70,023 million ($ 1,376.0 million) increase as compared to our total future commitments to settle contractual obligations as of March 31, 2011.

We also have commitments to purchase copper concentrate for our copper custom smelting operations. These commitments are based on future copper LME prices which are not ascertainable as of the date of this annual report.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into certain capital commitments and also give certain financial guarantees. The aggregate amount of indemnities and other guarantees, on which we do not expect any material losses, was Rs. 88,681 million ($ 1,742.6 million) as of March 31, 2012. Details of our guarantees are set out in - Guarantees. Details of our capital expenditures and commitments and contingencies are as follows:

Capital Expenditures and Commitments

Our principal financing requirements primarily include:

- capital expenditures, towards expansion of capacities in existing businesses including modernization of facilities;
- the establishment of our planned commercial power generation business;
- consolidation of our ownership in our various subsidiaries; and
- acquisitions of complementary businesses that we determine to be attractive opportunities.

The following table shows our capital expenditures spent in fiscal 2010, 2011 and 2012:

	For Year Ended March 31,			
	2010	2011	2012	2012
		(in millions)		(US dollars in millions)
Capital Expenditures	61,875	50,016	67,670	1,329.7

We had significant capital commitments as of March 31, 2011 and March 31, 2012 amounting to Rs. 137,629 million and Rs. 100,951 million ($ 1,983.7 million) respectively, related primarily to capacity expansion projects, including commitments amounting to Rs. 65,552.5 million ($ 1,288.1 million) for its commercial power generation business and Rs. 10,892 million ($ 214 million) for capacity expansion at BALCO.

Contingencies

Certain of our operating subsidiaries have been named as parties to legal actions by third party claimants, and by the Indian sales tax, electricity cess, excise and related tax authorities for additional sales tax, electricity cess, excise and indirect duties. These claims primarily relate either to the assessable values of sales and purchases or to incomplete documentation supporting our tax returns. As of March 31, 2011 and March 31, 2012, the total claim related to these liabilities is Rs. 6,372 million and Rs. 8,144 million ($ 160 million) respectively. We have evaluated these contingencies and estimated that some of these claims are probable of resulting in loss contingencies and hence have recorded Rs. 145 million and Rs. 212 million ($ 4.2 million) as current liabilities as of March 31, 2011 and 2012 respectively.

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The claims by third party claimants amounted to Rs. 4,972 million and Rs. 5,792 million ($ 113.8 million) as of March 31, 2011 and March 31, 2012 respectively. Although the results of legal actions cannot be predicted with certainty, it is the opinion of our management, after taking appropriate legal advice, that the likelihood of these claims becoming its obligations is remote. Therefore, we have not recorded any additional liability beyond what is stated above in relation to litigation matters in the consolidated financial statements.

Vedanta Aluminium has certain disputes which are in appeal. Disputed liabilities in appeal primarily relates to entry tax on the import of goods and other amounting to Rs. 2,095 million and Rs. 1,572 million ($ 30.9 million), being our proportionate share in the referred contingencies as of March 31, 2011 and March 31, 2012 respectively. Therefore, we have evaluated these contingencies and estimated that the likelihood of these disputes becoming an obligation is remote and as a result, will not have any material adverse effect on our financial conditions or results of operations.

Foreign exchange effects

The following table discloses exchange (loss)/ gain recognized in the income statement:

For the year ended March 31,	2010	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Other operating income	51	32	(752)	(14.8)
Cost of sales	(368)	420	(4,980)	(97.9)
Investment and other income	(1,997)	788	18	0.4
Finance and other costs	3,395	746	(7,704)	151.4
Total	**1,081**	**1,986**	**(13,418)**	**(263.7)**

Recent Accounting Pronouncements

At the date of authorization of these consolidated 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 Presentation of Financial Statements the amendment requires entities to separate the items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendment is effective for annual periods beginning on or after July 1, 2012. We are currently evaluating the impact, if any, the adoption of the amendment will have on our consolidated financial statements.

IAS 12 Income taxes requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment is effective for annual periods beginning on or after January 1, 2012. We are currently evaluating the impact, if any, the adoption of the amendment will have on our consolidated financial statements.

IAS 19 Employee benefits the amendments make important improvements by eliminating the option to defer the recognition of gains and losses, known as the corridor method, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income (OCI), enhancing the disclosure requirements for defined benefit plans. IAS 19 is applicable prospectively from the financial year beginning on or after January 1, 2013. Earlier application is permitted. We are currently evaluating the impact, if any, the adoption of the amendment will have on our consolidated financial statements.

IAS 32 Financial Instruments: Presentation requires an entity to offset a financial asset and financial liability only when the entity currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today and legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment is effective for annual periods beginning on or after January 1, 2014. We are currently evaluating the impact, if any, the adoption of the amendment will have on our consolidated financial statements.

IFRS 7 was amended in October 2010, as part of Improvements to IFRSs 2010 and in December 2011. The effect of the amendments were to provide (a) qualitative disclosures in the context of quantitative disclosures to enable users to link related disclosures to form an overall picture of the nature and extent of risks arising from financial instruments and (b) help users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity s financial position. (c) disclosures relating to Offsetting Financial Assets and Financial Liabilities. The amendments issued in October 2010 are effective for annual periods beginning on or after July 1, 2011 and amendments issued in December 2011 are effective for annual periods beginning on or after January 1, 2013. Early application is permitted. We are currently evaluating the impact, if any; the adoption of the amendments will have on our consolidated financial statements.

IFRS 9 Financial Instruments was issued by IASB in October 2010 as part of its project for revision of the accounting guidance for financial instruments. The new standard provides guidance with respect to classification and measurement of financial assets and financial liabilities. The standard will be effective for annual periods beginning on or after January 1, 2015, with early application permitted. We are currently evaluating the impact, if any, the adoption of the standard will have on our consolidated financial statements.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes the requirements relating to consolidated financial statement in IAS 27 Consolidated and Separate Financial Statement (amended 2008) and also supersedes SIC 12, Consolidation Special Purpose Entities . Earlier application is permitted. We are currently evaluating the impact, if any, the adoption of the standard will have on our consolidated financial statements.

IFRS 11 Joint Arrangements classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). Joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. IFRS 11 supersedes IAS 31 Interest in Joint Ventures (amended 2008) and SIC 13 Jointly Controlled Entities Non Monetary Contribution by Ventures . We are currently evaluating the impact, if any; the adoption of the standard will have on our consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 replaces disclosure requirements in IAS 27 Consolidated and Separate Financial Statements (amended 2008), IAS 28 Investment in Associates and IAS 31 Interest in Joint Ventures (amended 2008). We are currently evaluating the impact, if any, the adoption of the standard will have on our consolidated financial statements.

IFRS 13 Fair value measurement defines fair value and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. We are currently evaluating the impact, if any; the adoption of the standard will have on our consolidated financial statements.

IFRIC 20 which specifies the accounting for stripping costs. Stripping costs that relate to inventory produced should be accounted for as current production cost in accordance with IAS 2, Inventories . Stripping costs that generate a benefit of improved access and meet the definition of an asset should be accounted for as an addition to or enhancement of an existing asset. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013 and earlier application is permitted.We are currently evaluating the impact, if any; the adoption of the standard will have on our consolidated financial statements.

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES
A. Directors and Senior Management

Our board of directors consists of seven directors.

The following table sets forth the name, age (as of March 31, 2012) and position of each of our directors, executive officers and significant employees as of the date hereof:

Name	Age	Position
Directors		
Anil Agarwal(1)	59	Non-Executive Chairman
Navin Agarwal(2)	51	Whole Time Director and Executive Vice-Chairman
Din Dayal Jalan(2)(3)(4)	55	Whole Time Director and Chief Financial Officer
Berjis Minoo Desai(1)(4)(6)(7)(8)	55	Non-Executive Director
Gautam Bhailal Doshi(1)(6)(7)(9)	59	Non-Executive Director
Sandeep H. Junnarkar(4)(6)(7)(10)	60	Non-Executive Director
A.R. Narayanaswamy(6)(7)	60	Non-Executive Director
Executive Officers		
Mahendra Singh Mehta(11)	56	Group Chief Executive Officer and Chief Executive Officer, SIIL
Tarun Jain(12)	52	Director of Finance
A.Thirunavukkarasu	51	Group Head of Corporate Human Resource
Dilip Golani	46	Director, Management Assurance and Information Technology
Other Significant Employees		
Copper Business		
Jeyakumar Janakaraj	41	Chief Executive Officer, Tasmania Proprietary Limited
P. Ramnath(5)(19)	53	Chief Executive Officer, Sterlite copper operations at Tuticorin and Silvassa
Zinc India Business		
Akhilesh Joshi(2)(18)	58	Chief Executive Officer and Whole Time Director, Hindustan Zinc Limited
Amitabh Gupta(16)	50	Chief Financial Officer, Hindustan Zinc Limited
Zinc International Business		
Rajagopal Kishore Kumar (14) (15)	49	Chief Executive Officer, Zinc International Division
Aluminum and Power Businesses		
Sushil Kumar Roongta(17)	61	Managing Director, Vedanta Aluminium Limited, Vica Chairman, Bharat Aluminium Company Limited, Chairman Talwandi Sabo Power Limited and director of Sterlite Energy

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Mansoor Siddiqi	58	Director, Vedanta Aluminium Limited, Vizag General Cargo Berth Private Limited , Paradip Multi Cargo Berth private Limited and Talwandi Sabo Power Limited
V. Ramanathan	52	Chief Financial Officer, Vedanta Aluminum Limited
Pramod Suri (2) (13)	54	Chief Executive Officer and Whole Time Director, Vedanta Aluminium Limited and Director of Sterlite Energy
Gunjan Gupta(2)	45	Chief Executive Officer and Whole Time Director, Bharat Aluminium Company Limited
Dinesh Mantri	46	Chief Financial Officer, Bharat Aluminium Company Limited
Bibhu Prasad Mishra	50	Chief Operating Officer, Bharat Aluminium Company Limited

Notes:

(1) Member of the Nomination, Governance and Remuneration Committee.

(2) A Whole Time Director is a director who is employed full-time in rendering services to the management of the company with respect to which he is a director. An individual can be a whole time director with respect to only one company, although he or she may accept the position of non-whole time director in other companies. In addition to Messers. Din Dayal Jalan, Akhilesh Joshi, Pramod Suri, Gunjan Gupta and Navin Agarwal are also considered to be a Whole Time Director. Mr. Mansoor Siddiqi ceased as a Whole Time Director and was appointed as director of Vedanta Aluminium Limited with effect from February 18, 2011.

(3) Appointed as a Whole Time Director with effect from December 24, 2008 for a period of two years. Mr. Jalan was re-appointed as Whole Time Director for a further period of two years with effect from December 24, 2010 to December 23, 2012. In addition, Mr. Jalan was our Chief Financial Officer prior to June 15, 2009 and was re-appointed as Chief Financial Officer with effect from March 31, 2011.

(4) Member of the Shareholders and Investors Grievance Committee.

(5) Appointed as Chief Executive Officer of Sterlite Copper Operations at Tuticorin and Silvassa with effect from September 8, 2011.

(6) Member of the Audit Committee.

(7) Independent director. Mr. Sandeep H. Junnarkar and Mr. Gautam Bhailal Doshi, were appointed to the board of directors with effect from June 29, 2001. Mr. Berjis Minoo and Mr. A.R. Narayanaswamy were appointed to the board of directors on January 29, 2003 and July 23, 2011 respectively.

(8) Chairman of the Nomination, Governance and Remuneration Committee.

(9) Chairman of the Audit Committee. On July 23, 2011, A. R. Narayanaswamy was appointed as the Chairman of the Audit Committee. On January 23, 2012, Gautam Bhailal Doshi was appointed as Chairman of the Audit Committee and A. R. Narayanaswamy was appointed as Vice Chairman of the Audit Committee.

(10) Chairman of the Shareholders and Investors Grievance Committee.

(11) Appointed as Chief Executive Officer of SIIL with effect from March 31, 2011.

(12) Resigned as Whole Time Director with effect from March 31, 2009, following which he is no longer a director of our company. However, he remains an executive officer of the company as our Director of Finance.

(13) Ceased to be Whole Time Director of BALCO with effect from October 1, 2009 and appointed as Whole Time Director of Sterlite Energy with effect from October 5, 2009.

(14) Ceased to be Chief Executive Officer of SIIL with effect from March 31, 2011.

(15) Appointed as Chief Executive Officer of Zinc International Division with effect from February 24, 2011.

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(16) Appointed as Chief Financial Officer, HZL with effect from December 1, 2011. Shyam Lal Bajaj who was the predecessor to Amitabh Gupta resigned from this designation on December 1, 2011.
(17) Appointed as Managing Director of Vedanta Aluminium with effect from June 2, 2011.
(18) Appointed as Chief Executive Officer and whole time director, HZL with effect from February 1, 2012.
(19) Member of the Share and Debenture Transfer Committee.

Directors

Anil Agarwal, who founded the Vedanta group in 1976, is our Non-Executive Chairman and was appointed to our board of directors in 1978. Mr. Agarwal is based in the United Kingdom. In addition to his role as Non-Executive Chairman, Mr. Agarwal is also the executive chairman of Vedanta and a director of STL. Mr. Agarwal was previously our Chairman and Managing Director and Chief Executive Officer from 1980 until the expiration of his term in October 2004. Mr. Agarwal was also the chief executive officer of Vedanta from December 2003 to March 2005. Mr. Agarwal has over 36 years of experience as an industrialist and has been instrumental in our growth and development since our inception. Mr. Agarwal is the son of Mr. Dwarka Prasad Agarwal, one of our directors until March 31, 2009, and the brother of Mr. Navin Agarwal. The business address of Mr. Agarwal is 75 Nehru Road, Vile Parle (East), Mumbai, Maharashtra 400099, India.

Navin Agarwal is our Executive Vice-Chairman and was appointed to our board of directors in August 2003. Mr. Agarwal is based in Mumbai, India. His responsibilities as Executive Vice-Chairman include executing our business strategy and managing the overall performance and growth of our organization. Mr. Agarwal joined our company at its inception. In addition to his role as Executive Vice-Chairman, Mr. Agarwal is also the chairman of BALCO, Cairn India, KCM, Vedanta Aluminium and MALCO, the deputy executive chairman of Vedanta and a Director of HZL, Vedanta Aluminium, Sterlite Iron & Steel Company Limited, Hare Krishna Packaging Private Limited,Vedanta Resources Holdings Limited and Vedanta Resources Investments Limited. As between these various positions, Mr. Agarwal is principally employed by us and devotes most of his time to matters relating to us, though under the shared services agreement described in Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions he does from time to time spend a small percentage of his time on matters relating to Vedanta and its subsidiaries. Mr. Agarwal has over 26 years of experience in general management and commercial matters. Mr. Agarwal has completed the Owner/President Management Program at Harvard University and has a Bachelor of Commerce from Sydenham College, Mumbai, India. Mr. Agarwal is the son of Mr. Dwarka Prasad Agarwal and the brother of Mr. Anil Agarwal. The business address of Mr. Agarwal is 75 Nehru Road, Vile Parle (East), Mumbai, Maharashtra 400099, India.

Din Dayal Jalan is our Whole Time Director and Chief Financial Officer. Mr. Jalan joined our company as the president of our Australian operations and was responsible for the business and operations of CMT and TCM from January 2001 to February 2002 before becoming our chief financial officer (metals) of our company. He was appointed as our chief financial officer in March 2003 and held that position until June 2009. Further Mr. Jalan was re-appointed as Chief Financial Officer of our company with effect from March 31, 2011. Mr. Jalan has been the Chief Financial Officer of Vedanta since October 2005. Mr. Jalan is also a director of Vedanta Resources Finance Limited, Vedanta Resources Cyprus Limited, Vedanta Resources Jersey Limited, Vedanta Resources Jersey II Limited, Vedanta Investment Jersey Limited, Sesa Resources Limited (earlier V S Dempo & Company Private Limited), Sesa Mining Corporation Limited (earlier Dempo Mining Corporation Private Limited), TCM, CMT, Sterlite Ports Limited, Sterlite Infraventures Limited, Paradip Multi Cargo Berth Private Limited, Vizag General Cargo Berth Private Limited, Twinstar Energy Holdings Limited, Twinstar Mauritius Holdings Limited, THL Zinc Ventures Limited, THL Zinc Limited and Pecvest 17(Proprietary) Limited., South Africa Mr. Jalan has over 33 years of experience working in various companies in the engineering, mining and non-ferrous metals industries. Mr. Jalan received a Bachelor of Commerce and is a member of the Institute of Chartered Accountants of India.

Berjis Minoo Desai is our Non-Executive Director and was appointed to our board of directors in January 2003. Mr. Desai is based in Mumbai, India. Mr. Desai is a solicitor and has been the managing partner of Messrs J. Sagar Associates since April 2003 specializing in mergers and acquisitions, securities, financial and international business laws and international commercial arbitration. Prior to that, Mr. Desai was a partner at Messrs Udwadia, Udeshi & Desai from 1997 to 2003. Mr. Desai has a Bachelor of Arts and a Bachelor of Law from the University of Mumbai and a Master of Law from the University of Cambridge, UK. Mr. Desai is also a director of several companies including The Great Eastern Shipping Company Limited, NOCIL Limited, Praj Industries Limited, Emcure Pharmaceuticals Limited, Greatship (India) Limited, Edelweiss Financial Services Limited, Adani Power Limited, DCW Limited, Centrum Fiscal Private Limited, Capricorn Studfarm Private Limited, Capricorn Agrifarms & Developers Private Limited, Equine Bloodstock Private Limited, Sabre Partners India Advisors Pvt Ltd., Eden Realtors Private Limited, Deepak Nitrate Limited, Himatsingka Seide Limited, JSA Law Limited, JSA Lex Holdings Limited and Divatex Home Fashions Inc. The business address of Mr. Desai is Vakil s House, 18 Sprott Road, Ballard Estate, Mumbai, Maharashtra 400001, India.

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Gautam Bhailal Doshi is our Non-Executive Director and was appointed to our board of directors in December 2001 and is the Chairman of our Audit Committee. Mr. Doshi is based in Mumbai, India. Mr. Doshi is a chartered accountant. Since August 2005, he has been the group managing director of the Reliance ADA Group Limited. Prior to that, he was a partner of RSM & Co. in India from September 1997 to July 2005. Mr. Doshi has more than 28 years of experience in the areas of audit, finance and accounting. Mr. Doshi has a Bachelor of Commerce from the University of Mumbai and a Master of Commerce from the University of Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Doshi is also a director of Reliance Communications Infrastructure Limited, Reliance Media Works Limited, Reliance Anil Dhirubhai Ambani Group Limited, Reliance Big TV Limited, Reliance Telecom Limited, Sonata Investments Limited, Piramal Life Sciences Limited, Digital Bridge Foundation (formed under Section 25 of Companies Act, 1956, Reliance Broadcast Network Limited, Reliance Home Finance Private Limited, Telecom Infrastructure Finance Private Limited and Connect Infotain Private Limited. The business address of Mr. Doshi is Reliance Centre, 3rd Floor, 19 Walchand Hirachand Marg, Ballard Estate, Mumbai, Maharashtra 400038, India.

Sandeep H. Junnarkar is our Non-Executive Director and was appointed to our board of directors in June 2001. Mr. Junnarkar is based in Mumbai, India. Mr. Junnarkar is a solicitor and a partner of Messrs Junnarkar & Associates. Prior to that, he was a partner at Messrs Kanga & Co. from 1981 until 2002. Mr. Junnarkar specializes in banking and corporate law and regularly advises on all aspects of exchange control under the Foreign Exchange Management Act, 1999, as amended, or FEMA, and the Securities Contracts (Regulation) Act, 1956, or the SCRA. Mr. Junnarkar has a Bachelor of Law from the University of Mumbai and is a member of the Bombay Incorporated Law Society. Mr. Junnarkar is also a director of Everest Industries Limited, Excel Crop Care Limited, IL&FS Infrastructure Development Corporation Limited, Jai Corp. Limited, Jai Realty Ventures Limited, Reliance Industrial Infrastructure Limited, Reliance Industrial Investments & Holdings Limited, Reliance Ports and Terminals Limited and Sunshield Chemicals Limited. The business address of Mr. Junnarkar is 311/312 Embassy Centre, Nariman Point, Mumbai, Maharashtra 400021 India.

A.R. Narayanaswamy is our additional non-executive director and was appointed to our board of directors in July 2011. He is based in Mumbai. He has over 36 years of experience as Chartered Accountant. Mr. Narayanaswamy has a Bachelor of Commerce from the University of Mumbai. He is a member of the Institute of Chartered Accountants of India. He consults for companies in accounting, financial management and information technology areas across several industry verticals. Mr. Narayanaswamy is also a director of Hindustan Zinc Limited, STL, IBIS Softec Solutions Private Limited, IBIS Logistics Private Limited and IBIS Systems and Solutions Private Limited. The business address of Mr. Narayanaswamy is 404, Mastermind 1, Royal Plams, Goregaon (East), Mumbai 400065, India.

Executive Officers

Mahendra Singh Mehta is our Group Chief Executive Officer and Chief Executive Officer. Mr. Mehta joined our group in April 2000 and held various leadership positions within our group, including as the chief executive officer and Whole Time Director of HZL and as our commercial director for, base metals and head of our copper business. Prior to joining our group, Mr. Mehta worked in the steel industry for more than 20 years including Lloyds Steel Industries Limited where he handled a wide portfolio of responsibilities, including marketing, procurement, working capital finance and projects. Mr. Mehta is also the chief executive officer of Vedanta and was appointed as a director of Vedanta in October 2008. Mr. Mehta is the Chief Executive Officer of our company with effect from March 31, 2011. Mr. Mehta has a Bachelor of Mechanical Engineering from MBM Engineering College, Jodhpur, and a Master of Business Administration from the Indian Institute of Management, Ahmedabad.

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Tarun Jain is our Director of Finance. Mr. Jain joined Sterlite in 1984 and has over 26 years of experience in the corporate finance, audit and accounting, tax and secretarial practice. He is responsible for our strategic financial matters, including corporate finance, corporate strategy, business development and mergers and acquisitions. Mr. Jain is a graduate of the Institute of Cost and Works Accountants of India and a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Mr. Jain is also a director of Sterlite USA, BALCO, Vedanta Aluminium, SIL (formerly known as Sterlite Paper limited), Cairn India, Twin Star and Vedanta Medical Research Foundation and Rajtaru Charity Foundation (formed under Section 25 of Companies Act, 1956).

A. Thirunavukkarasu is our Group Head of Corporate Human Resources. He joined the Group in April 2004 as general manager of human resources and subsequently became the senior vice president of human resources for our Copper Division. In 2004 he headed our human resources, quality management, corporate social responsibility and public relation functions. In July 2007 he became the head of one Group human resources division. Mr. Thirunavukkarasu has held various positions in the human resources departments of several companies including Hindustan Levers Limited, English Electric Co. of India Limited and TVS Electronics Limited. Mr. Thirunavukkarasu holds a Bachelor degree in Literature and Masters in Social Work with personnel management and organisational behaviour as his specialisation from Loyola College, Chennai.

Dilip Golani heads the Management Assurance and Information Technology function of Group. He headed the Management Assurance function from April 2000 to July 2004. Mr. Golani headed sales and marketing division for Hindustan Zinc Limited and a Group performance management function from August 2004 to November 2005. Prior to joining the Group in April 2000, he was member of the Unilever corporate audit team responsible for auditing Unilever group companies in Central Asia, Middle East and Africa regions. At Unilever, Mr. Golani was responsible for managing operations & marketing functions for one of the exports businesses of Unilever India (Hindustan Unilever Limited). Mr. Golani has over 20 years experience and has worked with organisations like Ranbaxy Laboratories Limited and Union Carbide India Limited. Mr. Golani is a Bachelor in Mechanical Engineering from Motilal National Institute of Technology, Allahabad and a Post Graduate Diploma in Industrial Engineering and Management.

Other Significant Employees

Copper Business

Jeyakumar Janakaraj is the Chief Executive Officer of CMT. Mr. Janakaraj joined our group in September 1995 as a mechanical engineer in our copper division at Tuticorin. He subsequently joined HZL as a senior manager in July 2002 and worked in various capacities, including as head of projects for HZL s mines and smelters. Prior to joining our group, Mr. Janakaraj was with Essar Steel from 1992 to 1995 as a junior engineer. In September 2006, Mr. Janakaraj was awarded a Gold Medal by the Indian Institute of Metals, Kolkata, for his significant contributions to the non-ferrous metallurgical industry. Mr. Janakaraj is also Chief Executive Officer of KCM. Mr. Janakaraj has a Bachelor of Mechanical Engineering from the PSG College of Technology, Bharathiar University, and Coimbatore.

P. Ramnath is the Chief Executive Officer of Sterlite Copper operations in Tuticorin and Silvassa. Mr. Ramnath joined our group in September 2011. Prior to joining our group, Mr. Ramnath worked at Jubilant Organosys, Praxair India, SNF Ion Exchange, Bakelite Hylam Limited and Reliance Industries Limited. Prior to joining us, Mr. Ramnath was also the Chief Operating Officer of JK Paper Limited. He is also a Director of MALCO, Sterlite Infra Limited (formerly known as Sterlite Paper Limited), Sterlite Ports Limited (formerly known as MALCO Power Company Limited) and Sterlite Infraventures Limited (formerly known as MALCO Industries Limited). Mr. Ramnath has a Bachelor of Technology from Osmania University, Hyderabad and a Post Graduate Diploma from the Indian Institute of Management, Bengaluru.

Zinc India Business

Akhilesh Joshi is the Chief Executive Officer and Whole Time Director of HZL. He joined HZL in 1976 as an assistant engineer for mining and worked in various capacities at both underground and opencast mines of HZL. Mr. Joshi became the General Manager of HZL when HZL became a part of the Vedanta group. He has also served as the unit head RAM and became Senior Vice President (Mines) in April 2008. Mr. Joshi played a significant role in the expansion projects for the Rampura Agucha mine and is in charge of the mining activities at HZL. Mr. Joshi is a Bachelor of Engineering (Mining) from M.B.M. Engineering College, Jodhpur.

Amitabh Gupta is the Chief Financial Officer of HZL and is responsible for its finance and accounting functions, its information technology, legal, insurance, compliance and treasury departments. Mr. Gupta joined the Company on December 1, 2011 . Prior to his present appointment he was the chief financial officer of Moser Baer Solar Limited. He has over 23 years of experience in the Finance arena having worked in corporations like Cargill India, TeleTech India (Bharti Group) and Ranbaxy. He is a Bachelor of Commerce from Sriram College of Commerce, New Delhi. Mr. Gupta is a member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India.

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Zinc International Business

Rajagopal Kishore Kumar is the Chief Executive Officer of our Zinc International Division and also a non-executive director of KCM. Prior to this, Mr. Kumar headed our copper and zinc divisions and he has been responsible for the overall management of our copper and zinc businesses since December 2006 and October 2008, respectively. He was appointed as the Chief Executive Officer of our consolidated group of companies in October 2008 and remained in this position until March 2011. Mr. Kumar joined our company in April 2003 as vice president of marketing for HZL and became senior vice president of marketing for our copper division from June 2004 to December 2006, where he was responsible for copper marketing and concentrate procurement. Prior to joining our company, Mr. Kumar was employed by Hindustan Lever Limited for 12 years. Mr. Kumar has a Bachelor of Commerce from Kolkata University and is a member of the Institute of Chartered Accountants of India.

Aluminum and Power Business

Sushil Kumar Roongta is the Managing Director of Vedanta Aluminium, Vice-Chairman of BALCO, Chairman of TSPL and Director in Sterlite Energy and is responsible for the aluminium and power Business. Prior to his present appointment, he was Chairman of Steel Authority of India Limited or SAIL. Mr. Roongta has an experience of four decades with SAIL, and has held a key position in the marketing division before being appointed as Director (Commercial) in 2004 and later as Chairman in 2006 of the SAIL board. Mr. Roontga has a Bachelor of Engineering from the Birla Institute of Technology and Science, Pilani, and is a gold medalist in Post Graduate Diploma in Business Management in International Trade from Indian Institute of Foreign Trade, Delhi. He is a fellow member of the All India Management Association. He is also on the board of Neyveli Lignite Corporation Limited, Shipping Corporation of India Limited, Jubilant Industries Limited, Hindustan Petroleum Corporation Limited, ACC Limited and member of the board of governors of the Indian Institute of Technology, Bhubaneshwar.

Mansoor Siddiqi is the Director of Vedanta Aluminium Limited with effect from June 2007. He was also a Whole Time Director of Vedanta Aluminium Limited till February 18, 2011. Mr. Siddiqi joined our group in 1991. Prior to his present appointment, he was the director of projects for our group and was in charge of managing our expansion projects in our aluminum business. Prior to joining our group, Mr. Siddiqi worked at Hindustan Copper Limited and has 30 years of experience in various areas of operations and project management. Mr. Siddiqi is also a director of Vizag General Cargo Berth Private Limited, Paradip Multi Cargo Berth Private Limited and Talwandi Sabo Power Limited. Mr. Siddiqi has a Bachelor of Technology from the Indian Institute of Technology, Delhi, and a Diploma in Management from the All India Management Association, Delhi.

V. Ramanathan is the Chief Financial Officer of Vedanta Aluminum Limited and is responsible for the finance and accounting functions of our associated company, Vedanta Aluminium Limited, including legal and compliance and corporate secretarial. Mr. Ramanathan joined our group in 1992. Prior to that, he was with Coimbatore Agro Industries Limited and Malabar Building Limited. Mr. Ramanathan has a Bachelor of Science from the University of Madras and is a member of the Institute of Chartered Accountants of India.

Pramod Suri is the Chief Executive Officer and Whole-Time Director of Vedanta Aluminium with effect from August 1, 2011 and a Director of Sterlite Energy. He is responsible for the operations of Vedanta Aluminium and Sterlite Energy. Mr. Suri was previously the president for BALCO operations. He joined the group in 2004 as the head of BALCO s 245,000 tpa aluminum smelter at Korba. Prior to joining our group, Mr. Suri was employed in JK Industries Limited (tyre division) as their vice-president and prior to that, he held positions in the Indian Aluminium Company Limited, CEAT Limited and Goodyear South Asia Tyres Pvt Ltd. Mr. Suri has a Master s degree in Chemical Engineering from the Indian Institute of Technology, Delhi, India. He is also on the Board of Vedanta Medical Research Foundation, South West Orissa Bauxite Mining Private Limited and Raykal Aluminium Company Private Limited.

Gunjan Gupta is the Chief Executive Officer and Whole Time Director of BALCO. Mr. Gupta joined BALCO in September 2005 and served as the vice president of marketing and the business head for the 245,000 tpa smelter complex at Korba in February 2007. He became chief executive officer of BALCO in March 2008 and Whole Time Director of BALCO in October 2008. Mr. Gupta has worked in various positions including business development, sales and business process re-engineering at Tata Steel and Arcelor Mittal. Mr. Gupta worked in sales and marketing division of Tata Steel from 1990 to 1999. From 1999 to 2002, he joined SIIL in the sales and marketing division and became the head of copper marketing. During 2002 to 2003, he headed the marketing division of BALCO and from 2003 to 2005 he worked with Arcelor Mittal Group (then Mittal Steel) and was director of global sales for the Central and European Steel operations of the group. Mr. Gupta has a Bachelor of Chemical Engineering from the Indian Institute of Technology, Roorkee and a Master of Business Administration from the Faculty of Management Studies, Delhi.

Dinesh Mantri is the Chief Financial Officer of BALCO since July 2009. Prior to this, he was with AV Birla group for a period of seven years at Grasim and Birla Copper and Singapore based Tolaram group. He also served in South Africa for three years from 1997 to 2000 and is associated with Vedanta for last ten years in various capacities with MALCO, HZL and Vedanta Aluminium. He has over 22 years experience in finance and accounting functions. Mr. Mantri is a Bachelor of Commerce from University of Rajasthan. He is also a member of the Institute of Chartered Accountants of India.

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Bibhu Prasad Mishra is the Chief Operating Officer of BALCO since July 18, 2008. Mr. Prasad joined our group in July 2008. Prior to this, he worked at NALCO, Aluminium Bahrain and MOZAL and has 26 years experience in aluminum smelting operations. Mr. Prasad has a degree in Metallurgical Engineering from The National Institute of Technology, Rourkela and in Industrial Engineering from IIIE, Mumbai. He has also done in Masters in Business Administration from Herriot Watt University, United Kingdom.

B. Compensation

Compensation of Directors and Executive Officers

The aggregate compensation we paid our executive directors and executive officers for fiscal 2012 was Rs. 311.8 million ($ 6.13 million), which includes Rs. 228.99 million ($ 4.5 million) paid towards salary, bonuses, allowances and non-cash payments, Rs. 63.45 million ($ 1.25 million) paid and payable by us to Vedanta for the fair value of share options granted to our executive directors and executive officers under the Vedanta LTIP, and Rs. 19.39 million ($ 0.38 million) paid towards benefits such as contributions to the provident fund and superannuation fund. The total compensation paid to our most highly compensated executive during fiscal 2012 was Rs. 125.06 million ($ 2.46 million) (of which Rs. 91.94 million ($ 1.81 million) comprised salary, bonuses and allowances, Rs. 23.98 million ($ 0.47 million) comprised payment by us and payable to Vedanta for the fair value of share options granted under the Vedanta LTIP, and Rs. 9.14 million ($ 0.18 million) comprised benefits such as contribution to the provident fund and superannuation fund.

The following table sets forth the compensation paid to our directors and executive officers in fiscal 2011, where the disclosure of compensation is required on an individual basis in India or is otherwise publicly disclosed by us:

Name	Salary, Bonuses, Allowances and Perquisites	Fair Value of Share Options granted under the Vedanta LTIP (Rs. in millions)	Contribution to Provident and Superannuation Funds
Navin Agarwal	91.94	23.98	9.14
Din Dayal Jalan	24.97	7.05	1.94
Mahendra Singh Mehta	31.75	9.69	1.91
Tarun Jain	51.26	13.21	4.77
A.Thirunavukkarasu	12.94	4.29	0.73
Dilip Golani	16.12	5.24	0.90

The aggregate compensation paid or payable to our non-executive directors for fiscal 2012 was Rs. 6.2 million ($ 0.12 million), which comprised Rs. 0.61 million($ 0.01 million) in sitting fees and Rs.5.62 million ($ 0.11 million) in commissions.

We adopted the Vedanta LTIP in February 2004. Under the Vedanta LTIP, our directors and executive officers will be granted share awards which will entitle them to acquire the ordinary shares of Vedanta based on the performance of Vedanta s total shareholder return against a peer group of companies comprising the FTSE Worldwide Mining Index (excluding precious metals) measured over a three-year performance period and Vedanta s financial performance.

Outstanding Awards or Options

As of March 31, 2012, our directors and executive officers as a group held options under the Vedanta LTIP to acquire an aggregate of 253,263 ordinary shares of Vedanta representing approximately 0.09% of Vedanta s share capital. The awards are exercisable at the end of the three-year performance period commencing from the date of each grant at an exercise price of $ 0.10 per ordinary share. The awards expire six months after their date of grant. For more information, see - Vedanta Long-Term Incentive Plan.

Employee Benefit Plans

We maintain employee benefit plans in the form of certain statutory and welfare schemes covering substantially all of our employees. As of March 31, 2011 and March 31, 2012, the total amount set aside by us to provide pension, retirement or similar benefits was Rs. 1,948 and Rs. 1,696 million ($ 33.3 million) respectively.

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Provident Fund

In accordance with Indian law, all of our employees in India are entitled to receive benefits under the Provident Fund, a defined contribution plan to which both we and the employee contribute monthly at a pre-determined rate (currently 12.0% of the employee s base salary). These contributions are made to the Government Provident Fund and we have no further obligation under this fund apart from our monthly contributions. We contributed an aggregate of Rs. 510 million and Rs. 819 million ($ 16.1 million) in fiscal 2011 and 2012, respectively.

Gratuity

In accordance with Indian law, we provide for gratuity pursuant to a defined benefit retirement plan covering all of our employees in India. Our gratuity plan provides for a lump sum payment to vested employees on retirement or on termination of employment in an amount based on the employee s salary and length of service with us. The gratuity plan provides a lump sum payment to vested employees at retirement, disability or termination of employment, in an amount based on the employee s last drawn salary and the number of years of employment with us. The assets of the plan, to the extent the plan is funded, are held in separate funds managed by LIC and a full actuarial valuation of the plan is performed on an annual basis. Our liability for the gratuity plan was Rs. 1,616 million and Rs. 1,379 million ($ 27.1 million) in fiscal 2011 and 2012, respectively.

Superannuation Fund

It is our current policy for all of our non-unionized employees in a managerial position and above to pay into a superannuation fund a sum equal to 15.0% of their annual base salary which is payable to the employee in a lump sum upon his retirement or termination of employment. We contributed an aggregate of Rs. 46 million and Rs. 43 million ($ 0.8 million) in fiscal 2011 and 2012, respectively.

Compensated Absence

Our liability for compensated absences is determined on an actual basis for the entire unused vacation balance standing to the credit of each employee at each calendar year-end. Contributions to such liability are charged to income in the year in which they accrue. Liability for the compensated absences was Rs. 1,365 million and Rs. 1,524 million ($ 29.9 million) in fiscal 2011 and 2012, respectively.

Vedanta Long-Term Incentive Plan

We are a participating company in the Vedanta LTIP which was adopted by Vedanta to grant share options to its employees or employees of its subsidiaries. Awards under the plan may be granted to any employee of Vedanta or any of its subsidiaries who is not within six months of such employee s normal retirement date.

The awards are indexed to and settled by Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta s functional currency at 10 US cents per share. Vedanta is obligated to issue the shares. In accordance with the terms of agreement between Vedanta and us, the grant date fair value of the awards is recovered by Vedanta from us. The amount recovered by Vedanta has been recognized as compensation expense over the requisite service period of three years.

The Vedanta LTIP is consistent with our reward philosophy, which aims to provide superior rewards for outstanding performance, and to provide a high proportion of at risk remuneration for executive directors and senior employees. The maximum value of Vedanta ordinary shares which may be conditionally awarded in any financial year to a participant in the Vedanta LTIP who is an executive director is restricted to 100% of that executive director s annual base salary.

The performance target which currently applies to vesting of awards is our performance as measured against comparative total shareholder return against a peer group of companies comprising the FTSE Worldwide Mining Index (excluding precious metals).

As of March 31, 2012, our directors and executive officers as a group held options under the Vedanta LTIP to acquire an aggregate of 253,263 ordinary shares of Vedanta representing approximately 0.09 % of Vedanta s share capital.

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Limitations on Liability and Indemnification Matters

Section 201 of the Indian Companies Act provides that a company may indemnify any director, officer or auditor against any liability incurred by such director, officer or auditor in defending any civil or criminal proceedings, in which a judgment is given in favor of such director, officer or auditor or in which he or she is acquitted or discharged or in connection with application made by a director or an officer to the High Court of the relevant state for relief, because he or she has reason to apprehend that any proceeding will or might be brought against him in respect of any negligence, default, breach of duty, misfeasance or breach of trust, in which relief has been granted by the High Court of the relevant state.

Section 201 also provides that, except for such indemnity described above, any provision, whether contained in the articles of association of a company or in an agreement with the company or in any other instrument, for exempting any director, officer or auditor of the company from, or indemnifying him or her against, any liability which, by any rule of law, would otherwise attach to such director, officer or auditor in respect of any negligence, default, misfeasance, breach of duty or breach of trust of which he or she may be guilty in relation to the company, shall be void.

C. Board Practices

Composition of the Board

Our board of directors currently consists of seven directors. Four of our seven directors, namely, Mr. Gautam Bhailal Doshi, Mr. A.R. Narayanaswamy, Mr. Sandeep H. Junnarkar and Mr. Berjis Minoo Desai, satisfy the independence requirements of the NYSE rules.

Under the Indian Companies Act, our shareholders must approve the salary, bonus and benefits of all directors at an annual general meeting of the shareholders. Mr. Navin Agarwal and Mr. Din Dayal Jalan have entered into service contracts with us which will expire on July 31, 2013 and December 23, 2012, respectively. However, either we or the director may terminate the respective service contract upon 90 days notice to the other party or payment in lieu of. None of their service contracts provide for benefits upon termination of their employment.

Under the service contracts, each of Messrs. Agarwal and Jalan is entitled to be paid a basic salary, performance incentives to be determined by our board of directors and perquisites including a housing allowance, medical and insurance reimbursement, club membership fees reimbursement and leave travel concessions for himself and his family. The basic salaries of Messrs. Agarwal and Jalan in fiscal 2012 were Rs. 2.8 million ($ 0.05 million) and Rs.0.5 million ($ 0.01 million) per month, respectively. In addition, Mr. Agarwal is entitled to be paid a commission based on our net profits for a particular fiscal year as determined by our board of directors, subject to a maximum allowable under Indian law. Mr. Jalan is entitled to receive a bonus equal to 20.0% of his respective basic salary.

The rest of our directors have no fixed term of office and they serve as directors on our board of directors until their resignation or removal from office by a resolution of our shareholders, until they cease to be directors by virtue of the provision of law or they are disqualified by law or our articles of association from being directors.

Committees of the Board

Our equity shares are currently listed and traded on the NSE and the BSE, and our ADSs are currently listed and traded on the NYSE. In addition to compliance with the NYSE corporate governance rules applicable to us as a foreign private issuer, we maintain our corporate governance arrangements in accordance with Indian regulations for companies listed on the NSE and the BSE. In particular, we have established an audit committee and a remuneration committee in accordance with Indian corporate governance requirements.

Our board of directors currently has an audit committee, a remuneration committee and a shareholders and investors grievance committee, which have the composition and general responsibilities described below.

Audit Committee

The audit committee consists of four directors: Mr. Gautam Bhailal Doshi (Chairman), Mr. A.R. Narayanaswamy (Vice Chairman), Mr. Berjis Minoo Desai and Mr. Sandeep H. Junnarkar. Each of Messrs. Desai, Doshi, Junnarkar and Narayanaswamy satisfies the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934 as amended, or the Exchange Act and the NYSE rules. The principal duties and responsibilities of our audit committee are as follows:

to serve as an independent and objective party to monitor our financial reporting process and internal control systems;

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to review and appraise the audit efforts of our independent accountants and exercise ultimate authority over the relationship between us and our independent accountants; and

to provide an open avenue of communication among the independent accountants, financial and senior management and the board of directors.

On July 23, 2011, A.R. Narayanaswamy was appointed as the Chairman of the Audit Committee. On January 23, 2012, Gautam Bhailal Doshi was appointed as Chairman of the Audit Committee and A.R. Narayanaswamy was appointed as Vice Chairman of the Audit Committee.

The audit committee has the power to investigate any matter brought to its attention within the scope of its duties. It also has the authority to retain counsel and advisors to fulfill its responsibilities and duties. Mr. Gautam Bhailal Doshi and Mr. A.R. Narayanaswamy are designated as our audit committee financial experts , within the requirements of the rules promulgated by the SEC relating to listed-company audit committees.

The audit committee held six meetings in fiscal 2012.

Nomination, Governance and Remuneration Committee

The nomination, governance and remuneration committee consists of four directors: Mr. Berjis Minoo Desai (Chairman), Mr. Gautam Bhailal Doshi, Mr. A.R. Narayanaswamy and Mr. Anil Agarwal. Three of the four directors on this committee are independent directors, namely, Messrs. Desai, Doshi and Narayanaswamy. The committee is responsible for recommending the fixation and periodic revision of remunerations (including commissions and/or incentives, etc) of whole-time directors/executive directors. This is done after taking into account our profits and performance, external competitive environment and our growth plans and the company policy on rewarding achievements and performance.

The remuneration committee held one meeting in fiscal 2012.

Share/ Debenture Transfer Committee

The share and debenture transfer committee consists of three members Mr. P. Ramnath, Mr. Sridhar Narasimhan and Mr. Rajiv Choubey. The principal duties and responsibilities of this committee are to approve transfers of shares or debentures and to consider stock splits and consolidation requests received from our shareholders.

The share and debenture transfer committee held twelve meetings in fiscal 2012.

Shareholders and Investors Grievance Committee

The shareholders and investors grievance committee consists of three directors: Mr. Sandeep H. Junnarkar (Chairman), Mr. Berjis Minoo Desai and Mr. Din Dayal Jalan. Mr. Din Dayal Jalan was appointed as a member of the shareholders and investors grievance committee effective April 27, 2009. Two of three directors on our shareholders and investors grievance committee are independent directors, namely, Messrs. Junnarkar and Desai. The principal duties and responsibilities of this committee are to oversee the reports received from the registrar and transfer agent and to facilitate the prompt and effective resolution of complaints from our shareholders and investors.

The shareholders and investors grievance committee held four meetings in fiscal 2012.

D. Employees

See Item 4. Information on the Company B. Business Overview Our Business Employees.

E. Share Ownership for Directors and Executive Officers :

The following table sets forth information with respect to the beneficial ownership of our equity shares as of March 31, 2012 by each of our directors and all our directors and executive officers as a group. As used in this table, beneficial ownership means the sole or shared power to vote or direct the voting or to dispose of or direct the sale of any security. A person is deemed to be the beneficial owner of securities that can be acquired within 60 days upon the exercise of any option, warrant or right. Equity shares subject to options, warrants or rights that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding the options, warrants or rights, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages as of March 31, 2012 are based on an aggregate of 3,361,207,534 equity shares outstanding as of that date.

Name	Equity Shares Beneficially Owned Number	Percent
Anil Agarwal[(1)]	1,956,383,435	58.20%
Navin Agarwal		
Tarun Jain		
Din Dayal Jalan		
Berjis Minoo Desai		
Gautam Bhailal Doshi		
Sandeep H. Junnarkar	72,000	*
Mahendra Singh Mehta	3,119	*
A.Thirunavukkarasu		
Dilip Golani	1,000	*
All our directors and executive officers as a group (10 persons)	**1,956,459,554**	**58.20%**

Notes:

* Represents beneficial ownership of less than 1.0%.

(1) Consists of 1,956,383,535 equity shares beneficially owned by Vedanta. Volcan holds 56.6% of the share capital and 63.2% of the voting rights of Vedanta. Volcan is 100% owned and controlled by the Anil Agarwal Discretionary Trust. Onclave is the trustee of the Anil Agarwal Discretionary Trust and controls all voting and investment decisions of the Anil Agarwal Discretionary Trust. As a result, shares beneficially owned by Volcan may be deemed to be beneficially owned by the Anil Agarwal Discretionary Trust and, in turn, by Onclave. The beneficiaries of the Anil Agarwal Discretionary Trust are members of the Agarwal family, who are related to Mr. Anil Agarwal. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Non-Executive Chairman, as protector of the Anil Agarwal Discretionary Trust, may be deemed to have deemed beneficial ownership of shares that are beneficially owned by the Anil Agarwal Discretionary Trust. Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal are parties to a relationship agreement that regulates the ongoing relationship among them. See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Parties Vedanta. As a result of this agreement, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal disclaim beneficial ownership of the shares beneficially owned by Vedanta.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding beneficial ownership of our equity shares as of March 31, 2012 held by each person who is known to us to have 5.0% or more beneficial share ownership based on an aggregate of 3,361,207,534 equity shares outstanding as of that date.

Beneficial ownership is determined in accordance with the SEC rules and includes shares over which the indicated beneficial owner exercises voting and/or investment power or receives the economic benefit of ownership of such securities. Equity shares subject to options currently exercisable or exercisable within 60 days are deemed outstanding for the purposes of computing the percentage ownership of the person holding the options but are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned
Vedanta Resources Plc[(1)]	1,956,383,435	58.20%

Note:

(1)

Vedanta has beneficial ownership of 1,956,383,435 equity shares, consisting of 1,671,144,924 equity shares held by Twin Star and 41,371,963 ADSs held by Twin Star representing 165,487,852 underlying equity shares and 119,750,659 equity shares held by MALCO. Twin Star and Welter Trading hold 78.8 and 16.0% of the outstanding shares of MALCO respectively and Twin Star is a controlling shareholder of MALCO. Twin Star is a wholly-owned subsidiary of VRHL, and VRHL is in turn a wholly-owned subsidiary of Vedanta; accordingly, our shares beneficially owned by Twin Star and MALCO may be regarded as being beneficially owned by VRHL and Vedanta. Volcan holds 56.6% of the share capital and 63.2% of the voting rights of Vedanta.Volcan is 100.0% owned and controlled by the Anil Agarwal Discretionary Trust. Onclave is the trustee of the Anil Agarwal Discretionary Trust and controls all voting and investment decisions of the Anil Agarwal Discretionary Trust. As a result, securities beneficially owned by Volcan may be deemed to be beneficially owned by the Anil Agarwal Discretionary Trust and, in turn, by Onclave. The beneficiaries of the Anil Agarwal Discretionary Trust are members of the Agarwal family, who are related to Mr. Anil Agarwal. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Non-Executive Chairman, as protector of the Anil Agarwal Discretionary Trust, may be deemed to have deemed beneficial ownership of shares that may be beneficially owned by the Anil Agarwal Discretionary Trust. Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal are parties to a relationship agreement that regulates the ongoing relationship among them. See - B. Related Party Transactions Related Parties Vedanta. As a result of this agreement, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal disclaim beneficial ownership of the shares beneficially owned by Vedanta.

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As of March 31, 2012, there were approximately 273,626 holders of our equity shares of which 118 have registered addresses in the United States. As of the same date, 104,604,802 of our ADSs representing 418,419,208 equity shares, representing 12.45% of our outstanding equity shares, were held by a total of 12 registered holders of record with addresses in and outside of the US. Since certain of these equity shares and ADSs were held by brokers or other nominees, the number of record holders in the US may not be representative of the number of beneficial holders or where the beneficial holders are resident. Each of our equity shares is entitled to one vote on all matters that require a vote of shareholders, and none of our shareholders has any contractual or other special voting rights.

B. Related Party Transactions

The following is a summary of material transactions we have engaged in with our controlling shareholder, Vedanta, and its subsidiaries and other related parties, including those in which we or our management have a significant equity interest. In addition, the following contains a discussion of how we intend to handle conflicts of interest and allocations of business opportunities between us and our affiliates, directors and executive officers. For further discussion of related party transactions, see Note 33 to our consolidated financial statements included elsewhere in this annual report.

Related Parties

Volcan and the Agarwal Family

Volcan holds 56.6% of the share capital and 63.2% of the voting rights of Vedanta. Volcan is 100% owned and controlled by the Anil Agarwal Discretionary Trust. Onclave is the trustee of the Anil Agarwal Discretionary Trust and controls all voting and investment decisions of the Anil Agarwal Discretionary Trust. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Non-Executive Chairman, is the protector of the Anil Agarwal Discretionary Trust. Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal are parties to a relationship agreement that regulates the ongoing relationship among them. See - Vedanta. Mr. Anil Agarwal, his father, Mr. Dwarka Prasad Agarwal, one of our directors until March 31, 2009, and his son, Mr. Agnivesh Agarwal, the Non-Executive Chairman of HZL, also have a controlling interest in STL, a publicly listed company in India which was spun-off from the Vedanta group in July 2000, except for nominal interests in STL held by MALCO and us.

Vedanta

As of March 31, 2012, Vedanta had beneficial ownership of 1,956,383,435 of our equity shares, including 1,836,632,776 equity shares (54.64%) held by Twin Star and 119,750,659 (3.56%) equity shares held by MALCO. Twin Star and Welter Trading holds 78.8% and 16.0% of the outstanding shares of MALCO and Twin Star is a controlling shareholder of MALCO. Twin Star is a wholly-owned subsidiary of VRHL, and VRHL is in turn a wholly-owned subsidiary of Vedanta. As a result, Vedanta is the beneficial owner of 58.20 % of our equity shares.

Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave and Mr. Anil Agarwal are parties to a relationship agreement. The principal purpose of the relationship agreement is to enable Vedanta to carry on its business independently of Volcan and its direct and indirect shareholders, and their respective associates, or the Volcan Parties as required by the listing rules of the Financial Services Authority of the United Kingdom or the FSA and to ensure that transactions and relationships, including all matters that are the subject of the shared services agreement (as described below) with the Volcan Parties are at arm s length and on a normal commercial basis. The relationship agreement will terminate in respect of Volcan at such time as each of the Volcan Parties, acting individually or jointly by agreement, cease to be a controlling shareholder of Vedanta for the purposes of the listing rules of the FSA or if Vedanta is de-listed from the LSE. In addition, the relationship agreement will terminate in respect of Onclave and Mr. Anil Agarwal if any of them individually or acting jointly ceases to be a controlling shareholder of Vedanta or Volcan. Currently, a controlling shareholder of a company for the purposes of the listing rules of the FSA is any person (or persons acting jointly by agreement whether formal or otherwise) who is entitled to exercise, or to control the exercise of 30.0% or more of the rights to vote at general meetings of such company or is able to control the appointment of directors who are able to exercise a majority of the votes at board meetings of such company.

Under the relationship agreement:

- the parties agree to ensure that Vedanta is capable, at all times, of carrying on its business independently of the Volcan Parties as required by the listing rules of the FSA;

Vedanta s board of directors and nominations committee and any other committee of Vedanta s board of directors (other than the audit committee or the remuneration committee or any committee which may be established by the board of directors in connection with a specific transaction, the constitution of which is approved by the board of directors) to which significant powers, authorities or discretions are delegated shall at all times comprise a majority of directors who are independent of the Volcan Parties and who are free from any business or other relationship with the Volcan Parties which could materially interfere with the exercise of the director s judgment concerning Vedanta;

Vedanta s remuneration committee and audit committee shall at all times consist only of non-executive directors;

Volcan is entitled to nominate for appointment to the board of directors of Vedanta such number of persons as is one less than the number of directors who are independent of the Volcan Parties and who are free from any business or other relationship with the Volcan Parties which could materially interfere with the exercise of the director s judgment concerning Vedanta;

neither Mr. Anil Agarwal nor any non-independent directors shall be permitted, unless the independent directors agree otherwise, to vote on any resolutions of Vedanta s board of directors or of a committee of the board to approve the entry into, variation, amendment, novation or abrogation or enforcement of any contract, arrangement or transaction with any of the Volcan Parties;

Volcan shall not exercise voting rights attaching to its shares in Vedanta or any resolution to approve the entry into, variation, amendment, novation or abrogation of any transactions or arrangements between Vedanta and the Volcan Parties;

the Volcan Parties represented and warranted to Vedanta that at the time of the execution of the relationship agreement they did not own, directly or indirectly, any interests in the smelting, refining, mining or sale of any base metals or mineral otherwise than through Vedanta or any member of the Vedanta group;

the Volcan Parties agreed to, directly or indirectly, acquire or otherwise invest in any company, business, business operation or other enterprise which engages in the smelting, refining or mining of base metals or minerals only through Vedanta or other member of the Vedanta group. However, this agreement does not prevent, restrict or limit:

the acquisition or ownership by the Volcan Parties of not more than 5.0% in aggregate of any class of shares, debentures or other securities in issue from time to time of any company which engages in the smelting, refining or mining of base metals or minerals which is for the time being listed on any stock exchange; or

the acquisition or ownership, directly or indirectly, by the Volcan Parties of any interest in, a base metal or mineral property or asset (together with any associated property, plant and equipment), which is not adjacent or geographically proximate to an existing property or operation of Vedanta group so as to give them operational synergies, where the acquisition cost (including assumed indebtedness), including any related capital expenditures committed at the date of acquisition for the following 12 months, is equal to $ 50 million or less, for which purpose any acquisitions of two or more related or adjacent base metal or mineral properties or assets shall be aggregated when calculating the acquisition cost, provided that the relevant interested party (i) is not an officer or director of a Vedanta group company; and (ii) before acquiring such property or asset, first made the opportunity to acquire such property or asset available to the Vedanta group, with a reasonable period for the independent directors of Vedanta to consider the opportunity, on terms no less favorable than those on which they are proposed to be acquired by the interested party and a majority of the independent directors has determined that the Vedanta group should not make the acquisition; and

transactions and relationships between Vedanta and the Volcan Parties must be conducted at arm s length and on a normal commercial basis, including those to be provided under the shared services agreement.

Key Management Personnel

See Note 33 of Notes to the Consolidated Financial Statements Related Party Transactions Parties Vedanta. .

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Related Transactions

Shared Services Agreement STL, Sterlite Gold Limited, Vedanta and Sterlite

We entered into a shared services agreement dated December 5, 2003 with STL, Sterlite Gold Limited, or Sterlite Gold, which was an affiliated company at that time, and Vedanta as part of Vedanta s listing on the LSE in December 2003. Under this agreement, we and Vedanta agreed to continue to provide STL and Sterlite Gold with certain advisory services on an ongoing basis consisting primarily of access to certain of the directors, officers and employees of the Vedanta group. In fiscal 2010 and 2011, we received Rs. nil from STL, respectively, under the shared services agreement. On September 27, 2007, Vedanta sold its entire interest in Sterlite Gold to an unaffiliated third party, and as of such date Sterlite Gold ceased to be an affiliated company of ours.

Under the shared services agreement:

- a party may terminate the shared services agreement or a particular service which is provided pursuant to the shared services agreement if another party commits a material breach of the shared services agreement or upon another party becoming subject to or entering into arrangements in the context of insolvency. A party may also terminate a particular service on three months notice;

- the services under the shared services agreement will be provided by us or Vedanta, as the case may be, to STL and Sterlite Gold and the transactions between the parties will be on an arm s length basis;

- the cost of access to certain of the directors, officers and employees of such member of the Vedanta group shall be paid by STL or Sterlite Gold, as the case may be, to us or Vedanta, as appropriate; and

- the cost of the services provided pursuant to the shared services agreement is calculated by apportioning the total salary cost to us or the Vedanta group of the employment of the relevant director, officer or employee to STL or Sterlite Gold, as appropriate based on the time spent for each such member of the Vedanta group.

On April 13, 2006, a letter agreement was executed by Vedanta, Sterlite Gold, STL and us, to:

- amend the list of employees of Vedanta who may be hired under the shared services agreement to reflect only those individuals who actually performed the services;

- amend the amount to be paid to Vedanta based on estimated cost plus 20.0%; and

- allow only 25.0% of Mr. Anil Agarwal s salary costs to be taken into account when determining the charge to STL and Sterlite Gold, to reflect the limited services provided to STL and Sterlite Gold since the listing of Vedanta.

Representative Office Agreement Vedanta and Sterlite

We entered into a representative office agreement with Vedanta on March 29, 2005 under which Vedanta agreed to provide technical and commercial materials to us to enable us to promote our business or raise funds overseas, and to be our non-exclusive overseas representative, for which we have agreed to pay an amount of $ 2.0 million (Rs. 89.1 million) per year to Vedanta. This agreement has been extended up to March 31, 2012.

Consultancy Agreement Vedanta and Sterlite

We entered into a consultancy agreement with Vedanta on March 29, 2005 under which Vedanta agreed to provide strategic planning and consultancy services to us and our subsidiaries in various areas of business such that we are able to finalize and implement our plans for growth and are able to raise the necessary finances. The terms of this agreement were negotiated by us and Vedanta and we believe them to be fair and reasonable, though this agreement was not negotiated on an arm s length basis. Under this agreement, Vedanta has agreed to make certain of its employees available to us and we have agreed to pay a service fee to Vedanta on the basis of, among other things, the amount of time spent in providing the services and associated costs, with a mark-up of 40.0%. The anticipated fee used for reference in the agreement, which is based on a relevant proportion of the expected annual budgeted costs for fiscal 2005 plus the mark-up of 40.0%, is $ 3.0 million (Rs. 133.6 million) per year. This agreement was extended up to March 31, 2012.

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Outsourcing Services Agreement Vedanta and Sterlite

We entered into a service agreement with Vedanta on April 1, 2010, under which we shall provide accounting, treasury and related services at the request of Vedanta from time to time. In consideration of above, Vedanta has agreed to pay us service charges aggregating to an amount of $ 0.2 million (Rs. 9.6 million) per year.

Issuance of Equity Shares by Vedanta Aluminium Sterlite, Twin Star and Vedanta Aluminium

Prior to March 2005, Vedanta Aluminium was a wholly-owned subsidiary of ours that was part of our consolidated group of companies. In March 2005, Vedanta Aluminium issued equity shares to Twin Star in exchange for consideration of Rs. 4,421 million from Twin Star. As a result of this sale of equity shares by Vedanta Aluminium, Twin Star acquired a 70.5% ownership interest in Vedanta Aluminium and we ceased to consolidate Vedanta Aluminium in our consolidated financial statements. The terms of this sale were negotiated between Vedanta Aluminium and Twin Star on an arm s length basis, with an independent appraiser hired to establish the sale price. During fiscal 2007, Vedanta Aluminium issued to us 1,133,737 equity shares of par value Rs. 10 per equity share for cash at a price of Rs. 1,160 per equity share on a rights basis. Accordingly, we paid a sum of Rs. 1,315 million ($ 25.85 million). We subscribed for our full proportionate share so as to maintain our shareholding in Vedanta Aluminium at 29.5%. During fiscal 2010, we have received 69,437,960 equity shares on account of the split of the value of the shares from Rs. 10 to Rs. 2 per share and 165,322,677 equity shares on account of the bonus issue in the ratio of 1.90:1 from Vedanta Aluminium. As of March 31, 2012, we have 252,120,127 equity shares in Vedanta Aluminium.

Issuance of Preference Shares by Vedanta Aluminium Sterlite and Vedanta Aluminium

We gave a loan in the amount of Rs.93,350 million to Vedanta Aluminium at interest rates ranging from 8.0% to 10.50% with varying maturity periods. On March 29, 2012, we invested Rs. 30,000 ($ 589.5 million) in preference shares of Vedanta Aluminium with maturity period of ten years and dividend rate of 9.0% and redeemable at a premium at the end of a ten year period. We have invested in the preference shares by converting the loan provided to Vendanta Aluminium. These preference shares are outstanding as of March 31, 2012.

Issuance of Debentures by Vedanta Aluminium Sterlite and Vedanta Aluminium

In fiscal 2008, pursuant to two memoranda of understanding entered into between Vedanta Aluminium and us on August 29, 2007 and December 23, 2007, Vedanta Aluminium issued to us 1.6 billion zero % optionally fully convertible debentures at par value of Rs. 10 per debenture. Accordingly, we paid a sum of Rs. 16,000 million ($ 314.4 million). The debentures are convertible in full or in part into equity shares at such premium as may be determined by a merchant banker or any other expert agency in the field based on fair value at any time within five years from the date of allotment unless we request for an extension of the redemption date by up to five years. Debentures that have not been converted to equity shares prior to the redemption date shall be redeemed on the fifth anniversary of the date of allotment of such debentures, or at the expiry of the extension period. In September 2008, 265,840,200 debentures of Rs. 2,658 million ($ 52.2 million) had been converted into 1,772,268 equity shares of Rs. 10 each at a premium of Rs. 1,490 per share. During the fiscal 2010, Vedanta Aluminum has paid Rs. 13,342 million ($ 262.2 million) to us towards redemption of its 1,334,159,800 debenture.

In fiscal 2009, pursuant to a term sheet for the issue of 15,000 non-convertible debentures at par value of Rs. 1.0 million per debenture, Vedanta Aluminium issued to us 6,850 such debentures. Interest at the rate of 9.75% is payable semi-annually. Accordingly, we paid a sum of Rs. 6,850 million. In April and May 2009, Vedanta Aluminium issued the remaining 8,150 debentures to us and we paid a sum of Rs. 8,150 million. The debentures are redeemable at par one year from the date of allotment. In fiscal 2011, 8,150 debentures were redeemed by Vedanta Aluminium and we received a sum of Rs. 8,150 million ($ 182.9 million).

In fiscal 2010, pursuant to a letter of allotment for the issue of 10,000 non-convertible debentures at par value of Rs.1 million per debenture, Vedanta Aluminium issued to us 10,000 such debentures. Interest at the rate of 8.0% is payable semi-annually. Accordingly, we paid a sum of Rs.10,000 million ($ 196.5 million). The debentures are redeemable at par one year from the date of allotment. In fiscal 2011, 10,000 debentures were redeemed by Vedanta Aluminium and we received a sum of Rs. 10,000 million ($ 196.5 million).

Loan Agreement Sterlite and Vedanta Aluminium

We entered into a loan agreement with Vedanta Aluminium on February 4, 2008, under which we agreed to lend to Vedanta Aluminium Rs. 10,000 million ($ 196.5 million) for a term of ten years. Interest is payable in arrears on the outstanding amount of the loan at the prevailing RBI bank rate plus 2.0% per annum every quarter on January 1, April 1, July 1 and October 1, until the loan is fully repaid. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of 10 years from the date of the last disbursement of the loan which shall be no later than March 31, 2010. As of March 31, 2012, the amount outstanding under the loan was approximately Rs. 7,890 million ($ 155.1

million).

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We entered into a loan agreement with Vedanta Aluminium on February 5, 2010, which was effective from December 10, 2009, under which we agreed to lend to Vedanta Aluminium Rs. 5,000 million for a term of one year. Interest is payable in arrears on the outstanding amount of the loan at 8.0% per annum every quarter on January 1, April 1, July 1 and October 1, until the loan is fully repaid. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. In fiscal 2011, Vedanta Aluminium fully repaid Rs. 5,000 million.

Further, we entered into a loan agreement with Vedanta Aluminium on February 5, 2010, which was effective from December 25, 2009, under which we agreed to lend to Vedanta Aluminium Rs. 25,000 million for a term of one year. Interest is payable monthly in arrears on the outstanding amount of the loan at 8.0% per annum every month on the first day of the next month for the corresponding preceding month, until the loan is fully repaid. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. In fiscal 2011, Vedanta Aluminium fully repaid Rs. 25,000 million during fiscal 2011.

Further, we entered into a loan agreement with Vedanta Aluminium on February 11, 2010, which was effective from January 26, 2010, under which we agreed to lend to Vedanta Aluminium Rs. 45,000 million ($ 1,010.3 million) for a term of one year. Interest is payable monthly in arrears on the outstanding amount of the loan at 8.0% per annum every month on the first day of the next month for the corresponding preceding month, until the loan is fully repaid. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. In fiscal 2011, Vedanta Aluminium has repaid Rs. 19,500 million and rolled over the balance amount of Rs 25,500 million for a period of one year with interest rate of 10.0%. In fiscal 2012, this was further rolled over at the interest rate of 10.50% . As of March 31, 2012, the amount outstanding under the loan was Rs. 25,500 million ($ 501.1 million).

Further, we entered into a loan agreement with Vedanta Aluminium on April 6, 2010, under which we agreed to lend to Vedanta Aluminium Rs. 25,000 million ($ 491.3 million) for a term of one year. Interest is payable at the rate of 8.0% per annum at the time of the repayment of the actual principal amount. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. During fiscal 2012, the loan balances were rolled over for one year at a rate of 10.0%. Further, Rs.17,000 million of the loan balances were converted into preference shares on March 29, 2012. As of March 31, 2012, the amount outstanding under the loan was Rs. 8,000 million ($ 157.2 million).

Further, we entered into a loan agreement with Vedanta Aluminium on September 29, 2010, under which we agreed to lend to Vedanta Aluminium Rs. 20,000 million ($ 393.0 million) for a term of one year. Interest is payable at the rate of 8.0% per annum at the time of repayment of the actual principal amount. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. During fiscal 2012, the loan balances were rolled over for one year at coupon rate of 10.25%. Further, Rs. 3,000 million of the loan balances were converted into preference shares. As of March 31, 2012, the amount outstanding under the loan was Rs. 17,000 million ($ 334.1 million).

Further, we entered into a loan agreement with Vedanta Aluminium on April 12, 2011, under which we agreed to lend to Vedanta Aluminium Rs. 10,000 million ($ 196.5 million) for a term of one year. Interest is payable at the rate of 10.0% per annum at the time of the repayment of the actual principal amount. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. This outstanding loan balance was converted into preference shares.

Further, we entered into a loan agreement with Vedanta Aluminium on October 27, 2011, under which we agreed to lend to Vedanta Aluminium Rs. 5,250 million ($ 103.2 million) for a term of one year. Interest is payable at the rate of 10.25% per annum at the time of the repayment of the actual principal amount. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. As of March 31, 2012, the amount outstanding under the loan was Rs. 4,710 million ($ 92.6 million).

Loan Agreement SOVL and Vedanta Aluminium

Further, SOVL entered into a loan agreement with Vedanta Aluminium on October 29, 2011, under which they agreed to lend to Vedanta Aluminium Rs. 2,410 million ($ 47.4 million) for a term of one year. Interest is payable at the rate of 10.25% per annum at the time of the repayment of the actual principal amount. The entire loan together with all interest accrued thereon shall be repaid on or before the expiry of one year from the date of disbursement of the loan. After merger of SOVL with Sterlite with effect from April 1, 2011, pursuant to the order of the High Court of Madras dated March 29, 2012, these loan balances are outstanding for us. As of March 31, 2012, the amount outstanding under the loan is Rs. 2,413 million ($ 47.4 million).

Loan Agreement THL Zinc Limited and Black Mountain Mining (proprietary) Limited

On February 15, 2011, on account of the acquisition of BMM, a short term loan (BMM shareholder loan) was extended by THL Zinc Limited to BMM for an amount of ZAR 622.5 million. This loan is interest free and has no fixed repayment terms. This loan has been subordinated to other debts until such time BMM s total assets and total current assets fairly valued exceed its total liabilities and total current liabilities. As on March 31, 2012 the loan balance outstanding was ZAR 186.7 million ($ 24.4 million). This BMM shareholder loan was earlier extended by Anglo American Plc.

Loan Agreement Vedanta Jersey Investment Limited and Monte Cello BV

Monte Cello BV (wholly owned subsidiary of the company) entered into agreement with Vedanta Jersey Investment Limited (wholly owned subsidiary of Vedanta) on April 1, 2010 to make available loan facility which shall not exceed $ 150 million at an interest rate of 2.25% per annum. The loan balance as of March 31, 2012 of Rs. 3,479 million ($ 68.3 million) was rolled over for a period of one year and is payable in March 2013.

Loan Agreement Vedanta Resources plc and Monte Cello BV

Monte Cello BV (wholly owned subsidiary of the company) entered into agreement with Vedanta on November 28, 2011 to make available loan facility of $ 50 million at an interest rate of 1.05% per annum. Further, on January 3, 2012, a further loan facility of $ 34.5 million was made available at the same interest rate. The total outstanding loan balance as of March 31, 2012 is $ 83.2 million.

Loan Agreement Welter Trading and Monte Cello BV

Monte Cello BV (wholly owned subsidiary of the company) entered into agreement with Welter Trading (Vedanta is ultimate parent company) on November 3, 2010 to make available loan facility which shall not exceed $ 100 million. at an interest rate of 2.25% per annum. In fiscal 2012, the loan balance together with accrued interest amounting to $ 102.2 million was rolled over at an interest rate of 1.05 % per annum for a further period of one year. As of March 31, 2012, the amount outstanding under the loan was $ 102.2 million.

Loan Agreement Welter Trading and THL Zinc Limited

Our wholly owned subsidiary, THL Zinc Limited entered into an agreement with Welter Trading, owned by Vedanta, on November 28, 2011 to make available loan facility of $ 75 million at an interest rate of 0.75% per annum for a period of one year. As of March 31, 2012, the amount outstanding under the facility is $ 75 million.

Loan Agreement Twin Star and THL Zinc Limited

THL Zinc Limited entered into an agreement with Twin Star on March 7, 2012 to make available loan facility of $ 50 million at an interest rate of 1.50% per annum for a period of two years. As of March 31, 2012, the loan amount outstanding under this facility is $ 50 million.

Loan Agreement Vedanta and THL Zinc B.V.

THL Zinc B.V. our wholly owned subsidiary entered into an agreement with Vedanta on January 13, 2012 to make available loan facility of $ 1.8 million at an interest rate of 1.05% per annum for a period of one year. As of March 31, 2012, the amount outstanding under this facility is $ 1.8 million.

Sale of Aluminium Conductor Business STL and Sterlite

On August 30, 2006, Sterlite entered into an agreement to sell its aluminum conductor business, also known as its power transmission line division, as a going concern on an as is where is basis, subject to existing encumbrances and charges and together with the power transmission line division s assets, debts, and liabilities, to STL for a consideration of Rs.1,485 million ($ 29.2 million). The terms of this transaction were negotiated between Sterlite and STL on an arm s length basis, with an independent appraiser hired to establish the sale price. Under the terms of this agreement, Sterlite may not carry on or engage directly or indirectly in any business which competes with any part of the power transmission line division business for a period of five years from the completion of the sale. The sale of this non-core business was approved by Sterlite s shareholders on September 30, 2006.

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Guarantees Sterlite, CMT, TCM and Vedanta Aluminium

We have provided guarantees on behalf of CMT, TCM and Vedanta Aluminium. See Item 5. Operating and Financial Review and Prospects Guarantees.

Acquisition of Sterlite Energy Twin Star Infrastructure Limited, Mr. Anil Agarwal, Mr. Dwarka Prasad Agarwal and Sterlite

We acquired 100% of the outstanding shares of Sterlite Energy on October 3, 2006 from Twin Star Infrastructure Limited, Mr. Anil Agarwal and Mr. Dwarka Prasad Agarwal, one of our directors until March 31, 2009, for a total consideration of Rs. 4.9 million ($ 0.1 million), an amount equal to the par value of all of the outstanding shares of Sterlite Energy. The terms of the acquisition were negotiated on an arm s length basis and were reviewed and approved by our board of directors, with the interested directors, Mr. Anil Agarwal and Mr. Dwarka Prasad Agarwal, abstaining from the vote.

Acquisition of Lakomasko B.V. THL Zinc Holding B.V. and Vedanta Resources Holding Limited

THL Zinc Holding B.V. acquired 100% of the outstanding shares of Lakomasko B.V. on November 28, 2011 from Vedanta Resources Holding Limited, a wholly owned subsidiary of Vedanta) for a total consideration of $ 37.7 million. THL Zinc Holding BV also has provided short term unsecured loan of $ 112.0 million to Lakomasko BV which in turn has repaid the loan along with accrued interest to Vedanta Resources Holdings Limited.

Issuance of Debentures by Sterlite Energy Sterlite and Sterlite Energy

In fiscal 2007, Sterlite Energy issued to us 586 million zero % optionally fully convertible debentures at par value of Rs. 10 per debenture. Accordingly, we paid a sum of Rs. 5,860 million ($ 115.2 million). The debentures are convertible in full or in part into equity shares at a mutually agreed premium at any time prior to the redemption date of the debentures. Debentures that have not been converted into equity shares prior to the redemption date shall be redeemed on the fifth anniversary of the date of allotment of such debentures. On November 5, 2007, we exercised our option to convert all the debentures into 586 million equity shares of Sterlite Energy. In fiscal 2008, Sterlite Energy issued to us 60 million zero % optionally fully convertible debentures of par value Rs. 100 each. We paid a total sum of Rs. 1,650 million ($ 32.4 million) in three tranches as part payment for the debentures. The debentures are convertible in full or in part into equity shares at par value. Debentures that have not been converted into equity shares prior to the redemption date shall be redeemed on the fifth anniversary of the date of allotment of such debentures. On October 3, 2007, Sterlite Energy sub-divided its shares and reduced the par value of its equity shares from Rs. 100 to Rs. 10. On November 5, 2007, we exercised our option to convert all the debentures into 600 million partly paid up equity shares of Sterlite Energy with a par value of Rs. 10 each. As the equity shares issued to us were partly paid up, Sterlite Energy subsequently made a call for, and we made payment of, the balance sum of Rs. 4,350 million ($ 85.5 million) as full payment for the entire par value of each equity share.

Sponsor Support Agreement Sterlite and Sterlite Energy

We entered into a sponsor support agreement on June 29, 2009 with Sterlite Energy and the State Bank of India, as facility agent, in connection with the Rs. 55,690 million ($ 1,094.3 million) term loan facility granted to Sterlite Energy by a syndicate of banks to finance its construction of a 2,400 MW thermal coal-based power facility in Jharsuguda in the State of Orissa. Under the sponsor support agreement, we undertook to, among other things, contribute Rs. 20,500 million ($ 402.8 million) to the capital of Sterlite Energy by subscribing for additional shares in order to ensure that Sterlite Energy s debt to equity ratio does not exceed 75:25 during the term of the facility, meet any project cost overruns by contributing additional capital or by providing or arranging for unsecured and subordinated loans to be made available to Sterlite Energy, retain control of Sterlite Energy until the loan is fully repaid, meet all export obligations as required under the Export Promotion of Capital Good Scheme, fund the development of the coal blocks in Rampia and Dip Side Rampia in the State of Orissa that were jointly allocated by the Ministry of Coal to Sterlite Energy and other companies, and in the event that Sterlite Energy is unable to timely discharge its obligations under the loan agreement due to the occurrence of certain events, to provide additional funds to Sterlite Energy in order to enable Sterlite Energy to meet those obligations. In addition, we agreed to indemnify the lenders, the security trustee and the facility agent against all losses and claims incurred by them as a result of any breach of the loan agreement by Sterlite Energy. Sterlite Energy has applied for cancellation of this facility and has received consent from a majority of the members of the consortium banks.

Conflicts of Interest and Allocations of Business Opportunities

From time to time, conflicts of interest have in the past and will in the future arise between us and our affiliates, including our controlling shareholder, Vedanta, and other companies controlled by Vedanta, our directors and our executive officers. See Item 3. Key Information D. Risk Factors Risks Relating to Our Relationship with Vedanta. With respect to transactions between us and our affiliates, directors and executive officers that involve conflicts of interests, we have in the past undertaken and will continue in the future to undertake such transactions in compliance with the rules for interested or related party transactions of the LSE on which Vedanta is listed, the NYSE on which our ADSs are listed and the NSE and BSE.

The rules applicable to LSE-listed companies, which would apply to transactions between us and the controlling shareholders of Vedanta, namely Volcan and the Agarwal family, require that the details of a related party transaction be notified to a regulatory information service and disclosed to the FSA as soon as possible after the terms of the transaction are agreed upon. There is also a requirement that a circular containing information about the related party transaction be sent to all shareholders and that their approval of the related party transaction be obtained either before the transaction is entered into or, if the transaction is conditional on shareholder approval, before the transaction is completed. The related party and its associates must be excluded from voting on the related party transactions. The requirement of shareholder approval does not apply to transactions where the gross assets of the transaction as a percentage of the gross assets of the listed company, the profits attributable to the assets of the transaction as a percentage of the profits of the listed company, the consideration for the transaction as a percentage of the aggregate market value of all the ordinary shares (excluding treasury shares) of the listed company and the gross capital of the company or business being acquired as a percentage of the gross capital of the listed company, does not exceed 5%. However, the listed company must, before entering into the related party transaction, inform the FSA of the details of the proposed related party transaction, provide the FSA with a written confirmation from an independent adviser acceptable to the FSA that the terms of the proposed related party transaction with the related party are fair and reasonable as far as the shareholders of the listed company are concerned and undertake in writing to the FSA to include details of the related party transaction in the listed company s next published annual accounts, including, if relevant, the identity of the related party, the value of the consideration for the transaction or arrangement and all other relevant circumstances. Related party transactions where all the above percentage ratios are 0.25% or less have no requirements under the rules applicable to LSE-listed companies. Where several separate transactions occur between a company and the same related party during a 12-month period, the transactions must be aggregated for the purpose of applying the percentage ratio tests.

As part of our listing with the NYSE, we were required to confirm to the NYSE that we will appropriately review and oversee related party transactions on an ongoing basis. These related party transactions include transactions between us and our controlling shareholder, Vedanta, and its affiliates. The NYSE reviews the public filings of its listed companies as to related party transactions. Under the rules of the NYSE, we are required to have an independent audit committee comprised entirely of independent directors. We have had an independent audit committee comprised entirely of independent directors since our ADS offering in June 2007. One of the functions of the independent audit committee is to review any related party transactions by us or any of our subsidiaries or affiliates. In addition, under the rules of the NYSE, we are required to obtain shareholder approval for any issuance of our equity shares, or securities convertible into or exercisable for our equity shares, to any related party, except that such approval would not be required for sales of our equity shares to our controlling shareholder or its affiliates in an amount not to exceed 5% of the number of our equity shares outstanding prior to such issuance and at a price equal to or greater than the higher of the book or market value of our equity shares.

Under the listing agreements we have entered into with the NSE and BSE, we are required to ensure that our disclosures in relation to material and significant related party transactions in our annual reports are in compliance with Indian GAAP. Specifically, we are required to place before the audit committee and publish in our annual reports a statement in summary form of the related party transactions entered into by us during the previous fiscal year, providing details of whether such transactions were undertaken in the ordinary course of business and details of material individual transactions with related parties or others which were not on an arm s length basis, together with our management s justification for such transactions. Under the listing agreements, our audit committee is required to review and discuss with the management the disclosures of any related party transactions, as defined under Indian GAAP, in our annual financial statements.

We also have used and will continue to use independent appraisers in appropriate circumstances to help determine the terms of related party transactions. We have had and will continue to have an audit committee comprised entirely of independent directors which is responsible for reviewing any related-party transaction by us or any of our subsidiaries or affiliates.

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We are continually seeking to identify and pursue business opportunities. However, Vedanta, as our controlling shareholder, has the power to determine in its sole discretion what corporate opportunities we may pursue and whether to pursue a corporate opportunity itself or through one of its other subsidiaries, which may benefit such companies instead of us and which could be detrimental to our interests. See Item 3. Key Information D. Risk Factors Risks Relating to Our Relationship with Vedanta Vedanta may decide to allocate business opportunities to other members of the Vedanta group instead of to us, which may have a material adverse effect on our business, results of operations, financial condition and prospects. Vedanta has in the past allocated and expects in the future to allocate corporate opportunities among itself and its various subsidiaries based on a number of factors, including the nature of the opportunity, the availability of funds at the relevant subsidiary to pursue the opportunity and which subsidiary it believes can most successfully take advantage of the opportunity.

C. Interest of Experts and Counsel

Not applicable

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Please see Item 18 for a list of the financial statements filed as part of this annual report.

Legal Proceedings

Except as described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which we are aware) which we believe could reasonably be expected to have a material adverse effect on our results of operations or financial position. See note 31 to our consolidated financial statements included elsewhere in this annual report for more information.

We have commenced proceedings against the Government of India which has disputed our exercise of the call option to purchase its remaining 49.0% ownership interest in BALCO.

Certain proceedings are ongoing before an arbitral tribunal constituted in accordance with the terms of the shareholders agreement between us and the Government of India with respect to our exercise of our call option to acquire the remaining shares of BALCO held by the Government of India. The claim amount is not presently quantifiable. A final award in the matter was pronounced on January 22, 2011. As per the award, clauses 5.3, 5.4 and 5.1(a) and 5.8 of the shareholders agreement were held to be void, ineffective and inoperative by virtue of being violative of sub section (2) of Section 111A of the Companies Act, 1956. We filed an application before the High Court of Delhi for setting aside the award under Section 34 of the Arbitration and Conciliation Act, 1996. This application is scheduled for hearing on August 6, 2012. See Item 4. Information on the Company B. Business Overview Our Business Options to Increase Interests in HZL and BALCO.

Appeal proceedings in the High Court of Bombay brought by SEBI to overrule a decision by the SAT that we have not violated regulations prohibiting fraudulent and unfair trading practices.

In April 2001, SEBI ordered prosecution proceedings to be brought against us, alleging that we have violated regulations prohibiting fraudulent and unfair trading practices and also passed an order prohibiting us from accessing the capital markets for a period of two years. This order of SEBI was overruled by the SAT on October 22, 2001 on the basis of lack of sufficient material evidence to establish that we had, directly or indirectly, engaged in market manipulation and that SEBI had exercised its jurisdiction incorrectly in prohibiting us from accessing the capital markets. On November 9, 2001, SEBI appealed to the High Court of Bombay. A hearing date has not been fixed. SEBI s order was based on its finding that we had manipulated the price of our shares in connection with our proposed acquisition of shares in Indian Aluminium Company Limited, or INDAL, and our proposed open offer to the shareholders of INDAL in 1998. SEBI also alleged that MALCO, our associate company, provided funds to an entity we allegedly controlled to enable its associate to purchase our shares, as part of a connected price manipulation exercise.

In addition to the civil proceedings, SEBI also initiated criminal proceedings before the Court of the Metropolitan Magistrate, Mumbai, against us, our present Non-Executive Chairman, Mr. Anil Agarwal and Mr. Tarun Jain, one of our directors until March 31, 2009, and the chief financial officer of MALCO at the time of the alleged price manipulation. When SEBI s order was overturned in October 2001, we filed a petition before the High Court of Bombay to quash those

criminal proceedings on the grounds that the SAT had overruled SEBI s order on price manipulation. An order was passed by the High Court of Bombay in our favor, granting an interim stay of the criminal proceedings. The proceedings before the Court of the Metropolitan Magistrate, Mumbai is currently pending and is scheduled for hearing on July 17, 2012. The petition filed by us before the High Court of Bombay is also pending with the next date of hearing yet to be fixed.

Proceedings against directors and employees of BALCO

Criminal Proceedings have been initiated by Mr. Ajay Padia before the Court of the Judicial Magistrate First Class, Pune (Judicial Magistrate) against Mr Anil Agarwal, Mr Navin Agarwal, Mr Tarun Jain and certain of our other ex-directors and employees in 2002 stating that an assurance that was given by the said directors that all sums of money owed to him for the damaged material supplied by BALCO was not honored. The Judicial Magistrate directed the police to investigate the matter. In 2003, the police after conducting their investigation, recorded the statements of the directors and gave a report to the Judicial Magistrate that the matter is of civil nature. However, in 2007, Mr. Ajay Padia again filed an application in the Judicial Magistrate alleging that the police have not investigated the matter properly. The Judicial Magistrate issued summons to the directors and employees. On receipt of the summons, an application under Section 482 of the Criminal Procedure Code was filed in the High Court of Bombay for quashing the proceedings in the Judicial Magistrate and disposed the matter directing that alternative remedies were available before the Session Court, Pune, which was the appropriate court. Consequently an application was filed before the Session Court, which sought the records of the JMFC. After exercising the alternative remedy suggested by the Judicial magistrate, the said directors approached the High Court of Bombay which stayed the proceedings of the Judicial Magistrate and the application was listed for disposal. The next date of hearing has not been fixed.

Penalties levied on us and certain of our directors by the Enforcement Directorate

The Enforcement Directorate levied penalties on us and certain of our directors aggregating to Rs. 347 million ($ 7.1 million). This is based on an allegation that we and our other group companies invested an amount of $ 49 million into the Company and MALCO through Twinstar without the permission of the Reserve Bank of India. We submitted that Twinstar obtained the requisite approvals from the Foreign Investment Promotion Board for various investments.

We appealed against this order of the Enforcement Directorate to the Appellate Tribunal for Foreign Exchange seeking waiver of the deposit amount, which is equal to 100% of the penalty levied , which was allowed by the tribunal. The Enforcement Directorate appealed against this decision of the tribunal to the High Court of Delhi, which remanded the matter back to the tribunal to consider the issue afresh. The next date of hearing is scheduled for July 10, 2012.

We are involved in certain litigation seeking cancellation of permits and environmental approval for the alleged violation of certain air, water and hazardous waste management regulations at our Tuticorin plant.

Various writ petitions were filed before the High Court of Madras between 1996 and 1998 by various non-governmental organisations such as The National Trust for Clean Environment political parties and some private citizens alleging, among other things, that sulphur dioxide emissions from our copper smelting operations at Tuticorin are causing air and water pollution and hazardous waste resulting in damage to the marine ecosystem and the lives of people living in and around Tuticorin.

On September 28, 2010, the High Court of Madras ordered the closure of our copper smelting plant at Tuticorin and following our application to the Supreme Court of India against the order of the High Court of Madras, the Supreme Court stayed the order until further notice. The Supreme Court directed the Tamil Nadu Pollution Control Board, National Environmental Engineering Research Institute and the Central Pollution Control Board to implement certain measures for the improvement of the copper smelter unit at Tuticorin. The copper smelter unit is in the process of complying with such measures and the matter is scheduled for hearing in the fourth week of August, 2012. The stay order granted by the Supreme Court is in effect and the copper smelter plant at Tuticorin continues to operate at rated capacity.

Further, another writ petition was filed in December 2009 in the High Court of Madras challenging the grant of environmental clearance for the expansion of our copper smelting unit at Tuticorin. The writ petition is scheduled for hearing in the second week of June, 2012.

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Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium s refinery in Lanjigarh and related mining operations in Niyamgiri Hills.

One petition was filed before the High Court of Orissa challenging the construction of Vedanta Aluminium s refinery in Lanjigarh and related mining operations in Niyamgiri hills, but the same was kept in abeyance as the case containing the same issues were heard simultaneously by the Supreme Court, therefore after the Supreme Court order dated August 8, 2008, the said petition has become ineffective.

Certain non-governmental organizations and an individual filed applications in the Supreme Court of India, in 2004 challenging construction and mining operations on the ground that the construction of mines surrounding the Niyamgiri hills endangers the life and habitat of wild life and the tribal community in that area. A Central Empowered Committee, set up by the Supreme Court of India, issued a report expressing the view that the MoEF should not have permitted the project before undertaking an in-depth study about the ecological effects of the proposed bauxite mine surrounding the Niyamgiri Hills and that the project would result in the displacement of indigenous tribes.

The Supreme Court, passed an order which provided that if the State of Orissa, Orissa Mining Corporation and we jointly agree to the rehabilitation package proposed by the court, and we notify the court that we are agreeable to the package, the court may consider granting clearance to the project. The MoEF granted us the environmental clearance for the mining of bauxite. After the grant of environmental clearance, certain groups of persons and individuals have filed an appeal challenging the grant of the environmental clearance before the National Environment Appellate Authority (NEAA) on the same issues which were raised during hearing in Supreme Court. The NEAA dismissed the appeals and has refused to consider the issues already considered in the Supreme Court under the principle of *res judicata* and pursuant to the NEAA order, additional conditions, may be imposed by the MoEF for the environmental clearance, which remains inoperable for the time being, until the MoEF reconsiders the matter.

The MoEF on August 24, 2010 rejected the forest clearance for the Niyamgiri Mines to Orissa Mining Corporation , which is one of the sources of supply of Bauxite to Vedanta Aluminium. Against this order of the MoEF, Orissa Mining Corporation filed a writ petition in the Supreme Court on October 24, 2010. In the meantime, the MoEF by its order dated July 11, 2011, cancelled the environmental clearance granted to the Orissa Mining Corporation for its Niyamgiri mines. The Orissa Mining Corporation has filed an application in the Supreme Court against this order of the MoEF on August 1, 2011. The next date of hearing for both the writ petition and application are not yet fixed.

The MoEF has also directed Vedanta Aluminium to maintain status quo on the expansion of its refinery on October 20, 2010. Against this order, Vedanta Aluminium filed a writ petition in the High Court of Orissa and the court dismissed the writ. Vedanta Aluminium made an application to the MoEF to reconsider the grant of the environmental clearance for its alumina refinery. The MoEF by its letter dated February 2, 2012, issued fresh terms of reference to Vedanta Aluminium for preparation of the Environment Impact Assessment (EIA) report which is required to be submitted to the Orissa Pollution Control Board for public hearing and after incorporation of the response, submit the final EIA report to the MoEF for environment clearance. Vedanta Aluminium submitted the EIA report to the Orissa Pollution Control Board and the public hearing has been kept on hold on the direction of the MoEF. Vedanta Aluminium is pursuing the matter with the state government.

BALCO is involved in various litigations in relation to the alleged encroachment of land on which the Korba smelter is situated and the State Government of Chhattisgarh has issued notices to BALCO alleging that BALCO had encroached on state-owned land.

BALCO has occupied certain land on which the Korba smelter is situated since its establishment, which is the subject matter of a dispute for alleged encroachment by BALCO on government owned land, among others. BALCO petitioned the High Court of Chhattisgarh in 1996 to direct the State Government of Chhattisgarh to execute a lease deed in respect of this land in BALCO s favor. The High Court of Chhattisgarh passed an interim order in 2004 directing that the State Government of Chhattisgarh take no action against BALCO. In 2005, in response to several show cause notices issued against BALCO alleging encroachment of government land, BALCO filed an amendment petition with the High Court of Chhattisgarh seeking to quash these show cause notices. The High Court of Chhattisgarh directed that the status quo be maintained and that BALCO should not engage in any deforestation activities on the land until the next hearing date, which has not yet been determined. By clarificatory order dated July 2, 2007, the High Court of Chhattisgarh directed that BALCO may continue construction and engage in deforestation activities after receipt of the requisite environmental approvals.

BALCO has no formal lease deed in relation to this land. BALCO is engaged in a dispute with the State Government of Chhattisgarh regarding alleged encroachment on state-owned land at its Korba smelter. On February 6, 2009, the High

Court of Chhattisgarh held that BALCO is in legal possession of the land and is required to pay premium and rent on the land according to the rates offered by the Government of Chhattisgarh in 1968. The State Government of Chhattisgarh has challenged this order in an appeal before the High Court of Chhattisgarh. By an order dated February 25, 2010, the High Court of Chhattisgarh dismissed the appeal. The dispute of encroachment, premium and rent has been decided and the State Government of Chhattisgarh has decided to issue a lease deed in favour of BALCO once the dispute on forest land presently pending before the Supreme Court is decided.

A public interest writ petition has been filed by Sarthak, a non-governmental organisation before the Supreme Court of India alleging encroachment by BALCO over the land on which the Korba smelter is situated. It alleges that the land is classified as forest land and belongs to the State Government of Chhattisgarh and that BALCO has engaged in illegal felling of trees on that land. The Supreme Court of India has directed the petition to be listed before the Forest Bench of the Supreme Court of India. The Forest Bench has directed the CEC to submit a report on the petition. The CEC submitted a report on the petition to the Supreme Court of India on October 17, 2007, recommending that BALCO be directed to seek ex-post facto approval under the Forest Act for the allotment and non forestry use of the land in possession.

The matter was heard on April 23, 2010 for an interim application by BALCO for clearing the expansion on the land area limited to its proposed expansion. On April 23, 2010, pursuant to a contempt application filed by the petitioners alleging felling of trees, the Supreme Court directed CEC to examine the same and submit its report. The CEC has concluded its examination and is due to submit its report to the Supreme Court. In order to expedite the proceedings BALCO filed an application in the Supreme Court seeking direction to pay without prejudice the net present value on forest land as per the recommendation of the CEC made in 2007. This application was listed on May 7, 2012 on which date the CEC sought four weeks time to submit its report on the contempt application.

In the event that the judgment of the Supreme Court is held against BALCO, BALCO may be required to pay the net present value of the land in question to convert the forest land to non-forest use. The maximum amount payable, based on the highest prescribed rate, is approximately Rs. 63.9 million ($ 1.23 million).

Demand against BALCO for electricity duty

We received a notice on February , 2010 from the Chief Electrical Inspector, Government of Chhattisgarh demanding that BALCO is required to pay Rs. 2,404.3 million ($ 47.2 million) from 2004 to 2009, towards duty on electricity for the generation of power by BALCO s 540 MW power plant. It alleged that BALCO did not submit the eligibility certificate required for exemption from payment of electricity duty. The state level committee recommended that an eligibility certificate be issued to us that will exempt us from paying duty on electricity. However, the directorate of industry issued the eligibility certificate only for our aluminum smelter and not for the power plant as it is diversified. We are currently pursuing this matter with the Government of Chhattisgarh to issue the eligibility certificate for both the aluminum smelter and the power plant at BALCO.

Claim against HZL for environment and health cess

HZL has filed an application before the Supreme Court in January 2012 against the judgment of the High Court of Rajasthan which held the Finance Act, 2008 imposing levy of cess on mineral as being constitutionally valid. An amount of Rs.80 per metric ton of ore produced would be attracted from the Finance Act 2008 if it is held to be valid. The Supreme Court has issued notice in the application and a notice on application for stay. Further direction has been issued on March 23, 2012 not to take any coercive action against the company for recovery of cess. The matter is still pending and is not yet listed for hearing.

Asarco has commenced proceedings against Sterlite and Sterlite USA in the US Bankruptcy Court claiming breach of our May 2008 Agreement.

On March 17, 2010, Asarco filed a complaint in the U.S. Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, against us and Sterlite USA alleging that we and Sterlite USA had breached an agreement dated May 30, 2008 (May 2008 Agreement) by, among other things, refusing to pay the $ 2.6 billion purchase price and refusing to assume the liabilities and contractual obligations as allegedly required under the May 2008 Agreement. Asarco is seeking to recover from us and Sterlite USA the damages allegedly suffered by it, as a result of the alleged breach and certain other amounts, including costs associated with Asarco s efforts to complete their reorganization and costs, disbursements and attorney s fees in connection with the proceedings. Asarco has claimed these damages to be in the range of $ 533 million to $ 1,509 million and has also claimed applicable pre-judgment interest.

The May 2008 Agreement was only a stalking horse bid, the consummation of which was subject to various approvals from creditors of Asarco s estate, the U.S. Bankruptcy Court and competition from any other bidders. The reorganization plan proposed by Asarco s parent companies (Parent Plan) was finally approved by the U.S. District Court on November 13, 2009 and was consummated. It paid all the creditors in full along with interest and provided substantial benefits to the equity holders. The Parent Plan provided for a cash contribution of $ 2.205 billion to the estate of Asarco, a promissory note of $ 280 million to the trust set up for the benefit of asbestos claimants, assumption of certain liabilities and waiver of certain claims against Asarco. Asarco s estate also provided substantial tax benefits to the equity holders. Asarco disclosed in the joint disclosure statement filed by it during the bankruptcy proceedings, in its view that the recovery, if, any, against such potential claims may be approximately $ 100 million.

Further, Asarco terminated the agreement it entered with us on March 6, 2009 (the March 2009 Agreement). This agreement superseded the May 2008 Agreement in its entirety. The March 2009 Agreement provided for the settlement and release of any potential claims against us arising out of the May 2008 Agreement. Asarco drew the $ 50 million provided as deposit under this agreement. We filed an application to the U.S. Bankruptcy Court for the return of the $ 50 million drawn by Asarco which was subsequently rejected.

The trial on Asarco s complaint and our application was completed on August 17, 2011. The U.S. Bankruptcy Court, by its order dated February 27, 2012 ruled that Asarco is entitled to a gross amount of $ 132.75 million in incidental damages. This amount shall be reduced by $ 50 million drawn by Asarco under the March 2009 Agreement, making Asarco entitled for a net amount of $ 82.75 million. We and Asarco have filed a notice of appeal against this judgment. Additionally, Asarco filed a motion seeking pre-judgement interest on the incidental damages and for reimbursement of legal fees and expenses of $ 37 million. The U.S. Bankruptcy Court rejected Asarco s motion for $ 37 million. We have provided for the amount of Rs. 4,233 million ($ 83.2 million) in our consolidated statement of income as part of our administration expenses for fiscal 2012.

Central Excise

The Central Excise department of the Government of India has issued in July 2010 an ex-parte notice for reversal of Cenvat credit of Rs. 3,150 million along with interest of Rs. 88 million for the non compliance of Rules 4(5a) and 4(6) of the Cenvat Credit Rules, in respect of non-return of work challans for the period March 1, 2009 to September 30, 2009 within a stipulated time. In addition, it also alleged that we violated the Advance license conditions from 2005 to 2009. We filed four writ petitions WP No. 8123, 8135, 9744 and 9755 in 2010 in the High Court of Madras against the Central Excise department. An associated contempt petition was also filed by us. All the above petitions were heard on July 29, 2010 and the High Court of Madras in relation to WP No. 8123 remanded the matter to be heard and determined afresh by a new set of officers of the Central Excise department. The High Court of Madras granted a stay in relation to WP No. 8135 till a fresh enquiry was made. Further, the High Court of Madras disposed WP No. 9744, 9755 and the contempt petition.

The Central Excise department deputed the Assistant Commissioner of Central Excise to conduct an enquiry for the alleged non-compliance of Rules 4(5a) and 4(6) of the Cenvat Credit Rules in respect of non-return of job work challans. The Assistant Commissioner of Central Excise served a show cause notice on September 9, 2011. We filed a reply before the Assistant commissioner of Central Excise. After conducting personal hearing Assistant Commissioner of Central Excise has passed a favorable order on January 1, 2012 and dropped the demand for duty and interest.

We have filed two writ appeals WP No. 704 and 705 of 2011 in the High Court of Madras challenging the orders passed with respect to the writ petitions 8135 and 9744 of 2010. The writ petitions were admitted on August 1, 2011 and the court directed other party to maintain status quo. These matters came up for hearing on August 29, 2011. The matter has been adjourned for hearing for four weeks after September 12, 2011. The appeals have been adjourned from time to time and have not been listed till date. The interim order has been extended till then. We understand that the Central Excise department after completing its investigations, has sent the draft show cause notice to the Commissioner of Customs, Tuticorin for issuing the same to us. However, till date, the Commissioner of Customs, Tuticorin has not served any notice on the subject matter but has referred the matter to Ministry of Law for their advice on whether department can proceed to issue a show cause notice in this situation or needs to wait for directions of the High Court of Madras. The Commissioner of Customs, Tuticorin has filed an application for impleading the customs department and the High Court of Madras has allowed the same.

Certain of our subsidiaries have been named in legal actions by third party claimants and by Indian sales tax, excise and related tax authorities for additional sales tax, excise and indirect duties.

Certain of our subsidiaries have been named as parties to legal actions where the claims primarily relate to either the assessable values of sales and purchases or to incomplete documentation supporting our tax returns. We have ongoing disputes with income tax authorities relating to the tax treatment of certain items. The total claims on account of the disputes with sales tax, excise and related tax authorities is Rs. 8,144 million ($ 160.0 million), of which Rs. 212 million ($ 4.2 million) has been recorded as current liabilities as of March 31, 2012. The claims by third party claimants amounted to Rs. 3,028 million ($ 59.50 million) as of March 31, 2012. We have not recorded any of these claims as current liabilities.

Dividend Policy

Under Indian law, a company declares dividends (including interim dividends) upon a recommendation by its board of directors and approval by a majority of the shareholders at the annual general meeting of shareholders held within six months of the end of each fiscal year. However, while final dividends can be paid out by a company only after such dividends have been recommended by the board of directors and approved by shareholders, interim dividends can be paid out with only a recommendation by the board of directors, though such action is subject to subsequent sanction by the shareholders at the annual general meeting held within six months from the end of the fiscal year. The shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.

Under Indian law, a company is allowed to pay dividends (including interim dividends), in excess of 10.0% of its paid-up capital in any year from profits for that year only if it transfers a specified percentage of the profits of that year to reserves. We make such transfers for any dividends we pay to general reserves.

If profits for that year are insufficient to declare dividends (including interim dividends), the dividends for that year may be declared and paid out from accumulated profits on the following conditions:

- the rate of dividend to be declared shall not exceed the average of the rates at which dividends were declared in the five years immediately preceding that year or 10.0% of our paid-up share capital, whichever is less;

- the total amount to be drawn from the accumulated profits earned in previous years and transferred to the reserves shall not exceed an amount equal to one-tenth of the sum of our paid-up share capital and net reserves, and the amount so drawn shall first be utilized to set off the losses incurred in the financial year before any dividend in respect of preference or equity share is declared; and

- the balance of the reserves after such withdrawal shall not fall below 15.0% of our paid-up share capital.

Dividends (including interim dividends) must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. We must transfer any money which remains unpaid or unclaimed for seven years from the date of such transfer to the Investor Education and Protection Fund established by the Government of India.

The tax rates imposed on us in respect of dividends paid in prior periods have varied. Currently, the effective tax rate on dividends is 16.2%, which is a direct tax paid by us. Taxes on dividends are not payable by our shareholders and are not withheld or deducted from the dividend payments set forth above. Under Section 115 O (1A) of the Finance Act, 2009, effective April 1, 2009, an Indian company, subject to certain conditions, can set off the dividend income received from its subsidiaries against the amount of dividend income declared by it to its shareholders, therefore reducing the dividend distribution tax to the extent of such set-off.

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Future dividends will depend on our revenue, cash flows, financial condition (including capital position) and other factors. ADS holders will be entitled to receive dividends payable in respect of the equity shares represented by ADSs. Cash dividends in respect of the equity shares represented by your ADSs will be paid to the depositary in Indian Rupees and, except as otherwise described under the deposit agreement governing the issuance of our ADSs, will be converted by the depositary into dollars. The depositary will distribute these proceeds to you. The equity shares represented by ADSs will rank equally with all other equity shares in respect of dividends. ADS holders will bear all of the currency exchange rate risk of the conversion of any dividends from Indian Rupees to dollars, and a decline in the value of the Indian Rupee as compared to the dollar would reduce the dollar value of any dividends we pay that are received by ADS holders.

B. Significant Changes

There has been no significant subsequent event following the close of the last financial year up to the date of this annual report that are known to us and require disclosure in this annual report for which disclosure was not made in this annual report.

ITEM 9. THE OFFER AND LISTING
A. Offer and Listing Details

Our ADSs evidenced by American Depositary Receipts, or ADRs, commenced trading on the NYSE, on June 20, 2007 at an initial offering price of $ 13.44 per ADS. The ADRs evidencing ADSs were issued by our depositary, Citibank, N.A., pursuant to a deposit agreement.

In July 2009, in connection with offering of ADS, each representing one equity share of par value Rs. 2, we issued 131,906,011 new equity shares in the form of ADSs, at a price of $ 12.15 per ADS, aggregating approximately $ 1,602.7 million. Out of 131,906,011 equity shares, 41,152,263 equity shares were issued to our parent company, Twin Star Holdings Limited, which is a wholly-owned subsidiary of Vedanta.

As of March 31, 2012, 3,361,207,534 of our equity shares were outstanding (including the 418,419,208 equity shares underlying our 104,604,802 ADSs outstanding as of such date) after giving effect to the bonus issue and share split. All our equity shares are registered shares.

Our outstanding equity shares are currently listed and traded on the NSE and BSE. For information regarding conditions in the Indian securities markets, see Item 3. Key Information D. Risk Factors Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations. Our equity shares were previously listed on the Calcutta Stock Exchange Association Limited and were voluntarily delisted on May 9, 2008.

The following table shows:

- the reported high and low trading prices for our ADSs on the NYSE;

- the imputed high and low trading prices for our equity shares, translated into US dollars, based on the Indian Rupee prices for such equity shares as quoted in the official list of each of the NSE and BSE and the noon buying rate of the Federal Reserve Bank of New York on the last business day of each period presented; and

- the average of the aggregate trading volume of our ADSs on the NYSE and our equity shares on the NSE and BSE, all as adjusted to reflect the five-for-two stock split on May 5, 2006.

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	NYSE Price Per ADS High	NYSE Price Per ADS Low	Average NYSE Daily ADS Trading Volume	NSE Price Per Equity Share High	NSE Price Per Equity Share Low	Average NSE Daily Equity Share Trading Volume	BSE Price Per Equity Share High	BSE Price Per Equity Share Low	Average BSE Daily Equity Share Trading Volume
Fiscal Year									
2005	$	$		$ 7.45	$ 3.48	27,633	$ 7.44	$ 3.06	32,489
2006				15.90	5.00	91,999	15.91	5.14	46,686
2007				27.28	5.96	1,936,458	27.38	6.00	744,241
2008(1)	28.97	11.12	1,807,316	29.18	10.23	1,443,249	28.73	10.23	331,833
2009	23.00	3.12	1,227,508	23.06	3.40	2,420,215	22.24	3.39	746,960
2010	20.10	6.70	1,930,177	18.40	7.71	2,979,722	18.38	7.69	663,956
2011	19.92	12.58	1,317,081	18.72	3.38	5,627,526	18.78	3.38	1,149,373
2012(2)(3)	16.60	6.64	1,161,246	4.28	1.64	6,479,436	4.27	1.63	994,973
2013(3)	8.92	7.02	860,703	2.24	1.74	4,834,983	2.24	1.74	674,175
2011									
1st Quarter	19.92	12.58	1,664,289	18.72	3.72	3,423,256	18.78	3.70	828,882
2nd Quarter	15.79	15.49	5,638,200	3.85	3.34	3,170,237	3.83	3.34	1,830,019
3rd Quarter	17.39	16.87	3,448,100	4.18	3.58	936,820	4.18	3.59	1,024,561
4th Quarter	17.29	17.10	2,114,900	4.27	3.41	1,597,000	4.27	3.43	890,293
2012									
1st Quarter	16.60	16.34	1,264,300	4.19	3.41	1,828,526	4.18	3.41	555,187
2nd Quarter	15.60	9.21	1,306,044	4.00	2.30	5,305,204	4.00	2.30	823,060
3rd Quarter	10.91	6.64	1,234,576	2.81	1.64	5,849,947	2.80	1.63	1,053,930
4th Quarter	10.84	10.65	4,449,500	2.81	1.68	10,430,748	2.81	1.67	1,537,814
2013									
1st Quarter(2)	8.92	7.02	860,703	2.24	1.74	4,834,983	2.24	1.74	674,175
Last six months(3)	10.29	7.64	1,095,567	2.57	1.88	5,118,717	2.57	1.88	945,800
November 2011									
December 2011	8.55	6.64	1,189,171	2.15	1.64	5,973,210	2.15	1.63	1,185,948
January 2012	9.82	7.06	1,141,870	2.46	1.68	7,362,388	2.45	1.67	1,231,096
February 2012	10.84	9.28	1,759,080	2.81	2.28	16,013,004	2.81	2.28	2,398,418
March 2012	10.10	8.27	1,211,541	2.54	2.07	8,424,330	2.54	2.09	1,062,164
April 2012	8.92	7.87	916,505	2.24	1.95	5,015,720	2.24	1.96	722,097

Notes:

(1) From June 20, 2007 for trading prices for our ADSs on the NYSE.
(2) Through May 11, 2012.
(3) Post split and bonus, with effect from June 25, 2010.

B. Plan of Distribution

Not applicable

C. Markets

Our ADSs are listed on the NYSE under the symbol SLT . Equity shares are listed in the Bombay Stock Exchange with stock code 500900 and in National Stock exchange with stock code STER/EQ.

D. Selling Shareholders

Not applicable

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E. Dilution

Not applicable

F. Expenses of the Issue

Not applicable

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable

B. Memorandum and Articles of Association

General

We were incorporated in Kolkata, the State of West Bengal, India, as a public company on September 8, 1975 as Rainbow Investment Limited. Our name was subsequently changed to Sterlite Cables Limited on October 19, 1976 and finally to Sterlite Industries (India) Limited on February 28, 1986. Our company identification number is L65990TN1975PLC062634. Our registered office is presently situated in the State of Tamil Nadu at SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin, State of Tamil Nadu 628 002, India.

Our register of members is maintained at our registered office.

Our activities are regulated by our Memorandum and Articles of Association. Our current Memorandum and Articles of Association were recently amended by a special resolution of our shareholders passed in December 2007. In addition to our Memorandum and Articles of Association, our activities are regulated by certain legislation, including the Indian Companies Act, the SCRA and the Securities Contracts (Regulation) Rules, 1957, as amended, or the SCR Rules.

Our Memorandum of Association permits us to engage in a wide variety of activities, including all of the activities that we are currently engaged in or intend to be engaged in, as well as other activities that we currently have no intention of engaging in. Our objects are set out at clause 3 of our Memorandum of Association.

Share Capital

Our authorized share capital has been increased from Rs 1,850 million (925 million equity shares of par value Rs 2 each) to Rs. 5,000 million, divided into 5,000 million equity shares of par value Rs. 1 per equity share. As of March 31, 2012 our issued share capital was Rs. 3,361.21 million, divided into 3,361,207,534 equity shares of par value Re. 1 per equity share.

As of March 31, 2012, 3,361,207,534 equity shares, par value Re. 1 per equity share, were issued and outstanding, of which 418,419,208 equity shares were held in the form of 104,604,802 ADSs. Each ADS represents four equity share.

On October 29, 2009, we completed an offering of $ 500 million aggregate principal amount of convertible senior notes (Convertible Notes). The Convertible Notes are convertible into ADSs at an initial conversion price of approximately $ 23.33 per ADS, subject to adjustment in certain events. The Convertible Notes have a maturity date of October 30, 2014 and bears interest at the rate of 4.0% per annum. As of March 31, 2012, 500,000 Convertible Notes were outstanding.

Changes in Capital or our Memorandum of Association and Articles of Association

Subject to the Indian Companies Act and our Articles of Association, we may, by passing an ordinary resolution or a special resolution, as applicable, at a general meeting or through postal ballot:

increase our authorized or paid up share capital;

consolidate all or any part of our shares into a smaller number of shares each with a larger par value;

split all or any part of our shares into a larger number of shares each with a smaller par value;

convert any of our paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination;

cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorized share capital by the amount of the shares so cancelled;

reduce our issued share capital; or

alter our Memorandum of Association or Articles of Association.

Directors

Under our Articles of Association, a director is not required to hold any qualification shares. There is no age limit requirement for the retirement of the directors.

Any director who is directly or indirectly interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by us or on our behalf is required to disclose the nature of his interest at a meeting of the board of directors and such interested director shall not participate in any discussion of, or vote on, any contract, arrangement or proposal in which he is interested. In addition, we are prohibited from making loans, directly or indirectly, or providing any guarantee or security, directly or indirectly, in connection with any loans made by a third party, to our directors without the prior approval of the Central Government.

General Meetings of Shareholders

There are two types of general meetings of shareholders, an annual general meeting and an extraordinary general meeting. We must convene our annual general meeting within six months of the end of each financial year and must ensure that the intervening period between two annual general meetings does not exceed 15 months. The Registrar of Companies may extend this period in special circumstances at our request. Extraordinary general meetings may be convened at any time by our directors at their discretion or at the request of our shareholders holding in the aggregate not less than 10.0% of our paid-up capital. A notice in writing to convene a general meeting must set out the date, time, place and agenda of the meeting and must be provided to shareholders at least 21 days prior to the date of the proposed meeting. The requirement of the 21 days notice in writing may be waived if consent to shorter notice is received from all shareholders entitled to vote at the annual general meeting or, in the case of an extraordinary general meeting, from shareholders holding not less than 95.0% of our paid-up capital. General meetings are generally held at our registered office. Business may be transacted at a general meeting only when a quorum of shareholders is present. Five persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorized representative of a corporation which is a member, will constitute a quorum.

The annual general meetings deal with and dispose of all matters prescribed by our Articles of Association and by the Indian Companies Act, including the following:

the consideration of our annual financial statements and report of our directors and auditors;

the election of directors;

the appointment of auditors and the fixing of their remuneration;

- the authorization of dividends; and

- the transaction of any other business of which notice has been given.

Division of Shares

The Indian Companies Act provides that a company may sub-divide its share capital if its Articles of Association authorize the company to do so by adopting an ordinary resolution in its general meeting.

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Our Articles of Association allow us in a general meeting to alter our Memorandum of Association and subdivide all or any of our equity shares into a larger number of shares with a smaller par value than originally fixed by the Memorandum of Association.

Voting Rights

Subject to any special terms as to voting on which any shares may have been issued, every shareholder entitled to vote who is present in person (including any corporation present by its duly authorized representative) shall on a show of hands have one vote and every shareholder present in person or by proxy shall on a poll have one vote for each share of which he is the holder. In the case of joint holders, only one of them may vote and in the absence of election as to who is to vote, the vote of the senior of the joint holders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names appear in the register of members.

Voting is by show of hands unless a poll is ordered by the chairman of the meeting, who is generally the chairman of our board of directors but may be another director or other person selected by our board or the shareholders present at the meeting in the absence of the chairman, or demanded by a shareholder or shareholders holding at least 10% of the voting rights or holding paid-up capital of at least Rs. 50,000 (i.e. 50,000 shares of Rs. 1 each). Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy shall be proportionate to the capital paid-up on each share against our total paid-up capital. In the case of a tie vote, the chairman of the meeting, who is generally the chairman of our board of directors, has the right to cast a tie-breaking vote.

A shareholder may appoint any person (whether or not a shareholder) to act as his proxy to vote on a poll at any meeting of shareholders (or of any class of shareholders) in respect of all or a particular number of the shares held by him. A shareholder may appoint more than one person to act as his proxy and each such person shall act as proxy for the shareholder for the number of shares specified in the instrument appointing the person a proxy. The instrument appointing a proxy must be delivered to our registered office at least 48 hours prior to the meeting or in case of a poll, not less than 24 hours before the time appointed for taking of the poll. If a shareholder appoints more than one person to act as his proxy, each instrument appointing a proxy shall specify the number of shares held by the shareholder for which the relevant person is appointed as his proxy. A proxy does not have a right to speak at meetings. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. Such a representative is not considered a proxy and he has the same rights as the shareholder by which he was appointed to speak at a meeting and vote at a meeting in respect of the number of shares held by the shareholder, including on a show of hands and a poll.

Subject to the Articles of Association and the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, as amended, the Indian Companies Act allows a public company to issue shares with different rights as to dividend, voting or otherwise, provided that it has distributable profits as specified under the Indian Companies Act for a period of three financial years immediately preceding the issue of such shares and has filed its annual accounts and annual returns for the immediately preceding three years.

Quorum

Our Articles of Association provide that a quorum for a general meeting is at least five shareholders entitled to vote and present in person.

Shareholder Resolutions

An ordinary resolution requires the affirmative vote of a majority of our shareholders entitled to vote in person or by proxy at a general meeting.

A special resolution requires the affirmative vote of not less than three-fourths of our shareholders entitled to vote in person or by proxy at a general meeting and casting a vote. The Indian Companies Act provides that to amend the Articles of Association, a special resolution approving such an amendment must be passed in a general meeting. Certain amendments, including a change in the name of the company, reduction of share capital, approval of variation of rights of special classes of shares and dissolution of the company require a special resolution.

Further, the Indian Companies Act requires certain resolutions such as those listed below to be voted on only by a postal ballot:

amendments of the memorandum of association to alter the objects of the company and to change the registered office of the company under Section 146 of the Indian Companies Act;

alteration of the articles of association in relation to insertion of provisions defining private company;

the issue of shares with differential rights with respect to voting, dividend or otherwise;

the sale of the whole or substantially the whole of an undertaking of the company;

providing loans, extending guarantees or providing a security in excess of the limits prescribed under Section 372A of the Indian Companies Act;

varying the rights of the holders of any class of shares or debentures or other securities;

the election of a director by minority shareholders; and

the buy-back of shares.

Dividends

Under the Indian Companies Act, unless the board of directors recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. The board of directors may also declare interim dividends that do not need to be approved by the shareholders. A company pays dividends recommended by the board of directors and approved by a majority of the shareholders at the annual general meeting of shareholders held within six months of the end of each fiscal year. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Pursuant to a recent amendment to the listing agreement, listed companies are required to declare and disclose the dividends paid on a per share basis only. The dividend recommended by the board of directors and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid up value of their equity shares. The Indian Companies Act provides that shares of a company of the same class must receive equal dividend treatment. Dividends can only be paid in cash to the registered shareholder at a record date fixed on or prior to the annual general meeting or to his order or his banker s order. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of such shareholder s shares is outstanding.

These distributions and payments are required to be paid to shareholders within 30 days of the annual general meeting where the resolution for declaration of dividends is approved. The dividend so declared is required to be deposited in a separate bank account within a period of five days from the date of declaration of such dividend. All dividends unpaid or unclaimed within a period of 30 days from the date of declaration of such dividend must be transferred within seven days of the end of such period to a special unpaid dividend account held at a scheduled bank. Any dividend which remains unpaid or unclaimed for a period of seven years from the date of the transfer to a scheduled bank must be transferred to the Investor Education and Protection Fund established by the Government of India and following such transfer, no claim shall lie against the company or the Investor Education and Protection Fund. Under the Indian Companies Act, dividends in respect of a fiscal year may be paid out of the profits of a company in that fiscal year or out of the undistributed profits of previous fiscal years or both, after providing for depreciation in a manner provided for in the Indian Companies Act.

Under the Indian Companies Act, we are only allowed to pay dividends in excess of 10.0% of our paid-up capital in respect of any fiscal year from our profits for that year after we have transferred to our reserves a percentage of our profits for that year ranging between 2.5% to 10.0% depending on the rate of dividend proposed to be declared in that year in accordance with the Companies (Transfer of Profits to Reserves) Rules, 1975. Reserves are defined in the Guidance Note on Terms Used in Financial Statements issued by the Institute of Chartered Accountants of India as the portion of earnings, receipts or other surpluses of an enterprise (whether capital or revenue) appropriated by the management for a general or specific purpose other than a provision for depreciation or diminution in the value of assets or for a known liability. The Indian Companies Act and the Companies (Declaration of Dividend out of Reserves) Rules, 1975 provide that if profits for that year are insufficient to declare dividends, the dividends for that year may be declared and paid out from our accumulated profits transferred by us to our reserves, subject to the following conditions:

- the rate of dividend to be declared shall not exceed the lesser of 10.0% of our paid-up capital or the average of the rates at which dividends were declared in the five years immediately preceding that year;

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- the total amount to be drawn from the accumulated profits may not exceed 10.0% of the sum of our paid-up capital and free reserves and any amount so drawn shall first be used to set off any losses incurred in that financial year; and

- the balance of our reserves following such withdrawal shall not fall below 15.0% of our paid-up capital.

Distribution of Assets on a Winding-up

In accordance with the Indian Companies Act, all surplus assets remaining after payments are made to employees, statutory creditors, tax and revenue authorities, secured and unsecured creditors and the holders of any preference shares (though not in that order), shall be distributed among our equity shareholders in proportion to the amount paid up or credited as paid-up on such shares at the commencement of the winding-up.

Transfer of Shares

Under the Indian Companies Act, the shares of a public company are freely transferable, unless such a transfer contravenes applicable law or the regulations issued by the SEBI or the Sick Industrial Companies (Special Provisions) Act, 1985, as amended, or the SICA. The transferor is deemed to remain the holder until the transferee s name is entered in the register of members.

In the case of shares held in physical form, we will register any transfers of equity shares in the register of members upon lodgment of the duly completed share transfer form, the relevant share certificate, or if there is no certificate, the letter of allotment, in respect of shares to be transferred together with duly stamped share transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its register as the beneficial owner of the shares. In turn, we then enter the name of the depository in our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits and is subject to the liabilities attached to the shares held by the depository on his or her or its behalf.

Equity shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system.

SEBI requires that our equity shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Transfers of equity shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants appointed by depositories established under the Depositories Act, 1996. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant.

The depository transfers equity shares by entering the name of the purchaser in its books as the beneficial owner of the equity shares. In turn, we will enter the name of the depository in our records as the registered owner of the equity shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the equity shares that are held by the depository. The register and index of beneficial owners maintained by our depository is deemed to be a register and index of our members and debenture holders under the Depositories Act, 1996. Transfers of beneficial ownership held through a depository are exempt from stamp duty. For this purpose, we have entered into an agreement for depository services with the National Securities Depository Limited and the Central Depository Services India Limited.

The requirement to hold the equity shares in book-entry form will apply to the ADS holders when the equity shares are withdrawn from the depositary facility upon surrender of the ADSs. In order to trade the equity shares in the Indian market, the withdrawing ADS holder will be required to comply with the procedures described above.

Our Articles of Association provide for certain restrictions on the transfer of equity shares, including granting power to the board of directors in certain circumstances, to refuse to register or acknowledge a transfer of equity shares or other securities issued by us. Under the listing agreements with the NSE and BSE on which our equity shares are listed, in the event we have not effected the transfer of shares within one month or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, we are required to compensate the aggrieved party for the opportunity loss caused during the period of delay.

If a company without sufficient cause refuses to register a transfer of equity shares within two months from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the company Law Board, or the CLB, seeking to register the transfer of equity shares. The CLB may, in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention.

In addition, the Indian Companies Act provides that the CLB may direct a rectification of the register of members for a transfer of equity shares which is in contravention of SEBI regulations or the SICA or any similar law, upon an application by the company, a participant, a depository incorporated in India, an investor or SEBI.

Under the Companies (Second Amendment) Act, 2002, it is proposed that the CLB be replaced with the National Law Tribunal with effect from a date that is yet to be notified.

Disclosure of Ownership Interest

Section 187C of the Indian Companies Act requires that beneficial owners of shares of companies who are not registered as holders of those shares must make a declaration to the company specifying the nature of his or her or its interest, particulars of the registered holder of such shares and such other particulars as may be prescribed. Any lien, charge, promissory note or other collateral agreement created, executed or entered into with respect to any equity share by its registered owner, or any hypothecation by the registered owner of any equity share, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure by a person to comply with Section 187C will not affect the company s obligation to register a transfer of shares or to pay any dividends to the registered holder of any shares in respect of which the declaration has not been made.

Any investor who fails to comply with these requirements may be liable for a fine of up to Rs. 1,000 for each day such failure continues. Additionally, if the company fails to comply with the provisions of Section 187C, then the company and every defaulting officer may be liable for a fine of up to Rs. 100 for each day the default continues.

Alteration of Shareholder Rights

Under the Indian Companies Act, and subject to the provisions of the articles of association of a company and the relevant rules as issued by the Ministry of Corporate Affairs, where the share capital of a company is divided into different classes of shares, the rights of any class of shareholders can only be altered or varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, by a special resolution passed at a general meeting of the holders of the issued shares of that class, or pursuant to a judicial order sanctioning a compromise or arrangement between the company and such class of shareholders.

Share Register and Record Dates

We maintain our register of members at our registered office and all transfers of shares should be notified to us at such address. Our register of members is open to inspection during business hours by shareholders without charge and by other persons upon payment of a fee as prescribed under the applicable law.

The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 is deemed to be an index of members and register and index of debenture holders. We recognize as shareholders only those persons who appear on our register of members and we do not recognize any person holding any equity share or part thereof on trust, whether express, implied or constructive.

To determine which shareholders are entitled to specified shareholder rights, we may close the register of members. For the purpose of determining who our shareholders are, our register of members may be closed for periods not exceeding 45 days in any one year or 30 days at any one time. In order to determine our shareholders entitlement to dividends, it is our general practice to close the register of members for approximately ten to 20 days before the annual general meeting. The date on which this period begins is the record date. Under the listing agreements with each of the stock exchanges on which our equity shares are listed, we may, upon giving at least seven working days advance notice to the stock exchange, set a record date and/or close the register of members. The trading of our equity shares and the delivery of shares certificates may continue while the register of members is closed.

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Annual Report

At least 21 days before an annual general meeting, we must circulate our annual report, which comprises of either a detailed or abridged version of our audited financial accounts, our directors report, our corporate governance report, and our auditor s report, to the shareholders along with a notice convening the annual general meeting. In addition, we must furnish to the exchanges quarterly unaudited or audited results within 45 days after the end of each accounting quarter. We are required to furnish to the exchanges audited financial results for the entire financial year within 60 days of the end of the financial year. We are also required to send copies of our annual report to the NSE and BSE and to publish our financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a daily newspaper published in the language of the region where our registered office is situated. We are also required under the Indian Companies Act to make available upon the request of any shareholder our complete balance sheet and profit and loss account along with all the subsidiaries.

Under the Indian Companies Act, we must file with the Registrar of Companies our balance sheet and profit and loss account within 30 days of the date on which the balance sheet and profit and loss account were laid before the annual general meeting and our annual return within 60 days of the conclusion of that meeting.

Borrowing Powers

Our directors may raise, borrow or secure the payment of any sums of money for our purposes as they deem appropriate without the consent of a majority of the shareholders in a general meeting, provided that, the aggregate of the monies to be borrowed and the principal amount outstanding in respect of monies raised, borrowed or secured by us does not exceed the aggregate of our paid up share capital plus free reserves.

Issue of Equity Shares and Pre-emptive Rights

Subject to the provisions of the Indian Companies Act and our Articles of Association and to any special rights attaching to any of our equity shares, we may increase our share capital by the allotment or issue of new equity shares with preferred, deferred or other special rights or restrictions regarding dividends, voting, return of capital or other matters as we may from time to time determine by special resolution. We may issue preference shares that are redeemable or are liable to be redeemed at our option or the option of the holder in accordance with our Articles of Association.

Under the Indian Companies Act, new equity shares shall first be offered to existing shareholders in proportion to the amount they have paid up on their equity shares on the record date. The offer shall be made by written notice specifying:

- the right, exercisable by the shareholders of record, to renounce the equity shares offered in favor of any other person;
- the number of equity shares offered; and
- the period of the offer, which may not be less than 15 days from the date of the offer. If the offer is not accepted, it is deemed to have been declined.

The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favor of any other person. Our board of directors is permitted to distribute equity shares not accepted by existing shareholders in the manner it deems beneficial for us in accordance with our Articles of Association. Holders of ADSs may not be able to participate in any such offer.

However, under the provisions of the Indian Companies Act, new equity shares may be offered to non-shareholders, if this has been approved by a special resolution or by an ordinary resolution with the Government of India s permission.

Capitalization of Profits and Reserves

Our Articles of Association allow our directors, with the approval of our shareholders by an ordinary resolution, to capitalize any part of the amount standing to the credit of our reserve accounts or to the credit of our profit and loss account or otherwise available for distribution. Any sum which is capitalized shall be appropriated among our shareholders in the same proportion as if such sum had been distributed by way of dividend. This sum shall not be paid out in cash and shall be applied in the following manner:

paying up any amount remaining unpaid on the shares held by our shareholders; or

issuing to our shareholders, fully paid bonus equity shares (issued either at par or a premium).

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Any issue of bonus equity shares would be subject to the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, or SEBI Guidelines, which provide that:

- no company shall, pending the conversion of convertible securities, issue any bonus equity shares unless a similar benefit is extended to the holders of such convertible securities through a reservation of equity shares in proportion to such conversion;
- the bonus issue shall be made out of free reserves built out of genuine profits or share premium collected in cash only;
- bonus equity shares cannot be issued unless all the partly paid up equity shares have been fully paid-up;
- the company has not defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures;
- a declaration of bonus equity shares in lieu of dividend cannot be made;
- the company shall have sufficient reason to believe that it has not defaulted in the payment of statutory dues of the employees such as contribution to provident fund, gratuity and bonus;
- any reserves created by a revaluation of fixed assets shall not be capitalized;
- the articles of association of the company must contain provisions for the capitalization of reserves; and
- the bonus issue must be implemented within two months from the date of approval by the board of directors.

Purchase of Own Equity Shares

A company may reduce its capital in accordance with the Indian Companies Act and the regulations issued by SEBI by way of a share buy-back out of its free reserves or securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back must be authorized by the company s Articles of Association;
- a special resolution authorizing the buy-back must be passed in a general meeting;
- the buy-back is limited to 25.0% of the company s total paid up capital and free reserves in a fiscal year;
- the ratio of debt owed is not more than twice the capital and free reserves after such buy-back;

- the shares or other specified securities for share buy-back are fully paid-up; and

- the buy-back is in accordance with the SEBI (Buy-Back of Securities) Regulations, 1998, as amended.

The first two conditions mentioned above would not be applicable if the number of equity shares bought back is less than 10.0% of our total paid up equity capital and free reserves and if such buy-back is authorized by the board of directors, provided that no buy-back shall be made within 365 days from the date of any previous buy-back. If such buy-back constitutes more than 10.0% of the total paid-up equity capital and free reserves of the company, it must be authorized by a special resolution of the company in general meeting. Our Articles of Association permit us to buy-back our equity shares.

Any equity shares which have been bought back by us must be extinguished within seven days. Further, we will not be permitted to buy-back any securities for a period of one year or to issue new securities of the same kind for six months except by way of a bonus issue or in discharge of our existing obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity. A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies or in the event of non-compliance with certain other provisions of the Indian Companies Act.

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ADS holders will be eligible to participate in a share buy-back in certain cases. An ADS holder may acquire equity shares by withdrawing them from the depositary facility and then selling those equity shares back to us in accordance with the provisions of applicable law as discussed above. ADS holders should note that equity shares withdrawn from the depositary facility may only be redeposited into the depositary facility under certain limited circumstances as specified under the guidelines issued by the Government of India and the RBI relating to a sponsored ADS facility and fungibililty of ADSs. See - D. Exchange Controls.

There can be no assurance that the equity shares offered by an ADS investor in any buy-back of equity shares by us will be accepted by us. The position regarding regulatory approvals required for ADS holders to participate in a buy-back is not clear. ADS investors are advised to consult their Indian legal advisers prior to participating in any buy-back by us, including in relation to any regulatory approvals and tax issues relating to the share buy-back.

Rights of Minority Shareholders

The Indian Companies Act provides mechanisms for the protection of the rights of the minority shareholder. Where the share capital of a company is divided into different classes of shares and there has been variation in the rights attached to the shares of any class, the holders of not less than 10.0% of the issued shares of that class, who did not vote in favor of a resolution for the variation, have the right to apply to the CLB to have the variation cancelled and such variation shall not have any effect unless confirmed by the CLB.

Further, under the Indian Companies Act, shareholders holding not less than 10.0% of the issued share capital or shareholders representing not less than 10.0% of the total number of members or 100 members, whichever is lesser, provided that they have paid all calls and other sums due on their shares, have the right to apply to the CLB for an order to bring an end to the matter complained of, on the following grounds of oppression or mismanagement:

- that the company s affairs are being conducted in a manner prejudicial to public interest or in a manner oppressive to any member or members or in a manner prejudicial to the interests of the company; or

- that a material change has taken place in the management or control of the company, whether by a change in its board of directors or management or in the ownership of the company s shares and by reason of such change, it is likely that the affairs of the company will be conducted in a manner prejudicial to public interest or in a manner prejudicial to the interests of the company.

Provisions on Squeeze Out of Minority Shareholders

Under the Indian Companies Act, where an arrangement or contract involving a transfer of shares or any class of shares of a company to another company has been approved by holders holding not less than 90.0% in value of such class of shares, the transferee company has the right to give notice to any dissenting shareholder, within a specified time and in a prescribed manner, that it desires to acquire its shares.

Unless the CLB, upon an application made by a dissenting shareholder within a month of the aforementioned notice, orders otherwise, the transferee company has the right to acquire the shares of the dissenting shareholder on the same terms as those offered to the other shares to be transferred under the arrangement or contract.

Where, in pursuance of any such arrangement or contract, shares in a company are transferred to another company, and those shares, together with any other shares held by the transferee company (or its nominee or subsidiary company) in the transferor company, constitute not less than 90.0% in value of the shares, the transferee company is required to give notice of such fact to any remaining shareholders within a month of such transfer. Any such remaining shareholder may within three months of the notice from the transferee company, require the transferee company to acquire its shares. Where such notice is given by such remaining shareholder, the transferee company is bound to acquire those shares on the same terms as provided for under the arrangement or contract for the transfer of the other shares of the transferor company or on such terms as may be agreed or on terms that the CLB (upon an application of either the transferee company or the shareholder) thinks fit to order.

Book-Entry Shares and Liquidity

Our equity shares are compulsorily traded in book-entry form and are available for trading under both depository systems in India, namely, the National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) for our equity shares is INE 268A01031.

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Comparison of Shareholders Rights

We are incorporated under the laws of India. The following discussion summarizes certain material differences between the rights of holders of our equity shares and the rights of holders of the common stock of a typical corporation incorporated under the laws of the State of Delaware which result from differences in governing documents and the laws of India and Delaware. The rights of holders of our ADSs differ in certain respects from those of holders of our equity shares.

This discussion does not purport to be a complete statement of the rights of holders of our equity shares under applicable law in India and our amended and restated Memorandum and Articles of Association or the rights of holders of the common stock of a typical corporation under applicable Delaware law and a typical certificate of incorporation and bylaws.

Delaware Law	**Indian Law**
Annual and Special Meetings of Shareholders	
Shareholders of a Delaware corporation generally do not have the right to call meetings of shareholders unless that right is granted in the certificate of incorporation or by-laws. However, if a corporation fails to hold its annual meeting within a period of 30 days after the date designated for the annual meeting, or if no date has been designated for a period of 13 months after its last annual meeting, the Delaware Court of Chancery may order a meeting to be held upon the application of a shareholder.	While shareholders of a company do not have any right to call for an annual general meeting, shareholders holding one-tenth of the voting share capital of the company have a right to request an extraordinary general meeting. However, in the event the company defaults in holding an annual general meeting within 15 months from the date of its last annual general meeting, the Government of India may order a meeting to be held upon the application of any shareholder.
Quorum Requirements for Meetings of Shareholders	
A Delaware corporation s certificate of incorporation or bylaws can specify the number of shares which constitute the quorum required to conduct business at a meeting, provided that in no event shall a quorum consist of less than one-third of the shares entitled to vote at a meeting.	Our Articles of Association specify that five members personally present constitute the quorum required to conduct business at a general meeting, which is consistent with Indian law requirements.
Board of Directors	
A typical certificate of incorporation and bylaws would provide that the number of directors on the board of directors will be fixed from time to time by a vote of the majority of the authorized directors. Under Delaware law, a board of directors can be divided into classes and cumulative voting in the election of directors is only permitted if expressly authorized in a corporation s certificate of incorporation.	Our Articles of Association provide that unless otherwise determined by the shareholders at a general meeting, the number of directors shall not be less than three or more than 12. Under Indian law, the appointment and removal of directors (other than additional directors) is required to be approved by the shareholders. There is no concept under Indian law as to division of the board of directors into different classes or cumulative voting.
Removal of Directors	
A typical certificate of incorporation and bylaws provide that, subject to the rights of holders of any preferred stock, directors may be removed at any time by the affirmative vote of the holders of at least a majority, or in some instances a supermajority, of the voting power of all of the then outstanding shares entitled to vote generally in the election of directors, voting together as a single class. A certificate of incorporation could also provide that such a right is only exercisable when a director is being removed for cause (removal of a director only for cause is the default rule in the case of a classified board).	Under Indian law, a director of a company, other than a director appointed by the Government of India, may be removed by the affirmative vote of shareholders holding a majority of the voting share capital, provided that a special notice of the resolution to remove the director is given in accordance with the provisions of the Indian Companies Act. Under our Articles of Association, any director who has been appointed by any persons pursuant to the provisions of an agreement with us may be removed at any time by such person.

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Filling Vacancies on the Board of Directors

A typical certificate of incorporation and bylaws provide that, subject to the rights of the holders of any preferred stock, any vacancy, whether arising through death, resignation, retirement, disqualification, removal, an increase in the number of directors or any other reason, may be filled by a majority vote of the remaining directors, even if such directors remaining in office constitute less than a quorum, or by the sole remaining director. Any newly elected director usually holds office for the remainder of the full term expiring at the annual meeting of stockholders at which the term of the class of directors to which the newly elected director has been elected expires.

The board of directors has the power to fill a vacancy on the board and any director so appointed shall hold office only so long as the vacating director would have held such office if no vacancy had occurred.

Interested Director Transactions

Interested director transactions are not voidable if (i) the material facts as to the interested director s relationship or interests are disclosed or are known to the board of directors and the board in good faith authorizes the transaction by the affirmative vote of a majority of the disinterested directors, (ii) the material facts are disclosed or are known to the shareholders entitled to vote on such transaction and the transaction is specifically approved in good faith by vote of the majority of shares entitled to vote on the matter or (iii) the transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee or the shareholders.

Under Indian law, contracts or arrangements in which one or more directors of an Indian company has an interest are not void or voidable because of such interest, provided that certain conditions, such as obtaining the required approval of the board of directors and disclosing the nature of the interest to the board of directors, are satisfied. Subject to a few exceptions, for an interested director transaction not to be voided, (a) the interested director is required to disclose the nature of his concern or interest at a meeting of the board of directors; (b) the board of directors is required to grant its consent to the contract or arrangement; (c) the interested director is not permitted to take part in the discussion of, or vote on, the contract or arrangement; and (d) the approval of the Government of India is required to be obtained in the event the paid up share capital of the company is more than Rs. 10 million. An interested director is not to be counted for the purposes of quorum at the time of any such discussion or vote and if the interested director does vote, the vote shall be void. The contravention of relevant provisions is punishable with fine.

Cumulative Voting

Delaware law does not require that a Delaware corporation provide for cumulative voting. However, the certificate of incorporation of a Delaware corporation may provide that shareholders of any class or classes or of any series may vote cumulatively either at all elections or at elections under specified circumstances.

There is no concept of cumulative voting under Indian law.

Shareholder Action Without a Meeting

Unless otherwise specified in a Delaware corporation s certificate of incorporation, any action required or permitted to be taken by shareholders at an annual or special meeting may be taken by shareholders without a meeting, without notice and without a vote, if consents, in writing, setting forth the action, are signed by shareholders with not less than the minimum number of votes that would be necessary to authorize the action at a meeting. All consents must be dated. No consent is effective unless, within 60 days of the earliest dated consent delivered to the corporation, written consents signed by a sufficient number of holders to take the action are delivered to the corporation.

There is no concept of shareholder action without a meeting under Indian law.

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Business Combinations	
With certain exceptions, a merger, consolidation or sale of all or substantially all the assets of a Delaware corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon.	The sale, lease or disposal of all or substantially all of the assets of an Indian company must be approved by the board of directors and shareholders holding a majority of the voting share capital of the company.
Delaware law also requires a special vote of stockholders in connection with a business combination with an interested stockholder as defined in Section 203 of the Delaware General Corporation Law. See - Interested Stockholders below.	Under the Indian Companies Act, the merger of two companies is required to be approved by a court of competent jurisdiction and by a three-fourths majority of each class of shareholders and creditors of the company present and voting at the meetings held to approve the merger.
Interested Stockholders	
Section 203 of the Delaware General Corporation Law generally prohibits a Delaware corporation from engaging in specified corporate transactions (such as mergers, stock and asset sales, and loans) with an interested stockholder for three years following the time that the stockholder becomes an interested stockholder. Subject to specified exceptions, an interested stockholder is a person or group that owns 15.0% or more of the corporation s outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15.0% or more of the voting stock at any time within the previous three years.	Indian law does not prohibit corporate transactions but does require disclosure of related party transactions in the financial statements of the company. Under applicable accounting standards in India, during the time that a related party transaction exists, a company is required to disclose the name of the related parties, describe the relationship between the parties, describe the nature of the transactions and disclose the volume of the transactions either as an amount or as an appropriate proportion, the amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date and the amounts written off or written back in the period in respect of debts due from or to related parties.
A Delaware corporation may elect to opt out of, and not be governed by, Section 203 through a provision in either its original certificate of incorporation or its bylaws, or an amendment to its original certificate or bylaws that was approved by majority stockholder vote. With a limited exception, this amendment would not become effective until 12 months following its adoption.	Transactions undertaken between a company and a person having a substantial interest in the company would qualify as a related party transaction and would be required to be disclosed under applicable accounting standards in India. Under such accounting standards, a party is considered to have a substantial interest in a company if that party owns, directly or indirectly, 20.0% or more of the voting power in the company.
Limitations on Personal Liability of Directors	
A Delaware corporation may include in its certificate of incorporation provisions limiting the personal liability of its directors to the corporation or its shareholders for monetary damages for many types of breach of fiduciary duty. However, these provisions may not limit liability for any breach of the duty of loyalty, acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, the authorization of unlawful dividends, or unlawful share purchase or redemption, or any transaction from which a director derived an improper personal benefit. Moreover, these provisions would not be likely to bar claims arising under US federal securities laws.	Generally, Indian law provides that directors are not personally liable in respect of contracts of the company. However, where a director acts without the approval or ratification of the company, such director may be personally liable. Directors are also personally liable for breach of trust or misfeasance, both civilly and in some cases criminally. The Indian Companies Act contains certain provisions making directors personally liable to discharge certain monetary obligations in their capacity as directors, such as the non-refund of share application monies or excess application monies within the time limit stipulated by the Indian Companies Act. Similarly, the Indian Companies Act provides for civil liability of directors for misstatements in a prospectus issued by the company that has been signed by the directors, including the obligation to pay compensation to any persons subscribing to the shares of the company on the faith of statements made in the prospectus. Directors and officers liability insurance policies are available in India. However, the permissible coverage under such policies is subject to the same limitations as on the ability of the company to indemnify its directors as described under - Indemnification of Directors and Officers.

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Indemnification of Directors and Officers

A Delaware corporation may indemnify a director or officer of the corporation against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defense of an action, suit or proceeding by reason of his or her position if (i) the director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and (ii) with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe his or her conduct was unlawful.	Under Indian law, subject to specified exceptions, any provision, whether contained in the Articles of Association of a company or in any agreement, exempting or indemnifying any director, officer or auditor of the company against any liability in respect of any negligence, default, breach of duty or breach of trust which would by law otherwise attach to such director, officer or auditor, shall be void. However, pursuant to the exceptions permitted under Indian law, our Articles of Association provide for indemnification of any officer or agent against any liability incurred by such person in successfully defending any proceeding, whether civil or criminal, in which such person is acquitted in whole or in part on the grounds that such person had acted honestly and reasonably, or in connection with an application made by an officer or agent to the High Court of the relevant state for relief for reason that he or she has a reason to apprehend that any proceeding may be brought against him in respect of any negligence, default, breach of duty, misfeasance or breach of trust in which relief has been granted by such High Court.

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Appraisal Right

A shareholder of a Delaware corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights pursuant to which the shareholder may receive cash in the amount of the fair value of the shares held by that shareholder (as determined by a court) in lieu of the consideration the shareholder would otherwise receive in the transaction.	There is no concept of appraisal rights under Indian law.

Shareholder Suits

Class actions and derivative actions generally are available to the shareholders of a Delaware corporation for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys fees incurred in connection with such action.	Under the Indian Companies Act, shareholders holding not less than one tenth of the issued share capital, shareholders representing not less than one tenth of the total number of members or one hundred members, provided that they have paid all calls and other sums due on their shares, have the right to request the CLB, a statutory body, for an order or injunction as to the taking or not taking of an action by the company on the following grounds of oppression or mismanagement: (a) that the company s affairs are being conducted in a manner prejudicial to public interest, in a manner oppressive to any member or members or in a manner prejudicial to the interests of the company; and (b) that a material change has taken place in the management or control of the company, whether by a change in the board of directors or management or in the ownership of the company s shares, and by reason of such change it is likely that the affairs of the company will be conducted in a manner prejudicial to public interest or in a manner prejudicial to the interests of the company.

Inspection of Books and Records

All shareholders of a Delaware corporation have the right, upon written demand under oath stating the purpose thereof, to inspect or obtain copies of the corporation s shares ledger and its other books and records for any proper purpose.	Pursuant to our Articles of Association, our board of directors has the authority to determine whether and to what extent and at what times and places and under what conditions or regulations our books are open to the inspection of the shareholders. Further, no shareholder of the company has the right to inspect any record of the company except as conferred under law or authorized by the board of directors or by the shareholders in a general meeting. The books containing the minutes of the proceedings of any general meetings of the shareholders are required to be kept at the registered office of the company and such materials are to be opened for inspection by any shareholder, without charge, subject to reasonable restrictions which may be imposed by a company s articles or the general meeting of the shareholders. If an inspection is refused, the company and every officer of the company in default will be punishable with a fine. Under Indian law, the audited financial statements for the relevant financial year, the directors report and the auditors report are required to be provided to the shareholders before the annual general meeting.

Amendment of Governing Documents

Amendments to the certificate of incorporation of a Delaware corporation require the affirmative vote of the holders of a majority of the outstanding shares entitled to vote thereon or such greater vote as is provided for in the certificate of incorporation; a provision in the certificate of incorporation requiring the vote of a greater number or proportion of the directors or of the holders of any class of shares than is required by Delaware corporate law may not be amended, altered or repealed except by such greater vote.

Under Indian Law, subject to certain specified amendments that require the additional approval of the central government, a company may make amendments to its articles with the approval of shareholders holding not less than 75.0% of the shares of the company.

Distributions and Dividends; Repurchases and Redemptions

Delaware law permits a corporation to declare and pay dividends out of statutory surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year as long as the amount of capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.

Under Delaware law, any corporation may purchase or redeem its own shares, except that generally it may not purchase or redeem those shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption. A corporation may, however, purchase or redeem capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares if the shares are to be retired and the capital reduced.

Under Indian law, a company may only pay a dividend in an amount in excess of 10% of its paid up capital out of the profits of that year after it has transferred to the reserves of the company a percentage of its profits for that year ranging between 2.5% to 10.0% depending on the rate of dividend proposed to be declared in that year. If the profits for a year are insufficient, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10.0% of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years and transferred to the reserves may not exceed an amount equivalent to one tenth of the paid-up capital and free reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference or equity shares; and (iii) the balance of reserves after withdrawals must not be below 15.0% of paid-up capital. Shareholders have a right to claim a dividend, after such dividend has been declared by the company at a general meeting. Shareholders also have a right to claim the interim dividends, which may be declared only pursuant to a resolution of the company s board of directors. Dividends may be paid only in cash. Where a dividend has been declared by a company but has not been paid within 30 days from the date of declaration to any shareholder entitled to the payment of such dividend, a penalty can be imposed on a director who is knowingly a party to such default.

A company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected and sanctioned by a High Court. However, pursuant to certain amendments to the Indian Companies Act, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back), subject to certain conditions including: (a) the buy-back must be authorized by the articles of association of the company; (b) a resolution must be passed by shareholders holding not less than 75.0% of the outstanding shares in the general meeting of the company authorizing the buy-back; (c) the buy-back is limited to 25.0% of the total paid up capital and free reserves; (d) the ratio of debt owed by the company must not be more than twice the capital and free reserves after such buy-back; and (e) the buy-back must be in accordance with the SEBI (Buy-Back of Securities) Regulations, 1998.

Conditions (a) and (b) mentioned above would not be applicable if the buy-back is for less than 10.0% of the total paid-up equity capital and free reserves of the company and such buy-back has been authorized by the board of directors of the company. Further, a company buying back its securities is not permitted to buy-back any additional securities for a period of one year after the buy-back or to issue any securities of the same kind for a period of six months.

A company is also prohibited from purchasing its own shares or specified securities directly or indirectly.

Comparison of Corporate Governance Standards

The listing of our ADSs on the NYSE and our equity shares on the NSE and BSE cause us to be subject to NYSE listing standards and Indian corporate governance requirements set out in the listing agreements that we have entered into with the NSE and BSE.

The NYSE listing standards applicable to us, as a foreign private issuer, are considerably different from those applicable to companies incorporated in the United States. Under the NYSE rules, we need only (i) establish an independent audit committee that has specified responsibilities as described in the following table; (ii) provide prompt certification by our chief executive officer of any material non-compliance with any corporate governance rules of the NYSE; (iii) provide periodic (annual and interim) written affirmations to the NYSE with respect to our corporate governance practices; and (iv) provide a brief description of significant differences between our corporate governance practices and those followed by US companies.

The corporate governance requirements which apply to us as a listed company on the NSE and BSE are contained in Clause 49 of the listing agreements that we have entered into with the NSE and BSE. Clause 49 has been amended from time to time.

The following table summarizes certain material differences in the corporate governance standards applicable to us under our listing agreements with the NSE and BSE and the corporate governance standards for a NYSE-listed company, both to a typical US domestic issuer and the requirements that would be different for us as a foreign private issuer.

Standard for NYSE-Listed Companies	**Requirements under our Listing Agreements with the NSE and BSE**
Director Independence	
A majority of the board must consist of independent directors. Independence is defined by various criteria including the absence of a material relationship between the director and the listed company. For example, directors who are employees, are immediate family of an executive officer of the company or receive over $ 120,000 per year in direct compensation from the listed company are not independent. Directors who are employees of or otherwise affiliated through immediate family with the listed company s independent auditor are also not independent. Determinations of independence were made by the board. The non-management directors must meet at regularly scheduled executive sessions without management. (The NYSE requirements for a board consisting of independent directors and non-management directors meeting at regularly scheduled executive	If the Chairman of the board of directors is an executive director, at least 50.0% of the board of directors should comprise of independent directors. If the Chairman of the board of directors is a non-executive director, then at least one third of the board should comprise of independent directors, provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying a management position at the board of directors level or at one level below that, at least 50.0% of the board of directors should comprise of independent directors. Clause 49 of the listing agreements define an independent director to mean a non-executive director who (i) is receiving director s remuneration and does not have any other material pecuniary relationship or transaction with the company, its promoters, its directors, its senior management or its holding company or its subsidiaries or its associates, which may affect the independence of the director; (ii) is not related to promoters or management at the board level or at one level below the board; (iii) has not been an executive of the company in the immediately preceding three financial

sessions do not apply to us as a foreign private issuer.)

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years; (iv) is not a partner or an executive and has not been a partner or executive during the preceding three financial years, of the statutory audit firm or the internal audit firm or the legal firm and consulting firm of the company; (v) is not a material supplier, service provider, customer, lessee, or lessor of the company; (vi) is not a shareholder, owning 2.0% or more of the voting shares of the company; and (vii) is not less than 21 years of age.

There is no comparable requirement under Indian law.

Audit Committee

The audit committee must (i) be comprised entirely of independent directors; (ii) be directly responsible for the appointment, compensation, retention and oversight of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer, and each such registered public accounting firm must report directly to the audit committee; (iii) establish procedures for the receipt, retention and treatment of complaints with respect to accounting and auditing issues; (iv) establish procedures for the confidential, anonymous submission by employees of the listed issuer of concerns regarding questionable accounting or auditing matters; (v) be authorized to engage independent counsel and other advisers it deems necessary to perform its duties; and (vi) be given sufficient funding by the board of directors to compensate the independent auditors and other advisors as well as for the payment of ordinary administrative expenses incurred by the committee that are necessary or appropriate in carrying out its duties.

The listing agreements require that the role of the audit committee should include the following:

To oversee the company s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

To recommend to the board of directors the appointment and removal of the external auditor, fix the audit fee and also approve of payment to such auditor for any other services rendered by him.

To review with management the annual financial statements before submission to the board of directors, focusing primarily on matters required to be included in the Director s Responsibility Statement, any changes in accounting policies and practices, any major accounting entries based on exercise of judgment by management, any qualifications in the draft audit report, any significant adjustments arising out of the audit, the going concern assumption, compliance with accounting standards, compliance with stock exchange and legal requirements concerning financial statements and any related party transactions.

To review with management the statement of uses or application of funds raised through an issue of securities, the statement of funds utilized for purposes other than as stated in the offer document and the report submitted by the monitoring committee agency, and to make appropriate recommendations.

To review with management the performance of external and internal auditors, and the adequacy of internal control systems.

To review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

To discuss with internal auditors any significant findings and follow-up thereon.

To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the board.

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	To discuss with external auditors before the audit commences, the nature and scope of the audit as well as to conduct post-audit discussions to ascertain any area of concern. To review the company s quarterly financial statements and management policies. To examine the reasons for substantial defaults in payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors. To review the functioning of whistle blower mechanism. To review the management s discussion and analysis of financial condition and results of operation. To review the statement of significant related party transactions submitted by the management. To review the management letters/letters of internal control weaknesses issued by the statutory auditors. To review the internal audit reports relating to internal control weaknesses. To review the appointment, removal and terms of remuneration of the chief internal auditor.
The audit committee must consist of at least three members, and each member must be independent within the meaning established by the NYSE and Rule 10A-3 under the Exchange Act. The audit committee members must be financially literate or become financially literate within a reasonable period of their appointment to the audit committee.	Clause 49 of the listing agreements require that a qualified and independent audit committee should be set up, which has a minimum of three members. Two-thirds of its members should be independent directors and the chairman of the audit committee should be an independent director.
Each listed company must have disclosed whether its board of directors has identified an audit committee financial expert (as defined under applicable rules of the SEC) and if not, the reasons why the board has not done so.	The listing agreements also require that all members of the audit committee should be financially literate and at least one member should have financial management and accounting expertise.
The audit committee must have a written charter that addresses the committee s purpose and responsibilities.	In addition to the role of the audit committee described above, the audit committee is required to have powers that include the ability to investigate any activity within their terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise if this is considered necessary.
At a minimum, the committee s purpose must be to assist the board in the oversight of the integrity of the company s financial statements, the company s compliance with legal and regulatory requirements, the independent auditor s qualifications and independence and the performance of the company s internal audit function and independent auditors.	The listing agreements require an Indian listed company to have an internal audit function.
The duties and responsibilities of the audit committee include conducting a review of the independent auditing firm s annual report describing the firm s internal quality control procedures, any material issues raised by the most recent internal quality control review or peer review of the firm and any steps taken to address such issues.	Clause 49 of the listing agreements also require that the audit committee should meet at least four times in a year and not more than four months should lapse between two meetings.

The audit committee is also to assess the auditor s independence by reviewing all relationships between the company and its auditor. It must establish the company s hiring guidelines for employees and former employees of the independent auditor.

The committee must also discuss the company s annual audited financial statements and quarterly financial statements with management and the independent auditors, the company s earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, and policies with respect to risk assessment and risk management.

Each listed company must have an internal audit function.

The committee must also meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors and review with the independent auditor any audit problems or difficulties and management s response.

The committee must report regularly to the board.

(The NYSE audit committee requirements apply to us as foreign private issuers are not exempt from this requirement.)

Compensation Committee

Listed companies must have a compensation committee composed entirely of independent board members as defined by the NYSE listing standards.

The listing agreements state that a company may set up a remuneration committee, which should be comprised of at least three directors, all of whom shall be non-executive directors and the chairman of the remuneration committee shall be an independent director.

The committee must have a written charter that addresses its purpose and responsibilities.

These responsibilities include (i) reviewing and approving corporate goals and objectives relevant to CEO compensation; (ii) evaluating CEO performance and compensation in light of such goals and objectives for the CEO; (iii) based on such evaluation, reviewing and approving CEO compensation levels; (iv) recommending to the board non-CEO compensation, incentive compensation plans and equity-based plans; and (v) producing a report on executive compensation as required by the SEC to be included in the company s annual proxy statement or annual report. The committee must also conduct an annual performance self-evaluation.

(The NYSE compensation committee requirements do not apply to us as a foreign private issuer.)

Nominating/Corporate Governance Committee

Listed companies must have a nominating/corporate governance committee composed entirely of independent board members.

There is no comparable provision under Indian law.

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The committee must have a written charter that addresses its purpose and responsibilities, which include (i) identifying individuals qualified to become board members; (ii) selecting, or recommending that the board select, the director nominees for the next annual meeting of shareholders; (iii) developing and recommending to the board a set of corporate governance principles applicable to the company; (iv) overseeing the evaluation of the board and management; and (v) conducting an annual performance evaluation of the committee.

(The NYSE nominating/corporate governance committee requirements do not apply to us as a foreign private issuer.)

Equity-Compensation Plans

Shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with limited exceptions.

(The NYSE requirement for shareholder approval of equity-compensation plans does not apply to us as a foreign private issuer.)

Under Section 79A of the Indian Companies Act, a company may issue equity shares of an existing class of shares to employees or directors at a discount or for consideration other than cash if such issue is authorized by a special resolution passed by the company in a general meeting.

The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, also require that a special resolution be passed by the shareholders of a company in a general meeting to approve an employee stock option or stock purchase scheme.

Corporate Governance Guidelines

Listed companies must adopt and disclose corporate governance guidelines.

(The NYSE requirement that corporate governance guidelines be adopted does not apply to us as a foreign private issuer. However, we must disclose differences between the corporate governance standards to which we are subject and those of the NYSE.)

Corporate governance requirements for listed companies in India are included in Clause 49 of the listing agreements required to be entered into with the NSE and BSE.

Code of Business Conduct and Ethics

All listed companies, United States and foreign, must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

(The NYSE requirement for a code of business conduct and ethics does not apply to us as a foreign private issuer.)

Clause 49 of the listing agreements require that the board of directors shall lay down a code of conduct for all board members and senior management of a listed company. This code of conduct is required to be posted on the website of the company. Further, all board members and senior management personnel are required to affirm compliance with the code on an annual basis and the company s annual report must contain a declaration to this effect signed by its CEO.

C. Material Contracts

The following is a summary of each of our material contracts, other than contracts entered into in the ordinary course of business, to which we are a party, for the two years immediately preceding the date of this annual report.

Shared Services Agreement dated December 5, 2003 among STL, Sterlite Gold, Vedanta and Sterlite

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Consultancy Agreement dated March 29, 2005 between Vedanta and Sterlite

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

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Representative Office Agreement dated March 29, 2005 between Vedanta and Sterlite

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Outsourcing Services Agreement between Vedanta and Sterlite

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Outstanding loans

See Item 5. Operating and Financial Review and Prospects Outstanding Loans.

Option Agreement dated February 18, 2005 between Sterlite, IFL and ICICI Bank, Novation Agreement dated November 15, 2008 between IFL, ICICI Bank Limited and Sterlite in respect of the Rs. 772.5 million term loan facility and Novation Agreement dated November 15, 2008 between IFL, ICICI Bank Limited and Sterlite in respect of the Rs. 250 million term loan facility

On February 18, 2005, we entered into an option agreement with IFL and ICICI Bank pursuant to which, in consideration of the payment of an option fee of Rs. 2 million by ICICI Bank, we granted to ICICI Bank a put option to require us to purchase from ICICI Bank all amounts outstanding, due and payable by IFL to ICICI Bank under two term loan agreements, both dated February 8, 2005, as amended, or the Rupee Term Loan Agreements, between IFL and ICICI Bank. The option price is an amount equivalent to the amount outstanding under the Rupee Term Loan Agreements on the date of exercise of the put option. ICICI Bank is entitled to exercise the put option upon the occurrence of certain put option events, including any delay or default in the repayment of any amounts or the occurrence of an event of default under the Rupee Term Loan Agreements. In fiscal 2009, we, ICICI Bank and IFL entered into two novation agreements to take over the two term loans aggregating Rs. 1,022.5 million ($ 20.1 million) which was made by ICICI Bank to IFL. The option agreement has subsequently been terminated. See Item 5. Operating and Financial Review and Prospects Outstanding Loans.

Corporate Guarantee dated February 8, 2005 by Sterlite to ICICI Bank on behalf of IFL

On February 8, 2005, we granted a guarantee in favor of ICICI Bank and agreed to pay on demand all amounts payable by IFL under the Rupee Term Loan Agreement in the event of any default on the part of IFL to comply with or perform any of the terms, conditions and covenants in the Rupee Term Loan Agreement. Subsequent to our entering into the novation agreements to take over the Rs. 1,022.5 million ($ 20.1 million) term loan which was originally made by ICICI Bank to IFL, our guarantee to ICICI Bank was terminated.

Loan agreement dated April 1, 2010 between Monte Cello BV and Vedanta Jersey Investment Limited

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Loan agreement dated November 3, 2010 between Monte Cello BV and Welter Trading Limited

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Loan Agreement dated February 4, 2008 between Sterlite and Vedanta Aluminium

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Loan Agreement dated February 15, 2011 between THL Zinc Limited and BMM

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Memoranda of Understanding dated August 29, 2007 and December 23, 2007, as amended, between Sterlite and Vedanta Aluminium

See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

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Term Sheet dated May 22, 2009 between Sterlite Industries (India) Limited and Vedanta Aluminium Limited relating to the subscription of 9.75% Non-Convertible Debentures.

See Item 7, Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Sterlite Plan Agreement in Principle Term Sheet dated June 12, 2009 by and among Asarco, the subsidiary debtors, Sterlite USA, Robert C. Pate, in his capacity as the Future Claims Representative, and the Official Committee of Asbestos Claimants

On June 12, 2009, Sterlite USA agreed with the representatives appointed pursuant to Asarco s reorganization proceedings under Chapter 11 of the US Bankruptcy Code to represent the Asbestos Claimants, and Asarco to grant a put option to the Asbestos Trust pursuant to which the Asbestos Trust shall be entitled to sell to Sterlite USA its Asbestos Litigation Interest in the Brownsville Judgment, which was awarded by the US District Court for the Southern District of Texas, Brownsville Division, against Americas Mining Corporation requiring it to return to Asarco 260.09 million shares of common stock of Southern Copper Corporation, together with past dividends received with interest, with an aggregate value of over $ 6.0 billion. The Asbestos Litigation Interest in the Brownsville Judgment is to be distributed for the benefit of all Asbestos Claimants. The grant of put option would be subject to the approval and consummation of the reorganization plan proposed by Asarco and sponsored by Sterlite USA. The put option is exercisable by the Asbestos Trust at any time after the Effective Date through the end of the fourth year from the Effective Date at the price of $ 160 million less the amount of any amounts received or recovered from the Asbestos Litigation Interest prior to the exercise of the put option. See Item 5. Operating and Financial Review and Prospects Recent Developments.

Sponsor Support Agreement dated June 29, 2009 among Sterlite, Sterlite Energy and the State Bank of India

See Item 7, Major Shareholders and Related Party Transactions B. Related Party Transactions Related Transactions.

Share Purchase Agreement dated May 9, 2010 between Anglo Operations Limited, Taurus International S.A., Anglo South Africa Capital (Pty) Limited, Anglo American Services (UK) Limited, Welter Trading Limited and Vedanta Resources Plc.

See Item 4. Information on the Company Our Business Our Zinc International Business.

Amendment Agreement dated December 16, 2010 between Anglo Operations Limited, Taurus International S.A., Anglo South Africa Capital (Pty) Limited, Anglo American Services (UK) Limited, Welter Trading Limited, THL Zinc Limited, Labaume B.V., Pecvest 17 (Proprietary) Limited and Vedanta Resources Plc as an amendment to the Share Purchase Agreement dated May 9, 2010

See Item 4. Information on the Company Our Business Our Zinc International Business.

Corporate Guarantee dated December 8, 2010 given by SIIL to IL&FS Trust Company Limited on behalf of TSPL

On December 8, 2010, we granted a guarantee in favor of IL&FS Trust Company Limited and agreed to pay on demand all amounts payable by TSPL in the event of any default on the part of TSPL to comply with or perform any of the terms, conditions and covenants in the information memorandum pursuant to which TSPL agreed to issue secured, redeemable, non-convertible debentures of a face value of Rs. 1 million each for an aggregate nominal amount of Rs. 7,500 million.

Share Purchase and Shareholders Agreement dated September 17, 2010 between SIIL, Leighton Contractors (India) Private Limited and Vizag General Cargo Berth Private Limited

See Item 5. Operating and Financial Review and Prospects Recent Developments.

D. Exchange Controls

General

The Government of India regulates ownership of Indian companies by foreigners. Foreign investment in securities issued by Indian companies is generally regulated by the FEMA, read with the rules, regulations and notifications issued under FEMA. A person resident outside India can transfer any security of an Indian company or any other security to an Indian resident only in accordance with the terms and conditions specified in FEMA and the rules, regulations and notifications made thereunder or as permitted by the RBI.

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Foreign Direct Investment

The Government of India, pursuant to its liberalization policy, set up the Foreign Investment Promotion Board, or FIPB, to regulate all foreign direct investment. Foreign direct investment, or FDI, means investment by way of subscription and/or purchase of shares or securities convertible or exchangeable into shares of an Indian company by a non resident investor. FDI in India can be either through the automatic route where no prior approval of any regulatory authority is required or through the government approval route. Over a period of time, the Government of India has relaxed the restrictions on foreign investment. Subject to certain conditions, under current regulations, FDI in most industry sectors does not require prior approval of the FIPB or the RBI if the percentage of equity holding by all foreign investors does not exceed specified industry-specific thresholds. These conditions include certain minimum pricing requirements, compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, or the Takeover Code, and ownership restrictions based on the nature of the foreign investor. FDI is prohibited in certain sectors such as retail trading, atomic energy and railways (other than Mass Rapid Transport Systems). Also, certain investments require the prior approval of the FIPB, including:

- investments in excess of specified sectoral caps or investments in sectors in which FDI is not permitted or in sectors which specifically require approval of the FIPB;

- investments by any foreign investor who had on January 12, 2005, an existing joint venture or a technology transfer/trade mark agreement in the same field as the Indian company in which the FDI is proposed. However, no prior approval is required if: (a) the investor is a venture capital funds registered with SEBI or a multinational financial institution, or (b) the existing joint venture, investment by either of the parties is less than 3%, or (c) the existing joint venture or collaboration is now defunct or sick, or (d) for transfer of shares of an Indian company engaged in the information technology sector or in the mining sector for the same area or mineral;

- foreign investment of more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and

- all proposals relating to the acquisition of shares of an Indian company by a foreign investor (including an individual of Indian nationality or origin residing outside India and corporations established and incorporated outside India) which are not under the automatic route.

The Government of India recently amended the method of calculating foreign investment in an Indian company pursuant to Press Note No. 2 (2009 Series) dated February 13, 2009 and Press Note No. 4 (2009 Series) dated February 25, 2009.

A person residing outside India (other than a citizen of Pakistan or Bangladesh) or any entity incorporated outside India (other than an entity incorporated in Pakistan or Bangladesh and an Overseas Corporate Body as defined in FEMA) has general permission to purchase shares, convertible debentures or preference shares of an Indian company, subject to certain terms and conditions.

Currently, subject to certain exceptions, FDI and investment by Non-Resident Indians, or NRIs (as such term is defined in FEMA), in Indian companies do not require the prior approval of the FIPB or the RBI. The Government of India has indicated that in all cases where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. The foregoing description applies only to an issuance of shares and not to a transfer of shares by Indian companies.

As per the new FDI Policy that came into effect on April 10, 2012, downstream investment by an Indian company, which is owned and/or controlled by non-resident entities, into another Indian company, must be in accordance with the relevant sectoral conditions on approval route, conditionalities and caps with regard to the sectors in which the latter Indian company is operating. Such a company is under the obligation to notify the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion and the Foreign Investment promotion Board of its downstream investment within thirty days of such investment. Further, the company needs to comply with the issue, transfer, pricing and valuation of shares with the applicable SEBI and RBI guidelines. The new FDI policy also stipulates that the investing Indian company should bring in requisite funds from abroad and not leverage funds from the domestic market.

We are majorly controlled by a non-resident entity and hence all downstream investments made by us are subject to the above conditions.

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Under the current regulations, in the case of mining and processing of aluminum, copper and zinc, FDI up to 100% is permitted under the automatic route.

Issue of ADSs

The Ministry of Finance, pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, or the ADR Scheme, has permitted Indian companies to issue ADSs. Certain relaxations in the ADR Scheme have also been notified by the RBI. The ADR Scheme provides that an Indian company may issue ADSs to a person resident outside India through a depositary without obtaining any prior approval of the Ministry of Finance of India or the RBI, except in certain cases. An Indian company issuing ADSs must comply with certain reporting requirements specified by the RBI. An Indian company may issue ADSs if it is eligible to issue shares to persons resident outside India under the FDI scheme. Similarly, an Indian company which is not eligible to raise funds from the Indian capital markets, including a company which has been restricted from accessing the securities market by the SEBI, will not be eligible to issue ADSs.

Investors do not need to seek specific approval from the Government of India to purchase, hold or dispose of ADSs. However, overseas corporate bodies, or OCBs, as defined under applicable RBI regulations, which are not eligible to invest in India and entities prohibited to buy, sell or deal in securities by the SEBI are not eligible to subscribe to ADSs issued by Indian companies. We have obtained approval from the relevant Indian stock exchanges for listing of the equity shares underlying the ADSs.

The proceeds of an ADS issue may not be used for investment in stock markets and real estate. There are no other end-use restrictions on the use of the proceeds of an ADS issue. Further, issue-related expenses for an issue of ADSs shall be subject to a ceiling of 7.0% of the total issue size. Issue-related expenses beyond this ceiling would require the RBI approval.

Restrictions on Redemption of ADSs, Sale of the Equity Shares Underlying the ADSs and the Repatriation of Sale Proceeds

Other than mutual funds that may purchase ADSs subject to terms and conditions specified by the RBI and employees in connection with stock options, a person resident in India is not permitted to hold ADSs of an Indian company. Under Indian law, ADSs issued by Indian companies to non-residents have free transferability outside of India. Under the ADR Scheme, a non-resident holder of the ADSs may transfer such ADSs, or request that the overseas depositary bank redeem such ADSs. A non-resident holder of ADS can transfer or redeem the ADS into underlying equity shares of the company subject to the procedure specified under the ADR Scheme. In the case of a redemption, the overseas depositary bank will request the domestic custodian bank to release the corresponding underlying shares in favor of the non-resident investor for being sold directly on behalf of the non- resident investor, or being transferred in the books of account of the company in the name of the non-resident.

The re-issuance of ADS is subject to availability of head room which is equivalent to the difference between the number of ADS originally issued and the number of ADS outstanding, as further adjusted for ADS redeemed into underlying shares and registered in the name of the non-resident investor. Accordingly, shares which are registered in the name of the non-resident investor post-redemption will not be eligible for participation under the limited two way fungibility scheme.

Foreign investors holding ADS or equity shares equal to or more than 15.0% of the company s total equity capital/ voting rights may be required to make a public announcement of offer to the remaining shareholders of the company under the Takeover Code, when further acquisition of shares or ADS above 15.0% by the foreign investor exceeds the limits specified under the Takeover Code.

Investors who seek to sell any equity shares in India withdrawn from the depositary facility and to convert the Rupee proceeds from the sale into foreign currency and repatriate the foreign currency from India will also be subject to certain exchange control restrictions on the conversion of Rupees into dollars. The Government of India has relaxed restrictions on capital account transactions by resident Indians who are now permitted to remit up to $ 200,000 per financial year (April-March) for any permissible capital account transaction or a combination of capital account and current account transaction other than remittances made directly or indirectly to Bhutan, Nepal, Mauritius or Pakistan or to countries identified by the Financial Action Task Force as non co-operative countries and territories.

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Fungibility of ADSs

As per the directions issued by the Ministry of Finance in coordination with RBI on the two-way fungibility of ADSs, an ADS holder who has redeemed the ADS into underlying equity shares and has sold it in the Indian Market is permitted to purchase to that extent, through a registered stock broker in India, shares of an Indian company for the purposes of converting the same into ADSs, subject, inter alia, to the following conditions:

- the shares of the Indian company are purchased on a recognized stock exchange in India;
- the shares of the Indian company are purchased on a recognized stock exchange with the permission of the domestic custodian for the ADSs issued by the Indian company and such shares are deposited with the custodian after purchase;
- the custodian agreement is amended to enable the custodian to accept shares from entities other than the company;
- the number of shares of the Indian company so purchased does not exceed the head room which is equivalent to the difference between numbers of ADS originally issued and number of ADS outstanding, as further adjusted for ADS redeemed into underlying shares and registered in the name of the non-resident investor (and is further subject to specified sectoral caps); and
- compliance with the provisions of the ADR Scheme and the guidelines issued thereunder.

Sponsored ADS Facilities

The RBI has permitted existing shareholders of Indian companies to sell their shares through the issuance of ADSs against the block of existing shares of an Indian company, subject to the following conditions:

- the facility to sell the shares would be available *pari passu* to all categories of shareholders;
- the sponsoring company whose shareholders propose to divest existing shares in the overseas market through the issue of ADSs will give an option to all its shareholders indicating the number of shares to be divested and the mechanism of determining the price under the applicable ADS norms.

If the shares offered for divestment are more than the pre-specified number to be divested, shares would be accepted from the existing shareholders in proportion to their existing shareholdings;

- the proposal for divestment of the shares would have to be approved by a special resolution of the Indian company;
- the proceeds of the ADS issue raised abroad shall be repatriated to India within a period of one month from the closing of the issue. However, the proceeds of the ADS offering can also be retained abroad to meet the future foreign exchange requirements of the company; and
- the issue-related expenses in relation to the public issue of ADSs under the ADR Scheme would be subject to a ceiling of 7% of the issue size, in the case of public issues, and 2.0% of the issue size, in the case of private placements. Issue-related expenses would

include underwriting commissions and charges, legal expenses and reimbursable expenses. Issue-related expenses shall be passed on to shareholders participating in the sponsored issue on a pro-rata basis. Issue-related expenses beyond the ceiling would require the approval of the RBI.

Corporate Actions

The ADS holders are entitled to receive the benefits of corporate actions such as bonus, split and dividend in proportion to the number of equity shares represented by the ADS. The benefits are subject to the terms and conditions of the FEMA regulations and the offer documents of ADS issue.

Buyback of ADS

Shares issued under the ADR Scheme represented by the ADS, are eligible for participation in a buy back scheme, if any, announced by us. In the event that we decide to implement the buy back scheme for ADS holders, the option form for the buy back scheme will be distributed to the ADS custodian who will submit the same to the overseas depository. ADS holders who wish to participate in the buy back scheme may exercise the buy back option by converting the ADS into ordinary equity shares and surrendering those shares to the company under the buyback scheme.

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FCCBs

Eligibility

Foreign Currency Convertible Bonds, or FCCBs, are convertible bonds issued by an Indian company expressed in foreign currency (such as US dollar), the principal and interest in respect of which is payable in foreign currency. FCCBs are required to be issued in accordance with the ADR and FCCB Scheme and subscribed by a non-resident in foreign currency and are convertible into equity shares of the issuing Indian company. The External Commercial Borrowing Guidelines, or ECB Guidelines, apply to FCCBs. The provisions of the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations 2000, as amended, are also applicable to FCCBs and the issue of FCCBs must adhere to such provisions.

Automatic Route

Under the terms of the ADR and FCCB Schemes and the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations 2000, as amended, read together with the ECB Guidelines, Indian companies are permitted to issue FCCBs under the automatic route in the manner set forth therein, subject to certain conditions specified therein, including:

- the issue of FCCBs are subject to the FDI sectoral caps prescribed by the Ministry of Finance;
- a public issue of FCCBs is to be made through reputable lead managers;
- FCCBs cannot be issued with attached warrants;
- issue-related expenses shall not exceed 4.0% of the issue size; and
- FCCBs issued under the automatic approval route to meet Indian Rupee expenditure are required to be hedged unless there is a natural hedge in the form of uncovered foreign exchange receivables.

The FCCBs issued by us would be convertible into ADS subject to the terms and conditions of FEMA guidelines and the offering circular or issue prospectus of the FCCB. Upon receipt of the conversion notice from FCCB holders, the equity shares in the applicable ADS would be issued to the custodian based on which the holders of FCCB will obtain their allotted proportion of ADS. We have obtained in-principle approval from the NSE and BSE, where our equity shares are currently listed, and prior to allotment of the FCCBs, for listing the shares which will be issued upon conversion of the FCCBs into ADS. We are required to apply for and obtain the approval for listing and trading of the equity shares underlying the FCCBs after the completion of the allotment of the equity shares. Upon receipt of listing and trading approvals, the equity shares issued on conversion are expected to be listed on the NSE and the BSE and will be tradable on such stock exchanges once listed thereon, which is expected to occur within 45 days after the relevant conversion date unless we state otherwise.

Pricing of FCCB Issue

Pursuant to a circular dated November 27, 2008 issued by the Ministry of Finance, the pricing guidelines set forth in the ADS and FCCB Schemes have been amended. Pursuant to the circular, the issue price of FCCB and ADS should be not less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date, where the relevant date means the date of the meeting on which our Board of Directors or the Committee of Directors duly authorized by the Board of Directors decides to issue the FCCB or ADS.

Regulatory Filings

We are required to make the following filings in connection with the issuance of FCCBs and upon conversion of the FCCBs into equity shares:

filing Form No. 83 with RBI through an authorised dealer;

filing of information with RBI subsequent to the issuance of FCCBs which would include: the total amount of FCCBs issued, the names of the investors resident outside India and the number of FCCBs issued to each of them, and the amount repatriated to India through normal banking channels duly supported by Foreign Inward Remittance Certificates;

filing of the return of allotment with the Registrar of Companies, Goa, Daman and Diu, at the time of conversion of the FCCBs into equity shares;

on conversion of the FCCBs into equity shares, the filing of information with the Regional Office of the RBI in the prescribed Form FC-GPR, and to the Department of Statistics and Information Management, RBI within 7 days of the month to which it relates, in Form No. ECB-2; and

monthly filing of Form No. ECB-2 with RBI through an authorised dealer.

Buy Back of FCCBs

In July 2011, RBI permitted buyback of FCCB by Indian companies prior to the maturity date of such FCCB after satisfying certain conditions under the automatic route. Further, buyback of FCCB up to USD 100 million out of internal accruals was permitted with prior approval of RBI subject to certain conditions. The entire process of such buyback was required to be completed by March 31, 2012.

Restrictions on equity shares underlying the ADSs issued arising on conversion of FCCB s and the repatriation of Sale Proceeds

FCCB holders who have converted the FCCBs into ADS in accordance with the provisions of the offering circular are entitled to the same rights and subject to the same conditions as normal ADS holders and may withdraw the equity shares underlying ADS from the depository at any time. A non- resident holder of ADS can transfer or redeem the ADS into underlying equity shares of the company subject to the procedure specified under the ADR Scheme. In the case of redemption, the overseas depositary bank will request for the domestic custodian bank to release the corresponding underlying shares in favor of the non-resident investor, for being sold directly on behalf of the non- resident investor, or for being transferred in the books of account of the company in the name of the non-resident.

Foreign investors who elect to convert FCCB into ADS would be required to make a public announcement of offer to remaining shareholders of the company under the Takeover Code if the conversion results in their direct or indirect holding in the company equivalent to or in excess of 15.0% of the company s total equity capital or voting rights.

Investment by Foreign Institutional Investors

Pension funds, mutual funds, investment trusts, insurance or reinsurance companies, international or multinational organizations or agencies thereof, foreign governmental agencies, sovereign wealth funds or foreign central banks, endowment funds, university funds, foundation or charitable trusts or charitable societies investing on their own behalf and asset management companies, investment managers or advisors, banks or institutional portfolio managers, trustees, investing their proprietary funds or on behalf of broad based funds must register with SEBI as a foreign institutional investor, or FII, and obtain the approval of the RBI unless they are investing in securities of Indian companies through FDI.

FIIs who are registered with SEBI are required to comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, or the Foreign Institutional Investors Regulations. A registered FII may, subject to the pricing and ownership restrictions discussed below, buy and freely sell securities issued by any Indian company, realize capital gains on investments made through the initial amount invested in India, subscribe to or renounce rights offerings for shares, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights offerings of shares.

Subject to the terms and conditions set out in the Foreign Institutional Investor Regulations, a registered FII or its sub-account may buy or sell equity shares, debentures and warrants of unlisted, listed or to be listed Indian companies through stock exchanges in India at ruling market price and also buy or sell shares or debentures of listed or unlisted companies other than on a stock exchange in compliance with the applicable SEBI/RBI pricing norms. Under the portfolio investment scheme under Schedule 2 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and the Foreign Institutional Investors Regulations, an FII is not permitted to hold more than 10.0% of the total issued capital of an Indian company in its own name; a foreign corporate or individual sub-account of the FII is not permitted to hold more than 5.0% of the total issued capital of an Indian company, and a broad based sub-account is not permitted to hold more than 10.0% of the total issued capital of an Indian company. The total holding of all FIIs together with their sub-accounts in an Indian company is subject to a cap of 24.0% of the total issued capital of the company, which may be increased up to the percentage of sectoral cap on FDI in respect of the said company pursuant to a resolution of the board of directors of the company and the approval of the shareholders of the company by a special resolution in a general meeting. Our board of directors and shareholders have approved an increase in the existing FII limit in our company to 49.0% of our total issued capital.

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Regulation 15A of the Foreign Institutional Investors Regulations provides that an FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against underlying securities, listed or proposed to be listed on any stock exchange in India, only in favor of those entities which are regulated by any regulatory authority in the countries of their incorporation or establishment, subject to compliance with know your client requirements.

SEBI has clarified that certain categories of entities would be deemed to be regulated entities for purposes of Regulation 15A of the Foreign Institutional Investors Regulations. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made to any person other than a person regulated by an appropriate foreign regulatory authority.

There is uncertainty under Indian law about the tax regime applicable to FIIs that hold and trade ADSs. FIIs are urged to consult with their Indian legal and tax advisors about the relationship between the FII guidelines and ADSs and any equity shares withdrawn upon surrender of ADSs.

Portfolio Investment by Non-Resident Indians

A variety of methods for investing in shares of Indian companies are available to NRIs. Under the portfolio investment scheme, each NRI can purchase up to 5.0% of the paid-up share capital of an Indian company, subject to the condition that the aggregate paid-up share capital of an Indian company purchased by all NRIs through portfolio investments cannot exceed 10.0%. The 10.0% limit may be raised to 24.0% if a special resolution is adopted by the shareholders of the company. In addition to portfolio investments in Indian companies, NRIs may also make foreign direct investments in Indian companies under the FDI route discussed above. These methods allow NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors.

Overseas corporate bodies controlled by NRIs, or OCBs, were previously permitted to invest on more favorable terms under the portfolio investment scheme. The RBI no longer recognizes OCBs as an eligible class of investment vehicle under various routes and schemes under the foreign exchange regulations.

Transfer of Shares

Previously the sale of shares of an Indian company from a non-resident to a resident required RBI approval, unless the sale was made on a stock exchange through a registered stockbroker at the market price. The RBI has now granted general permission to persons resident outside India to transfer shares and convertible debentures held by them to an Indian resident, subject to compliance with certain terms and conditions and reporting requirements. A resident who wishes to purchase shares from a non-resident must, pursuant to the relevant notice requirements, file a declaration with an authorized dealer in the prescribed Form FC-TRS, together with the relevant documents and file an acknowledgment thereof with the Indian company to effect transfer of the shares. However, a non-resident to whom the shares are being transferred is required to obtain the prior permission of the Government of India to acquire the shares if he had on January 12, 2005, an existing joint venture or technology transfer agreement or trademark agreement in the same field other than in the information technology field to that in which the Indian company whose shares are being transferred is engaged, except:

- investments to be made by venture capital funds registered with SEBI or a multinational financial institution;
- where the existing joint venture investment by either of the parties is less than 3.0%;
- where the existing venture/collaboration is defunct or sick; or
- for transfer of shares of an Indian company engaged in the information technology sector or in the mining sector for the same area or mineral.

A non-resident may also transfer any security to a person resident in India by way of gift. The transfer of shares from an Indian resident to a non-resident does not require the prior approval of the Government of India or the RBI if the activities of the investee company are under the automatic route pursuant to the FDI Policy and are not under the financial services sector, the investor does not have an existing joint venture or technology transfer agreement or trademark agreement in the same field as described above, the non-resident shareholding is within sector limits under the FDI policy, the transaction is not under the Takeover Code and the pricing is in accordance with the guidelines prescribed by SEBI and the RBI.

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A non-resident of India is generally permitted to sell equity shares underlying the ADSs held by him to any other non-resident of India without the prior approval of the RBI. However, approval by the FIPB is required if the person acquiring the shares has a previous venture or tie up in India in the same field in which the company whose shares are being transferred is engaged. Further, the RBI has granted general permission for the transfer of shares by a person resident outside India to a person resident in India, subject to compliance with certain pricing norms and reporting requirements.

Other than mutual funds that may purchase ADSs subject to terms and conditions specified by the RBI and employees in connection with stock options, a person resident in India is not permitted to hold ADSs of an Indian company. An ADS holder is permitted to surrender the ADSs held by him in an Indian company and to receive the underlying equity shares under the terms of the deposit agreement.

Exchange Rates

Substantially all of our revenue is denominated or paid with reference to US dollars and most of our expenses are incurred and paid in Indian Rupees or Australian dollars. We report our financial results in Indian Rupees. The exchange rates among the Indian Rupee, the Australian dollar and the US dollar have changed substantially in recent years and may fluctuate substantially in the future. The results of our operations are affected as the Indian Rupee and the Australian dollar appreciate or depreciate against the dollar and, as a result, any such appreciation or depreciation will likely affect the market price of our ADSs in the United States.

Since our acquisition of the Zinc International companies, our transactions are also in Namibia Dollars and South African Rand currencies, and accordingly data relating to those currencies have been presented from 2011.

The following table sets forth, for the periods indicated, information concerning the exchange rates between Indian Rupees and US dollars based on the rates quoted on Federal Reserve Bank of New York:

	Period End(1)	Average(1)(2)	High	Low
Fiscal Year:				
2006	44.48	44.17	46.26	43.05
2007	43.10	44.93	46.83	42.78
2008	40.02	40.13	43.05	38.48
2009	50.87	45.84	51.96	39.73
2010	44.95	47.39	50.48	44.94
2011	44.54	45.50	47.49	44.05
2012	50.89	48.01	53.71	44.00
2013 (through May 11, 2012)	53.63	53.14	53.75	50.64
Month:				
October 2011	48.67	49.20	49.86	48.63
November 2011	52.12	50.68	52.48	48.98
December 2011	53.01	52.38	53.71	50.50
January 2012	49.54	51.00	53.11	49.39
February 2012	48.99	49.18	49.48	48.65
March 2012	50.89	50.36	51.38	49.14
April 2012	52.65	51.69	52.65	50.64

Notes:

(1) The exchange rates quoted by Federal Reserve Bank of New York at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this annual report.

(2) Represents the average of the exchange rates quoted on Federal Reserve Bank of New York on the last day of each month during the period for all fiscal years presented and the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all months presented.

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The following table sets forth, for the periods indicated, information concerning the exchange rates between the Australian dollar and US dollars based on the Federal Reserve Bank of New York:

	Period End(1)	Average(1)(2)	High	Low
Fiscal Year:				
2006	1.40	1.33	1.42	1.28
2007	1.23	1.30	1.39	1.23
2008	1.10	1.15	1.27	1.06
2009	1.44	1.31	1.65	1.02
2010	1.09	1.18	1.44	1.07
2011	0.97	1.06	1.22	0.97
2012	0.96	0.95	1.06	0.91
2013 (through May 11, 2012)	0.99	0.98	0.99	0.96
Month:				
October 2011	0.94	0.98	1.06	0.93
November 2011	0.98	0.99	1.03	0.96
December 2011	0.98	0.99	1.01	0.97
January 2012	0.94	0.96	0.98	0.94
February 2012	0.93	0.93	0.94	0.93
March 2012	0.96	0.95	0.97	0.93
April 2012	0.96	0.97	0.98	0.96

Notes:

(1) The exchange rates quoted on Federal Reserve Bank of New York at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this annual report.

(2) Represents the average of the exchange rates quoted on Federal Reserve Bank of New York on the last day of each month during the period for all fiscal years presented and the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all months presented.

The following table sets forth, for the periods indicated, information concerning the exchange rates between the South African Rand and US dollars based on the Federal Reserve Bank of New York:

	Period End(1)	Average(1)(2)	High	Low
Fiscal Year:				
2011	6.77	7.15	7.98	6.61
2012	7.66	7.41	8.55	6.57
2013 (through May 11, 2012)	8.09	7.92	8.09	7.63
Month:				
October 2011	7.88	7.95	8.29	7.69
November 2011	8.13	8.15	8.55	7.86
December 2011	8.08	8.19	8.43	7.99
January 2012	7.84	8.00	8.18	7.75
February 2012	7.47	7.64	7.78	7.47
March 2012	7.66	7.61	7.75	7.47
April 2012	7.76	7.83	8.02	7.63

Notes:

(1) The exchange rates quoted on Federal Reserve Bank of New York at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this annual report.

(2) Represents the average of the exchange rates quoted on Federal Reserve Bank of New York on the last day of each month during the period for all fiscal years presented and the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all months presented.

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The following table sets forth, for the periods indicated, information concerning the exchange rates between the Namibian dollar and US dollars based on Oanda.com:

	Period End(1)	Average(1)(2)	High	Low
Fiscal Year:				
2011	6.84	7.17	7.95	6.62
2012	7.73	7.46	8.58	6.59
2013 (through May 11, 2012)	8.05	7.96	8.10	7.73
Month:				
October 2011	7.74	7.96	8.23	7.74
November 2011	8.58	8.13	8.58	7.75
December 2011	8.16	8.22	8.58	8.03
January 2012	7.77	8.02	8.21	7.72
February 2012	7.58	7.67	7.82	7.56
March 2012	7.73	7.60	7.73	7.50
April 2012	7.87	7.88	8.10	7.73

Notes:

(1) The exchange rates quoted on oanda.com at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this annual report.

(2) Represents the average of the exchange rates quoted on oanda.com on the last day of each month during the period for all fiscal years presented and the average of the exchange rates quoted on oanda.com for all days during the period for all months presented.

Although we have translated selected Indian Rupee and Australian dollar amounts in this annual report into US dollars for convenience, this does not mean, and no representation is made, that the Indian Rupee or Australian dollar amounts referred to represent US dollar amounts or have been, could have been or could be converted to US dollars at any particular rate, the rates stated above, or at all. Unless otherwise stated herein, all translations in this annual report from Indian Rupees to US dollars are based on the exchange rate quoted by the Federal Reserve Bank of New York on March 31, 2012, which was Rs. 50.89 per $ 1.00, all translations from Australian dollars to US dollars are based on the exchange rate quoted by the Federal Reserve Bank of New York on March 31, 2012, which was AUD 0.96 per $ 1.00, all translations from South African Rand to US dollars are based on the exchange rate quoted by the Federal Reserve Bank of New York on March 31, 2012, which was ZAR 7.66 per $ 1.00 and all translations from Namibian dollars to US dollars are based on the exchange rate quoted by Oanda (data available at www.oanda.com) on March 31, 2012, which was NAD 7.33 per $ 1.00.

E. Taxation

India Taxation

The following is a summary of the material Indian income tax, stamp duty and estate duty consequences of the purchase, ownership and disposal of the ADSs and the equity shares underlying the ADSs for non-resident investors of the ADSs. The summary only addresses the tax consequences for non-resident investors who hold the ADSs or the equity shares underlying the ADSs as capital assets and does not address the tax consequences which may be relevant to other classes of non-resident investors, including dealers. The summary proceeds on the basis that the investor continues to remain a non-resident when the income by way of dividends and capital gains are earned. The summary is based on Indian tax laws and relevant interpretations thereof as are in force as of the date of this annual report, including the Income Tax Act and the special tax regimes under Sections 115AC and 115ACA of the Income Tax Act read with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as amended, which provides for the taxation of persons resident in India on their global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India, and is subject to change.

The Finance Bill 2012 has proposed sweeping changes in the field of international taxation covering income deemed to accrue or arise in India, sanctity of double taxation avoidance agreements, tax residency certificates for claiming relief under the double taxation avoidance agreements.

Once the bill becomes effective, certain provisions in international taxation like income deemed to accrue or arise in India are applicable from retrospective effect.

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This summary does not take into account the impact of proposals contained in the draft new Direct Tax Code which has been circulated to the India Government for public debate and the subsequent revised discussion paper. Parliamentary Standing Committee has submitted its report to the Government on amendments proposed to the Direct Taxes Code. The Direct Taxes Code is yet to come into effect.

This summary is not intended to constitute a complete analysis of all the tax consequences for a non-resident investor under Indian law in relation to the acquisition, ownership and disposal of the ADSs or the equity shares underlying the ADSs and does not deal with all possible tax consequences relating to an investment in the equity shares and ADSs, such as the tax consequences under state, local and other (for example, non-Indian) tax laws. Potential Investors should therefore consult their own tax advisors on the tax consequences of such acquisition, ownership and disposal of the ADSs or the equity shares underlying the ADSs under Indian law including specifically, the tax treaty between India and their country of residence and the law of the jurisdiction of their residence.

Residence

For the purpose of the Income Tax Act, an individual is considered to be a resident of India during the fiscal year if he is in India for at least 182 days or at least 60 days in a particular year and for a period or periods aggregating at least 365 days in the preceding four years. However, the 60 day period shall be read as 182 days in the case of (i) a citizen of India who leaves India in the previous year for employment overseas, or (ii) a citizen of India or a person of Indian origin living abroad who visits India and within the four preceding years has been in India for a period or periods aggregating to 365 days or more. A company is considered to be resident in India if it is incorporated in India or the control and management of its affairs is situated wholly in India during the fiscal year. Individuals and companies who are not residents of India are treated as non-residents.

Taxation of Sale of the ADSs

It is unclear whether capital gains derived from the sale by a non-resident investor of rights in respect of ADSs will be subject to tax liability in India. This will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the ADSs. The Finance Bill, 2012 proposes to retrospectively amend the term property so as to include any rights in or in relation to an Indian company. Under the ADR Scheme, the transfer of ADSs outside India by a non-resident holder to another non-resident does not give rise to any capital gains tax in India. However, Section 115AC of the Income Tax Act provides that income by way of long-term capital gains arising from the transfer of ADSs outside India by the non-resident holder to another non-resident is subject to tax at the rate of 10.0% plus applicable surcharge and education cess. In the circumstances, if at all, that capital gains arising from a transfer of ADSs are taxable under the Income Tax Act, the same would be subject to tax as long-term capital gains at the effective tax rate of 10.56% (including surcharge and education cess) if such ADSs have been held by the non-resident holder for more than three years. Otherwise, the capital gains shall be subject to tax as short-term capital gains at the normal income tax rates applicable to non-residents under the provisions of the Income Tax Act.

Withdrawal of Equity Shares in Exchange for the ADSs

The withdrawal of equity shares in exchange for the ADSs would not give rise to any capital gains liable to income tax in India.

Taxation of Dividends

Dividends paid to non-resident holders of ADSs are not presently subject to tax in the hands of the recipient. However, the company that is distributing the dividend is liable to pay a dividend distribution tax currently at an effective tax rate of 16.2% (inclusive of applicable surcharge and cess) on the total amount distributed as dividend. Under Section 115 O (1A) of the Finance Act, 2009, effective April 1, 2009, an Indian company, subject to certain conditions, can set off the dividend income received from its subsidiaries against the amount of dividend income declared by it to its shareholders, therefore reducing the dividend distribution tax to the extent of such set-off.

Any distribution of additional ADS or equity shares to resident or non-resident shareholders would not be subject to any Indian tax.

Taxation of Sale of the Equity Shares

Sale of equity shares by any holder may occasion certain incidence of tax in India, as is discussed below. This discussion does not take into consideration the effect of the provisions contained in the new Direct Taxes Code 2010 which seeks to make sweeping changes in the regime of capital gains tax. Under applicable law, an equity sale of shares may be subject to a transaction tax and/or tax on income by way of capital gains. Capital gains accruing to a non-resident investor on the sale of the equity shares, whether to an Indian resident or to a person resident outside India and whether in India or outside India, may be subject to Indian capital gains tax in certain instances as described below.

Sale of the Equity Shares on a Recognized Stock Exchange

In accordance with applicable Indian tax laws, any income arising from a sale of the equity shares of an Indian company through a recognized stock exchange in India is subject to a securities transaction tax. Such tax is payable by a person irrespective of residential status and is collected by the recognized stock exchange in India on which the sale of the equity shares is effected. Capital gains realized in respect of equity shares held by the non-resident investor for more than 12 months will be treated as long-term capital gains and will not be subject to tax in the event such transaction is chargeable to the securities transaction tax.

Capital gains realized in respect of shares held by the non-resident investor for 12 months or less will be treated as short-term capital gains and will be subject to tax at the effective tax rate of 16.2% (15% plus applicable surcharge and education cess) in the event such transaction is subject to the securities transaction tax. Withholding tax on capital gains on sale of shares is required to be deducted under Section 195 of the Income Tax Act at the prescribed rates.

For the purpose of computing the capital gain tax on the sale of equity shares, the cost of acquisition of the equity shares would be deemed to be the historical cost of acquiring the ADSs. For the purpose of computing capital gains on the sale of equity shares, the sale consideration received or accruing on such sale shall be reduced by the cost of acquisition of such equity shares and any expenditure incurred wholly and exclusively in connection with such sale. Under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Mechanism) Scheme, 1993, or Scheme, the purchase price of equity shares in an India listed company received in exchange for ADSs will be the market price of the underlying shares on the date that the depository gives notice to the custodian of the delivery of equity shares in exchange for such corresponding ADSs. The market price is the price of the equity shares prevailing in the BSE or the NSE as applicable. There is no corresponding provision under the Income Tax Act providing for the use of market price as the basis for determination of the purchase price of the equity shares. In the event that the tax department denies the use of market price as the basis for determination of the purchase price of the equity shares, the original purchase price of the ADSs shall be considered as the purchase price of the equity shares for computing the capital gains tax**.**

According to the Scheme, a non-resident s holding period for the purpose of determining the applicable capital gains tax rate relating to equity shares received in exchange for ADSs commences on the date of notice of redemption by the depository to the custodian.

It is unclear as to whether section 115AC and the Scheme are applicable to a non-resident who acquires the shares outside India from a non-resident holder of equity shares after receipt of equity shares upon conversion of the ADSs.

Securities Transaction Tax

With respect to sales and purchases of equity shares on a recognized stock exchange, both the buyer and seller are required to pay a securities transaction tax at the rate of 0.1% of the transaction value of the securities sold and purchased if the transaction involves the actual delivery of equity shares on the recognized stock exchange. Prior to March 17, 2012, the securities transaction tax was levied at the rate of 0.125% of the transaction value.

Sale of the Equity Shares otherwise than on a Recognized Stock Exchange

Capital gains realized in respect of equity shares listed in India and held by a non-resident investor for more than 12 months will be treated as long-term capital gain. It is unclear whether it is subjected to tax at the effective tax rate of 10.6% or 21.115 % (including surcharge and education cess). Capital gains realized in respect of equity shares held by the non-resident investor for 12 months or less will be treated as short-term capital gains and will be subject to tax at the normal income tax rates applicable to non-residents under the provisions of the Income Tax Act. Withholding tax on capital gains on sale of equity shares is required to be deducted under Section 195 of the Income Tax Act at the prescribed rates (surcharge on non-residents is applicable at the rate of 2.5%).

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Capital Losses

The losses arising from a transfer of a capital asset in India can only be set off against capital gains and not against any other income in accordance with the Income Tax Act. A long-term capital loss may be set off only against a long-term capital gain. To the extent the losses are not absorbed in the year of transfer, they may be carried forward for a period of eight years immediately succeeding the year for which the loss was first computed and may be set off against the capital gains assessable for such subsequent years. In order to get the benefit of set-off of the capital losses in this manner, the non-resident investor must file appropriate and timely tax returns in India.

Tax Treaties

The above mentioned tax rates and the consequent taxation are subject to any benefits available to a non-resident investor under the provisions of any agreement for the avoidance of double taxation entered into by the Government of India with the country of tax residence of such non-resident investor. The investors are advised to consult their tax advisors the residential status for the purpose of treaty benefits in the event the investments are made through special purpose vehicle in an overseas jurisdiction.

Withholding Tax on Capital Gains

Any taxable gain realized by a non-resident from the sale of ADSs and equity shares shall be subject to withholding tax at source and withheld by the buyer. However, no withholding tax is required to be withheld under Section 196D (2) of the Income Tax Act from any income accruing to a FII as defined in Section 115AD of the Income Tax Act on the transfer of securities. The FII is required to pay the tax on its own behalf.

Buy-Back of Securities

Indian companies are not subject to tax on the buy-back of their equity shares. However, shareholders will be taxed on the resulting gains from the share buy-back. We would be required to deduct tax at source in proportion to the capital gains tax liability of our shareholders.

Stamp Duty

Upon the issuance of the equity shares underlying the ADSs, we are required to pay a stamp duty for each equity share equal to 0.1% of the issue price. Under Indian stamp law, no stamp duty is payable on the acquisition or transfer of equity shares in book-entry form. However, a sale of equity shares by a non-resident holder will be subject to Indian stamp duty at the rate of 0.25% on the market value of equity shares on the trade date, although such duty is customarily borne by the transferee. A transfer of ADSs is not subject to Indian stamp duty.

Wealth Tax, Gift Tax and Inheritance Tax

The holding of ADSs by non-resident investors, the holding of the equity underlying shares by the depositary in a fiduciary capacity and the transfer of the ADSs between non-resident investors and the depositary is exempt from payment of wealth tax. Further, there is no tax on gifts and inheritances which applies to the ADSs, or the equity shares underlying the ADSs.

Service Tax

Brokerage or commission fees paid to stockbrokers in connection with the sale or purchase of equity shares are subject to an Indian service tax at the effective tax rate of 12.36% (including cess of 3%) collected by the stockbroker (from February 24, 2009 to March 31, 2012 service tax was 10.3%). Further, pursuant to Section 65(101) of the Finance Act (2 of the 2004) a sub-broker is also subject to this service tax.

Minimum Alternate Tax

The Income Tax Act imposes a MAT on companies the income tax payable on the total income is less than 20.01% (inclusive of surcharge and cess) of its book profit on its book profits. Amounts paid as MAT may be applied towards regular income taxes payable in any of the succeeding ten years subject to certain conditions. The manner of computing the MAT which can be claimed as a credit is specified in the Income Tax Act. The Finance Act, 2007, included income eligible for deductions under section 10A and 10B of the Act in the computation of book profits for the levy of MAT, and determined that MAT is payable on income which falls within the ambit of section 10A and 10B of the Act.

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The Direct Taxes Code 2010, when effective shall levy a 20.0% tax on book profit (excluding surcharge or education cess). Although the Code when introduced contained a levy of MAT on gross assets, the revised Direct Taxes Code 2010 has restored the tax on book profit. The tax credit for taxes paid on book profit shall be allowable for a period of 15 years (as against the existing limit of 10 years) and MAT provisions shall apply to special economic zone developers and special economic zone units.

Tax Credit

A non-resident investor may be entitled to a tax credit with respect to any withholding tax paid by us or any other person for such non-resident investor s account in accordance with the laws of the applicable jurisdiction.

United States Federal Income Taxation

The following discussion describes certain material United States federal income tax consequences to US Holders (defined below) under present law of an investment in the ADSs or equity shares. This summary applies only to investors that hold the ADSs or equity shares as capital assets (generally, property held for investment) and that have the US dollar as their functional currency. This discussion is based on the United States Internal Revenue Code of 1986, as amended, as in effect on the date of this annual report and on United States Treasury regulations in effect or, in some cases, proposed, as of the date of this annual report, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion neither deals with the tax consequences to any particular investor nor describes all of the tax consequences applicable to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts ;
- broker dealers;
- United States expatriates;
- traders that elect to use the mark-to-market method of accounting;
- tax-exempt entities;

persons liable for the alternative minimum tax;

persons holding an ADS or equity share as part of a straddle, hedging, conversion or integrated transaction;

persons that actually or constructively own 10.0% or more of the total combined voting power of all classes of our voting stock;

persons who acquired ADSs or equity shares pursuant to the exercise of any employee share option or otherwise as compensation; or

persons holding ADSs or equity shares through partnerships or other pass-through entities.

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INVESTORS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF ADSs OR EQUITY SHARES.

The discussion below of the United States federal income tax consequences to US Holders will apply to you if you are a beneficial owner of ADSs or equity shares and you are, for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;

- a corporation (or other entity taxable as a corporation for United states federal income tax purposes) created or organized in the United States or under the laws of the United States, any State thereof or the District of Columbia;

- an estate, the income of which is subject to United States federal income taxation regardless of its source; or

- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more United States persons for all substantial decisions of the trust or (2) was in existence on August 20, 1996, was treated as a domestic trust on the previous day and has a valid election in effect under the applicable United States Treasury regulations to be treated as a United States person.

If a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes holds ADSs or equity shares, the tax treatment of a partner will generally depend upon the status and the activities of the partnership. A US Holder that is a partner in a partnership holding ADSs or equity shares is urged to consult its tax advisor.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying equity shares represented by those ADSs for United States federal income tax purposes.

The United States Treasury has expressed concerns that parties to whom ADSs are pre-released may be taking actions that are inconsistent with the claiming, by US Holders of ADSs, of foreign tax credits for United States federal income tax purposes. Such actions would also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate US Holders, as described below. Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends received by certain non-corporate US Holders could be affected by future actions that may be taken by the United States Treasury or parties to whom ADSs are pre-released.

Taxation of Dividends and Other Distributions on the ADSs or Equity Shares

Subject to the PFIC rules discussed below, the gross amount of any distributions we make to you with respect to the ADSs or equity shares generally will be includible in your gross income as foreign source dividend income on the date of receipt by the depositary, in the case of ADSs, or by you, in the case of equity shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under United States federal income tax principles). Any such dividends will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other United States corporations. To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under United States federal income tax principles), such excess amount will be treated first as a tax-free return of your tax basis in your ADSs or equity shares, and then, to the extent such excess amount exceeds your tax basis in your ADSs or equity shares, as capital gain. However, we currently do not, and we do not intend to calculate our earnings and profits under United States federal income tax principles. Therefore, a US Holder should expect that any distribution will generally be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

With respect to certain non-corporate US Holders, including individual US Holders, for taxable years beginning before January 1, 2013, dividends may be taxed at the lower applicable capital gains rate applicable to qualified dividend income , provided that (1) the ADSs or equity shares, as applicable, are readily tradable on an established securities market in the United States or we are eligible for the benefits of the United States-India income tax treaty, (2) we are neither a PFIC nor treated as such with respect to you (as discussed below) for the taxable year in which the dividend is paid or the preceding taxable year, and (3) the equity shares are held for a holding period of more than 60 days during the 121 day period beginning 60 days before the ex-dividend date. Under US Internal Revenue Service authority, equity shares or ADSs representing such shares, are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the NYSE, as our ADSs currently are. You should consult your tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends paid with respect to our ADSs or equity shares.

Any dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any dividends distributed by us with respect to ADSs or equity shares will generally constitute passive category income but could, in the case of certain US Holders, constitute general category income. A US Holder will not be able to claim a foreign tax credit for any Indian taxes imposed with respect to dividend distribution taxes on ADSs or equity shares (as discussed under - India Taxation Taxation of Dividends). The rules relating to the determination of the foreign tax credit are complex and US Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances, including the effects of any applicable income tax treaties.

Taxation of a Disposition of ADSs or Equity Shares

Subject to the PFIC rules discussed below, upon a sale or other disposition of ADSs or equity shares, a US Holder will generally recognize a capital gain or loss for United States federal income tax purposes in an amount equal to the difference between the amount realized for the ADS or equity share and such US Holder s tax basis in such ADSs and equity shares. Any such gain or loss will be treated as long-term capital gain or loss if the US Holder s holding period in the ADSs and equity shares at the time of the disposition exceeds one year. Long-term capital gain of individual US Holders generally will be subject to United States federal income tax at reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as United States source income or loss for foreign tax credit limitation purposes.

Because gains generally will be treated as United States source gain, as a result of the United States foreign tax credit limitation, any Indian income tax imposed upon capital gains in respect of ADSs or equity shares (as discussed under India Taxation Taxation of Sale of the ADSs, India Taxation Taxation of Sale of the Equity Shares, India Taxation Sale of the Equity Shares on a Recognized Stock Exchange, India Taxation Sale of the Equity Shares otherwise than on a Recognized Stock Exchange and India Taxation Buy-Back of Securities) may not be currently creditable unless a US Holder has other foreign source income for the year in the appropriate United States foreign tax credit limitation basket. US Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an ADS or equity share and their ability to credit an Indian tax against their United States federal income tax liability.

Passive Foreign Investment Company

Based on the market prices of our equity shares and ADSs and the composition of our income and assets, including goodwill, although not clear, we do not believe we were a PFIC for United States federal income tax purposes for our taxable year ended March 31, 2012. However, the application of the PFIC rules is subject to uncertainty in several respects and, therefore, the US Internal Revenue Service may assert that, contrary to our belief, we were a PFIC for such taxable year. Moreover, although the asset test (defined below) is required to be calculated based on the fair market value of our assets, we did not do a valuation of our assets and our belief that we were not a PFIC for our taxable year ended March 31, 2012 is based on the book value of our assets. In addition, we must make a separate determination each taxable year as to whether we are a PFIC (after the close of each taxable year). A decrease in the market value of our equity shares and ADSs and/or an increase in cash or other passive assets would increase the relative percentage of our passive assets. Accordingly, we cannot assure you we will not be a PFIC for the taxable year ending on March 31, 2013 or any future taxable year.

A non-United States corporation will be a PFIC for United States federal income tax purposes for any taxable year if, applying certain look-through rules either:

- at least 75% of its gross income for such taxable year is passive income, or

- at least 50% of the total value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets, including cash, that produce passive income or are held for the production of passive income (the asset test).

For this purpose, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% (by value) of the stock. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our equity shares and ADSs, fluctuations in the market price of our equity shares and ADSs may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC.

If we are a PFIC for any taxable year during which you hold ADSs or equity shares, we generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold our equity shares or ADSs, unless we cease to be a PFIC and you make a deemed sale election with respect to the equity shares or ADSs. If such election is timely made, you will be deemed to have sold the ADSs and equity shares you hold at their fair market value on the last day of the last taxable year in which we qualified as a PFIC and any gain from such deemed sale would be subject to the consequences described in the following two paragraphs. In addition, a new holding period would be deemed to begin for the equity shares and ADSs for purposes of the PFIC rules. After the deemed sale election, your equity shares or ADSs with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

For each taxable year that we are treated as a PFIC with respect to you, you will be subject to special tax rules with respect to any excess distribution that you receive and any gain you recognize from a sale or other disposition (including a deemed sale discussed in the precedent paragraph and a pledge) of the ADSs or equity shares, unless you make a mark-to-market election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or equity shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or equity shares;

- the amount allocated to the current taxable year, and any taxable year in your holding period prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and

- the amount allocated to each other year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

In addition, non-corporate US Holders will not be eligible for reduced rates of taxation on any dividends received from us (as described above under Taxation of Dividends and Other Distributions on the ADSs or Equity Shares) if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the ADSs or equity shares cannot be treated as capital, even if you hold the ADSs or equity shares as capital assets.

If we are treated as PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you may be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by us in that proportion which the value of the ADSs and equity shares you own bears to the value of all of the ADSs and equity shares, and you may be subject to the adverse tax consequences described in the preceding two paragraphs with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisor regarding the applicable of the PFIC rules to any of our PFIC subsidiaries

A US Holder of marketable stock (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the PFIC rules described above regarding excess distributions and recognized gains. If you make a valid mark-to-market election for the ADSs or equity shares, you will include in income for each year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs or equity shares as of the close of your taxable year over your adjusted basis in such ADSs or equity shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or equity shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or equity shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or equity shares will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs or equity shares, as well as to any loss realized on the actual sale or other disposition of the ADSs or equity shares, to the extent that the amount of such loss does not exceed the net mark-to-

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market gains previously included for such ADSs or equity shares. Your basis in the ADSs or equity shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, any distributions that we make would generally be subject to the tax rules discussed above under Taxation of Dividends and Other Distributions on the ADSs or Equity Shares, except that the lower rate applicable to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for marketable stock, which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter (regularly traded) on a qualified exchange or other market, as defined in the applicable United States Treasury regulations. The NYSE is a qualified exchange. Our ADSs are listed on the NYSE and, consequently, if you are a holder of ADSs and the ADSs are regularly traded, the mark-to-market election would be available to you if we become a PFIC. Because a mark-to-market election cannot be made for equity interests in any lower-tier PFICs we own, a US Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes. You should consult your tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Alternatively, if a non-United States corporation is a PFIC, a holder of shares in that corporation may avoid taxation under the PFIC rules described above regarding excess distributions and recognized gains by making a qualified electing fund election to include in income its share of the corporation s income on a current basis. However, you may make a qualified electing fund election with respect to our ADSs or equity shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

Unless otherwise provided by the United States Treasury, each US Holder of a PFIC is required to file an annual report containing such information as the United States Treasury may require. If we are or become a PFIC, you should consult your tax advisor regarding any reporting requirements that may apply to you.

You should consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or equity shares.

Information Reporting and Backup Withholding

Any dividend payments with respect to ADSs or equity shares and proceeds from the sale, exchange, redemption or other disposition of ADSs or equity shares may be subject to information reporting to the US Internal Revenue Service and possible United States backup withholding. Backup withholding will not apply, however, to a US Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. US Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. US Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your United States federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the US Internal Revenue Service and furnishing any required information.

Additional Reporting Requirements

Certain US Holders who are individuals are required to report information relating to an interest in our ADSs or equity shares, subject to certain exceptions (including an exception for ADSs and equity shares held in accounts maintained by certain financial institutions). US Holders should consult their tax advisors regarding the effect, if any, of these rules on the ownership and disposition of our ADSs or equity shares.

F. Dividends and Paying Agents

Not applicable

G. Statements by Experts

Not applicable

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H. Documents on Display

Publicly filed documents concerning our company which are referred to in this annual report may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials can also be obtained from the Public Reference Room at the SEC s principal office, 100 F Street, N.E., Washington D.C. 20549, after payment of fees at prescribed rates.

The SEC maintains a website at *www.sec.gov* that contains reports, proxy and information statements and other information regarding registrants that make electronic filings through its Electronic Data Gathering, Analysis, and Retrieval, or EDGAR, system. We have made all our filings with the SEC using the EDGAR system.

I. Subsidiary Information

Not applicable

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
Qualitative and Qualitative Analysis

See Note 25 Financial Instruments in Item 8. Financial Information for more details.

Currency Risk

The results of our operations may be affected by fluctuations in the exchange rates between the Indian Rupee, Namibia Dollar, South African Rand and Australian Dollar against the US Dollar. This table illustrates the effect of a 10% movement in exchange rates between these currencies on our operating profit for fiscal 2012.

10% movement in currency	For Rs./ $		For AUD/ $		For NAD / $		For ZAR/ $	
			(in millions)					
Copper	680	13.4	743	14.6				
Zinc India	6,653	130.7						
Zinc International	1,502	29.5			1,397	27.5	318	6.2
Aluminum	2,664	52.3						
Total	**11,499**	**225.9**	**743**	**14.6**	**1,397**	**27.5**	**318**	**6.2**

We use hedging instruments to manage the currency risk associated with the fluctuations in the Indian Rupee and Australian dollar against the US dollar in line with our risk management policy. Typically, all exposures for maturity of less than two years are managed using simple instruments such as forward contracts. As long-term exposures draw nearer, we hedge them progressively to insulate these from the fluctuations in the currency markets. In our Australian operations, apart from funds to meet local expenses which are denominated in Australian dollars, we strive to retain our surplus funds in US dollar terms. These exposures are reviewed by appropriate levels of management on a monthly basis.

Hedging activities in India are governed by the RBI with whose policies we must comply. The policies under which the RBI regulates these hedging activities can change from time to time and these policies affect the effectiveness with which we manage currency risk.

We hold or issue instruments such as options, swaps and other derivative instruments for purposes of mitigating our exposure to currency risk. We have also partly hedged our foreign exchange risk in net investment in foreign operations. We do not enter into hedging instruments for speculative purposes.

Interest Rate Risk

Our short-term borrowing is principally denominated in Indian Rupees with fixed rates of interest. Typically, our foreign currency debt has floating rates of interest linked to US Dollar LIBOR. The costs of floating rate borrowings may be affected by the fluctuations in the interest rates. We have selectively used interest rate swaps, options and other derivative instruments to manage our exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a monthly basis.

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Borrowing and interest rate hedging activities in India are governed by the RBI and we have to comply with its regulations. The policies under which the RBI regulates these borrowing and interest rate hedging activities can change from time to time and can impact the effectiveness with which we manage our interest rate risk.

We have in the past held or issued instruments such as swaps, options and other derivative instruments for purposes of mitigating our exposure to interest rate risk. We do not enter into hedging instruments for speculative purposes. This table illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest payable on loans and borrowings for fiscal 2012.

Movement in interest rates	Interest Rates (in millions)	
0.5%	Rs. 286	$ 5.6
1.0%	Rs. 572	$ 11.2
2.0%	Rs. 1,144	$ 22.5

Commodity Price Risk

We use commodity hedging instruments such as forwards, swaps, options and other derivative instruments to manage our commodity price risk in our copper and zinc businesses. Currently, we use commodity forward contracts to partially hedge against changes in the LME prices of copper and zinc. We enter into these hedging instruments for the purpose of reducing the variability of our cash flows on account of volatility in commodity prices. These hedging instruments are typically of a maturity of less than one year and almost always less than two years.

Hedging activities in India are governed by the RBI and we have to comply with its regulations. The policies under which the RBI regulates these hedging activities can change from time to time and can impact on the effectiveness with which we manage commodity price risk.

We have in the past held or issued derivative instruments such forwards, options and other derivative instruments for purposes of mitigating our exposure to commodity price risk. We do not enter into hedging instruments for speculative purposes.

This table illustrates the impact of a $ 100 movement in LME prices based on fiscal 2012 volumes, costs and exchange rates and provides the estimated impact on operating profit assuming all other variables remain constant.

$ 100 movement in LME price	Change in Operating Income (in millions)	
Copper	Rs. 118	$ 2.3
Zinc India	3,465	68.1
Zinc International	1,533	30.1
Aluminum	1,148	22.5
Total	**Rs. 6,264**	**$ 123.0**

The fair value of our open derivative positions (excluding normal purchase and sale contracts), recorded within other current assets and current financial liabilities is as follows:

	March 31, 2011		2012		2012	
	Asset	Liability	Asset	Liability	Asset	Liability
	(Rs in millions)		(Rs in millions)		(US dollar in millions)	
Cash flow hedges:						
Commodity contracts		2	1	2	0.0	0.0
Forward foreign currency contracts			18		0.4	

Fair value hedges:						
Commodity contracts	24	4	118		2.3	
Forward foreign currency contracts	21	144	242	15	4.8	0.3
Non-qualifying hedges:						
Commodity contracts	136	246	33	128	0.6	2.6
Forward foreign currency contracts	907	14	105		2.1	
Net Investment in foreign operations				460		9.1
Fair value	**1,088**	**410**	**517**	**605**	**10.2**	**12.0**

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ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES
D. American Depositary Shares

Our ADR facility is maintained with Citibank, N.A., or the Depositary, pursuant to a Deposit Agreement, dated as of July 18, 2007, among us, our Depositary and the holders and beneficial owners of ADSs. We use the term holder in this discussion to refer to the person in whose name an ADR is registered on the books of the Depositary.

In accordance with the Deposit Agreement, the Depositary may charge fees up to the amounts described below:

	Type of Service	Fees	By whom paid
1.	Issuance of ADSs upon the deposit of ordinary shares (excluding issuances as a result of distributions described in paragraph 4 below)	Up to $ 5.00 per 100 ADSs (or any portion thereof) issued	Person depositing shares or person receiving ADSs
2.	Surrender of ADSs for cancellation and withdrawal of ordinary shares underlying such ADSs	Up to $ 5.00 per 100 ADSs (or any portion thereof) surrendered	Person surrendering ADSs for purpose of withdrawal of deposited securities or person to whom deposited securities are delivered
3.	Distribution of cash dividends or other cash distributions (i.e. sale of rights and other entitlements)	Up to $ 2.00 per 100 ADSs (or any portion thereof) held	Person to whom distribution is made
4.	Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to $ 5.00 per 100 ADSs (or any portion thereof) issued	Person to whom distribution is made
5.	Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e. spin-off shares)	Up to $ 5.00 per 100 ADSs (or any portion thereof) issued	Person to whom distribution is made
6.	Depositary services	Up to $ 2.00 per 100 ADSs (or any portion thereof) held	Person holding ADSs on applicable record date(s) established by the Depositary
7.	Transfer of ADRs	$ 1.50 per certificate presented for transfer	Person presenting certificate for transfer

In addition, holders or beneficial owners of our ADS, persons depositing ordinary shares for deposit and persons surrendering ADSs for cancellation and withdrawal of deposited securities will be required to pay the following charges:

- taxes (including applicable interest and penalties) and other governmental charges;
- registration fees for the registration of ordinary shares or other deposited securities on the share register and applicable to transfers of ordinary shares or other deposited securities to or from the name of the custodian, the Depositary or any nominees upon the making of deposits and withdrawals;
- certain cable, telex, facsimile and electronic transmission and delivery expenses;
- expenses and charges incurred by the Depositary in the conversion of foreign currency;

fees and expenses incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs;

fees and expenses incurred by the Depositary in connection with the delivery of deposited securities; and

the fees and expenses incurred by the Depositary, the custodian, or any nominee in connection with the servicing or delivery of deposited securities.

In the case of cash distributions, the applicable fees, charges, expenses and taxes will be deducted from the cash being distributed. In the case of distributions other than cash, such as share dividends, the distribution generally will be subject to appropriate adjustments for the deduction of the applicable fees, charges, expenses and taxes.

In certain circumstances, the Depositary may dispose of all or a portion of such distribution and distribute the net proceeds of such sale to the holders of ADS, after deduction of applicable fees, charges, expenses and taxes.

If the Depositary determines that any distribution in property is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may withhold the amount required to be withheld and may dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and appropriate to pay such taxes or charges and the Depositary will distribute the net proceeds of any such sale after deduction of such taxes or charges to the holders of ADSs entitled to the distribution.

During fiscal 2012, the Depository has reimbursed to us an amount of $ 1,848,076.0 (after deduction of applicable withholding taxes amounting to $ 792,793.6) in respect of investor relation expenses. In addition, as part of its service to us, the Depositary has waived an amount of $ 4,471.65 that it has paid on our behalf to third-party service providers in respect of proxy related expenses and other administrative costs.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

ADS offering in 2009

On July 16, 2009, we completed the ADS offering on the NYSE. We sold an aggregate of 131,906,011 ADSs representing 131,906,011 equity shares. The price per ADS was $ 12.15. The joint bookrunners of the ADS offering were J.P. Morgan Securities Inc. and Morgan Stanley & Co. International plc. The joint bookrunners exercised their over-allotment option to acquire an additional 8,449,221 ADSs at $ 12.15 per ADS. The aggregate price of the offering amount, including the over-allotment option, registered and sold was $ 1,602.7 million.

The registration statement on Form F-3 (File No. 333-160580) filed by us in connection with the ADS offering was automatically effective on July 15, 2009.

The net proceeds from the offering to us, after deducting underwriting discounts and commissions and offering expenses ($ 13.8 million), amounted to $ 1,588.9 million. As of March 31, 2012, we have used the entire proceeds for the purpose mentioned in the offer document.

Convertible Notes offering in 2009

On October 29, 2009, we completed an offering of $ 500 million aggregate principal amount of convertible senior notes (Convertible Notes). The Convertible Notes are convertible into ADSs at an initial conversion price of approximately $ 23.33 per ADS, subject to adjustment in certain events. The Convertible Notes have a maturity date of October 30, 2014 and bears interest at the rate of 4.0% per annum. The joint bookrunners of the Convertible Notes offering were Deutsche Bank Securities Inc. and Morgan Stanley & Co. Incorporated.

The post-effective amendment to the registration statement on Form F-3 (File No. 333-160580) filed by us in connection with the Convertible Note offering was automatically effective on October 15, 2009.

The net proceeds from the offering to us, after deducting underwriting discounts and commissions and offering expenses ($ 5 million), amounted to $ 495.0 million. As of March 31, 2012, we have used approximately $ 149.05 million towards capital expenditures and the unutilized proceeds have been invested temporarily in fixed deposits. We may use the remaining

net proceeds towards the expansion of our copper business with another power plant, acquisition of complementary business outside of India and any other permissible purpose under, and in compliance with, applicable laws and regulations of India, including the external commercial borrowing regulations specified by the Reserve Bank of India.

Consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium and MALCO to form Sesa Sterlite and transfer of Vedanta s shareholding in Cairn India to Sesa Sterlite

On February 25, 2012, we, Sesa Goa and Vedanta announced an all-share merger of our company and Sesa Goa to create Sesa Sterlite and a consolidation of various subsidiaries held within Vedanta through a Scheme of Arrangement under Indian law. The Scheme of Arrangement is subject to certain approvals. See Item 5. Operating and Financial Review and Prospects Recent Developments - Consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium and MALCO to form Sesa Sterlite and transfer of Vedanta s shareholding in Cairn India to Sesa Sterlite .

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosure.

Based on the foregoing, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of March 31, 2012, our disclosure controls and procedures were effective.

(b) Management s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act.

Internal controls over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles in the United States.

Our internal control over financial reporting includes those policies and procedures that, (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on financial statements.

Our management assessed the effectiveness of internal control over financial reporting as of March 31, 2012 based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of March 31, 2012, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The scope of our management s assessment of the effectiveness of internal control over financial reporting includes all of our company s consolidated operations.

Our management recognizes that there are inherent limitations in the effectiveness of any system of internal control over financial reporting, including the possibility of human error and the circumvention or override of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation, and may not prevent or detect all misstatements and can only provide reasonable assurance with respect to the preparation and presentation of our financial statements.

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The effectiveness of our internal control over financial reporting as of March 31, 2012 has been audited by Deloitte Haskins & Sells, or Deloitte, our independent registered public accounting firm, as stated in their report which is reproduced in its entirety in Item 15(c) below:

(c) Attestation Report of the Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Sterlite Industries (India) Limited

Mumbai, Maharashtra, India

We have audited the internal control over financial reporting of Sterlite Industries (India) Limited and subsidiaries (the Company) as of March 31, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Item 15(b) Management s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of effectiveness of the internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended March 31, 2012 of the Company and our report dated May 24, 2012 expressed an unqualified opinion on those financial statements.

/s/ Deloitte Haskins & Sells
Deloitte Haskins & Sells

Mumbai, Maharashtra, India
May 24, 2012

(d) Changes in Internal Control over Financial Reporting

Management has evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on the evaluation we conducted, management has concluded that except as described below, no such changes have occurred.

We implemented changes to certain processes, information technology systems, and other components of internal control during fiscal 2012 as a result of integrating THL Zinc Namibia Holdings (Proprietary) Limited, BMM and Lisheen and their subsidiaries, all of which we acquired during fiscal 2011.

ITEM 16.
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our audit committee members are Mr. Gautam Bhailal Doshi (Chairman), Mr. A. R Narayanaswamy, Mr. Berjis Minoo Desai and Mr. Sandeep H. Junnarkar. Each of Messrs. Doshi, Narayanaswamy, Desai and Junnarkar, satisfies the independence requirements pursuant to the rules of the SEC and Rule 10A-3 of the Exchange Act. See Item 6. Directors, Senior Management and Employees C. Board Practices for the experience and qualifications of the members of the audit committee.

Our board of directors has determined that each of Mr. Gautam Bhailal Doshi and Mr. A.R. Narayanaswamy qualifies as an audit committee financial expert within the requirements of the rules promulgated by the SEC relating to audit committees.

ITEM 16B. CODE OF ETHICS

We have adopted a written Code of Business Conduct and Ethics that is applicable to all of our directors, executive officers and employees. We amended our Code of Business Conduct and Ethics on October 24, 2011 to add various provisions including applicable provisions of the U.K. Bribery Act, 2010. We have posted the code on our website at *http://www.sterlite-industries.com/PDFs/code-of-coduct.pdf*. Information contained in our website does not constitute a part of this annual report. We will also make available a copy of the Code of Business Conduct and Ethics to any person, without charge, if a written request is made to us at our registered office at SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin, State of Tamil Nadu 628 002, India.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our financial statements prepared in accordance with IFRS are audited by Deloitte Haskins & Sells, a firm registered with the Public Company Accounting Oversight Board in the United States and an Indian firm of Chartered Accountants registered with the Institute of Chartered Accountants of India.

Deloitte Haskins & Sells has served as our independent registered public accountant for each of the years ended March 31, 2011 and March 31, 2012 for which audited statements appear in this annual report.

The following table shows the aggregate fees for professional services and other services rendered by Deloitte Haskins & Sells and the various member firms of Deloitte to us, including some of our subsidiaries, in fiscal 2011 and 2012.

	Fiscal	
	2011	2012
	(in thousands)	
Audit fees (audit and review of financial statements)	1,631.2	2,322.2
Audit-related fees (including fees related to the ADS offering and other miscellaneous audit related certifications)	126.6	37.7
Tax fees (tax audit, other certifications and tax advisory services)	80.1	224.6
All other fees (certification on corporate governance and advisory services)	157.5	135.9

Total	**1,995.4**	**2,720.4**

Audit Committee Pre-approval Process

Our audit committee reviews and pre-approves the scope and the cost of audit services related to us and permissible non-audit services performed by the independent auditors, other than those for *de minimus* services which are approved by the audit committee prior to the completion of the audit. All of the services related to our company provided by Deloitte Haskins & Sells during the last fiscal year have been approved by the audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table shows all repurchases of the equity shares of SIIL made by SIIL and any affiliated purchaser (as defined in Rule 10b-18(a)(3) of the Exchange Act), and the average price paid per share, in fiscal 2012:

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Period:	Total Number of Shares Purchased	Average Price Paid per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs High	Maximum Number (or Approximate Dollar Value) of Shares that may yet to be Purchased under the plans or programs
		Rs.	$		
					Not applicable
12-May-11	500,000	170.13	3.34		Not applicable
13-May-11	540,000	170.25	3.35		Not applicable
16-May-11	500,000	168.67	3.31		Not applicable
17-May-11	277,256	168.36	3.31		Not applicable
18-May-11	341,865	167.23	3.29		Not applicable
19-May-11	336,407	167.95	3.30		Not applicable
20-May-11	227,127	168.40	3.31		Not applicable
24-May-11	400,000	162.61	3.20		Not applicable
31-May-11	300,000	170.67	3.35		Not applicable
1-Jun-11	226,622	173.37	3.41		Not applicable
2-Jun-11	434,476	170.28	3.35		Not applicable
3-Jun-11	420,005	168.85	3.32		Not applicable
6-Jun-11	368,827	167.38	3.29		Not applicable
7-Jun-11	534,365	167.87	3.30		Not applicable
8-Jun-11	795,534	168.00	3.30		Not applicable
9-Jun-11	950,712	166.04	3.26		Not applicable
10-Jun-11	519,942	165.99	3.26		Not applicable
13-Jun-11	616,035	165.47	3.25		Not applicable
14-Jun-11	634,757	166.25	3.27		Not applicable
22-Jun-11	770,389	156.18	3.07		Not applicable
23-Jun-11	479,010	156.07	3.07		Not applicable
24-Jun-11	785,176	158.49	3.11		Not applicable
27-Jun-11	498,467	160.98	3.16		Not applicable
28-Jun-11	695,854	163.03	3.20		Not applicable
29-Jun-11	982,693	166.79	3.28		Not applicable
30-Jun-11	911,493	168.46	3.31		Not applicable
1-Jul-11	555,704	170.36	3.35		Not applicable
4-Jul-11	470,286	172.60	3.39		Not applicable
5-Jul-11	639,223	172.92	3.40		Not applicable
6-Jul-11	318,513	171.94	3.38		Not applicable
7-Jul-11	550,000	170.05	3.34		Not applicable
8-Jul-11	303,241	163.45	3.21		Not applicable
11-Jul-11	413,080	163.60	3.21		Not applicable
Total	**17,297,059**	**166.48**	**3.27**		**Not applicable**

Note:

During the year 2012, MALCO acquired 17,297,059 of equity shares of SIIL and its shareholding changed from 3.05% to 3.56%.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable

ITEM 16G. CORPORATE GOVERNANCE

As our ADSs are listed on the NYSE, we are subject to the NYSE listing standards. The NYSE listing standards applicable to us, as a foreign private issuer, are considerably different from those applicable to US companies. Under the NYSE rules, we need only (i) establish an independent audit committee; (ii) provide prompt certification by our chief executive officer of any material non-compliance with any corporate governance rules of the NYSE; (iii) provide periodic (annual and interim) written affirmations to the NYSE with respect to our corporate governance practices; and (iv) provide a brief description of significant differences between our corporate governance practices and those followed by US companies. Our audit committee consists of four directors: Mr. Gautam Bhailal Doshi (Chairman), Mr A.R.Narayanaswamy, Mr. Berjis Minoo Desai and Mr. Sandeep H. Junnarkar. Each of Messrs. Desai, Doshi, Junnarkar and Narayanaswamy satisfies the independence requirements of Rule 10A-3 of the Exchange Act. A brief description of significant differences between our corporate governance practices and those followed by US companies can be found in Item 10. Additional Information B. Memorandum and Articles of Association Comparison of Corporate Governance Standards.

As a foreign private issuer, we are exempt from the NYSE rules applicable to a US company requiring (i) a board of directors consisting of a majority of independent directors, (ii) a compensation committee and a nominating/corporate governance committee, (iii) shareholder approval of equity-compensation plans, (iv) the adoption and disclosure of corporate governance guidelines, and (v) the adoption and disclosure of a code of business conduct and ethics for directors, officer and employees, and the prompt disclosure of any waivers thereof for directors or executive officers.

In addition, we are deemed to be a controlled company under the NYSE rules. As a result, we are exempt from the NYSE rules applicable to a US company that is not a controlled company requiring (i) a board of directors consisting of a majority of independent directors and (ii) a compensation committee and a nominating/corporate governance committee.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18 for a list of the financial statements filed as part of this annual report.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report, together with the report of the independent registered public accounting firms:

Report of Independent Registered Public Accounting Firm.

Consolidated Statements of Income for the year ended March 31, 2010, 2011 and 2012.

Consolidated Statements of Comprehensive Income for the year ended March 31, 2010, 2011 and 2012.

Consolidated Statements of Cash Flow for the year ended March 31, 2010, 2011 and 2012.

Consolidated Statements of Financial Position as of March 31, 2011 and 2012.

Consolidated Statement of Changes in Equity for the year ended March 31, 2010, 2011 and 2012.

Notes to the Consolidated Financial Statements.

ITEM 19. EXHIBITS

The following exhibits are filed as part of this annual report:

1.1	Certificate of Incorporation of Sterlite Industries (India) Limited, as amended - incorporated by reference to Exhibit 3.1 of Amendment No. 5 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on June 4, 2007.
1.2	Memorandum of Association of Sterlite Industries (India) Limited, as amended - incorporated by reference to Exhibit 1.2 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
1.3	Article of Association of Sterlite Industries (India) Limited, as amended - incorporated by reference to Exhibit 3.3 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.

2.1 Form of Deposit Agreement among Sterlite Industries (India) Limited, Citibank, N.A., as Depositary, and owners and holders from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder amended (including the Form of ADR) - incorporated by reference to Exhibit (a) of Amendment No. 2 to the Registration Statement on Form F-6 (File No. 333-139102), as filed with the SEC on June 15, 2007 as amended by Form of ADR incorporated by reference to Form 424B3 (File No. 333-139102), as filed with the SEC on June 28, 2010.

2.2 Specimen share certificate (effective as of November 30, 2006) - incorporated by reference to Exhibit 4.3 to the Registration Statement on Form 8-A (File No. 001-33175) as filed with the SEC on November 30, 2006.

4.1 Vedanta Resources plc Long-Term Incentive Plan - incorporated by reference to Exhibit 10.1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.2 Relationship Agreement dated December 5, 2003 among Vedanta Resources Plc, Volcan Investments Limited, Dwarka Prasad Agarwal, Agnivesh Agarwal and Anil Agarwal - incorporated by reference to Exhibit 10.2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.3 Deed of Adherence dated December 11, 2007 among Vedanta Resources plc, Volcan Investments Limited, Onclave PTC Limited and Anil Agarwal - incorporated by reference to Exhibit 4.3 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.4 Shared Services Agreement dated December 5, 2003 among Vedanta Resources Plc, Sterlite Optical Technologies Limited, Sterlite Gold Limited and Sterlite Industries (India) Limited, including the letter agreement dated April 13, 2006 amending the Shared Services Agreement - incorporated by reference to Exhibit 10.3 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.5 Consultancy Agreement dated March 29, 2005 between Vedanta Resources Plc and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 10.4 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.6 Representative Office Agreement dated March 29, 2005 between Vedanta Resources Plc and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 10.5 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.7 Shareholders Agreement between the President of India and Sterlite Opportunities and Ventures Limited dated April 4, 2002 - incorporated by reference to Exhibit 10.6 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.8 Shareholders Agreement between Sterlite Industries (India) Limited, Government of India and Bharat Aluminium Company Limited dated March 2, 2001 - incorporated by reference to Exhibit 10.7 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.9 Guarantee Agreement between the President of India, Sterlite Industries (India) Limited, Sterlite Optical Technologies Limited and Sterlite Opportunities and Ventures Limited dated April 4, 2002 - incorporated by reference to Exhibit 10.8 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.10 Agreement between Vedanta Aluminium Limited and Orissa Mining Corporation Limited dated October 5, 2004 - incorporated by reference to Exhibit 10.9 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.11 Mining lease between the Government of Rajasthan and Hindustan Zinc Limited dated March 13, 1980 renewed on September 15, 2000 pursuant to an order of the Government of Rajasthan dated May 1, 2000 and an indenture dated September 15, 2000 - incorporated by reference to Exhibit 10.10 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.12 $ 92.6 million Term Facility Agreement between Sterlite Industries (India) Limited as borrower and CALYON, Standard Chartered Bank and ICICI Bank Limited as lenders dated March 22, 2006 - incorporated by reference to Exhibit 10.11 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.13 Japanese Yen 3,570 million and $ 19.65 million Term Loan Facilities Agreement between Sterlite Industries (India) Limited as borrower and ICICI Bank Limited, Sumitomo Mitsui Banking Corporation and DBS Bank Limited as lenders dated September 19, 2005 - incorporated by reference to Exhibit 10.12 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.14 $ 125 million Term Facility Agreement between Hindustan Zinc Limited as borrower and ABN AMRO Bank N.V., CALYON, Standard Chartered Bank, DBS Bank Limited, Mizuho Corporate Bank, Limited., Sumitomo Mitsui Banking Corporation, The Sumitomo Trust and Banking Co., Limited., Cathay United Bank, Hua Nan Commercial Bank, National Bank of Kuwait S.A.K., Bank of Taiwan, The Export-Import Bank of the Republic of China, Chang Hwa Commercial Bank Limited., Chiao Tung Bank Co., Limited., The International Commercial Bank of China, Co. Limited., Mascareignes International Bank Ltd., Syndicate Bank, Canara Bank and The Shanghai Commercial and Savings Bank, Limited. as lenders dated July 29, 2005 - incorporated by reference to Exhibit 10.13 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.15 Rs. 7,000 million Rupee Term Facility Agreement between Bharat Aluminium Company Limited as the borrower and Union Bank of India, Export Import Bank of India, Uco Bank, State Bank of Travancore, State Bank of Saurashtra, State Bank of Hyderabad, State Bank of Patiala and State Bank of Indore as lenders dated August 18, 2004 - incorporated by reference to Exhibit 10.14 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.16 $ 50 million Facility Agreement between Bharat Aluminium Company Limited as borrower and ICICI Bank Limited, Singapore Branch, ICICI Bank Limited, Bahrain Branch and ICICI Bank Limited, Offshore Banking Unit as lenders dated November 8, 2004 - incorporated by reference to Exhibit 10.15 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.17 $ 50 million Facility Agreement between Bharat Aluminium Company Limited as borrower and ICICI Bank Limited, ICICI Bank Limited, Bahrain Branch and ICICI Bank Limited, Offshore Banking Unit as lenders dated November 10, 2004 - incorporated by reference to Exhibit 10.16 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.18 Rs. 10,000 million Facility Agreement between Bharat Aluminium Company Limited as borrower and Oriental Bank of Commerce, Syndicate Bank, The Jammu & Kashmir Bank Limited, Corporation Bank, Housing Development Finance Corporation Limited, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Patiala, State Bank of Saurashtra, The Federal Bank Limited, The Karnataka Bank Limited, The Karur Vysya Bank Limited, UCO Bank, Vijaya Bank, ABN AMRO Bank N.V., The Laxmi Vilas Bank Limited as lenders dated September 16, 2003 - incorporated by reference to Exhibit 10.17 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.19 Subscription Agreement between Sterlite Industries (India) Limited and the Life Insurance Corporation of India dated April 9, 2003 - incorporated by reference to Exhibit 10.18 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.20 Option Agreement between Sterlite Industries (India) Limited, India Foils Limited and ICICI Bank Limited dated February 18, 2005 - incorporated by reference to Exhibit 10.19 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.21 Corporate Guarantee by Sterlite Industries (India) Limited to ICICI Bank Limited on behalf of India Foils Limited dated February 8, 2005 - incorporated by reference to Exhibit 10.20 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.22 Corporate Guarantee by Sterlite Industries (India) Limited to ICICI Bank Limited on behalf of Vedanta Aluminium Limited dated December 4, 2004 - incorporated by reference to Exhibit 10.21 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.23 Frame Contract between Sterlite Industries (India) Limited and the Copper Mines of Tasmania Proprietary Limited dated July 1, 2004, as amended on July 1, 2004 - incorporated by reference to Exhibit 10.22 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.24 Copper Concentrate Purchase Contract between Sterlite Industries (India) Limited and the Copper Mines of Tasmania Proprietary Limited dated July 1, 2005 - incorporated by reference to Exhibit 10.23 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.25 Agreement for Sale and Purchase of the Power Transmission Line Division between Sterlite Industries (India) Limited and Sterlite Optical Technologies Limited dated August 30, 2006 - incorporated by reference to Exhibit 10.24 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.26 Agreement between Sterlite Industries (India) Limited and Navin Agarwal dated October 8, 2003 - incorporated by reference to Exhibit 10.25 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.27 Agreement between Sterlite Industries (India) Limited and Kuldip Kumar Kaura dated September 12, 2006 - incorporated by reference to Exhibit 10.26 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.

4.28 Letter issued by Sterlite Industries (India) Limited to Kuldip Kumar Kaura dated March 27, 2008 - incorporated by reference to Exhibit 4.28 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.29 Share Purchase Agreement between Sterlite Industries (India) Limited and Anil Agarwal dated October 3, 2006 relating to the sale of Sterlite Energy Limited - incorporated by reference to Exhibit 10.29 of Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 22, 2006.

4.30 Share Purchase Agreement between Sterlite Industries (India) Limited and Dwarka Prasad Agarwal dated October 3, 2006 relating to the sale of Sterlite Energy Limited - incorporated by reference to Exhibit 10.30 of Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 22, 2006.

4.31 Share Purchase Agreement between Sterlite Industries (India) Limited and Twin Star Infrastructure Limited dated October 3, 2006 relating to the sale of Sterlite Energy Limited - incorporated by reference to Exhibit 10.31 of Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 22, 2006.

4.32 Specialty Deed between Copper Mines of Tasmania Proprietary Limited, Mt Lyell Mining Company Limited, Citibank Limited and Citibank, N.A. dated April 1, 1999 - incorporated by reference to Exhibit 10.36 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.

4.33 Subordination Deed Poll between Monte Cello Corporation N.V., Citibank Limited and Citibank, N.A. dated April 1, 1999 - incorporated by reference to Exhibit 10.37 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.

4.34 Deed of Assignment of Debt between Monte Cello Corporation N.V. and Mt Lyell Mining Company Limited dated April 1, 1999 - incorporated by reference to Exhibit 10.38 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.

4.35 Deed of Assignment of Debt between Monte Cello Corporation N.V., Citibank Limited and Citibank, N.A. dated April 1, 1999 - incorporated by reference to Exhibit 10.39 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.

4.36 Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated August 29, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures - incorporated by reference to Exhibit 4.38 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.37 Addendum dated March 17, 2008 to the Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated August 29, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures - incorporated by reference to Exhibit 4.39 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.38 Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated December 23, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures - incorporated by reference to Exhibit 4.40 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.39 Addendum dated March 17, 2008 to the Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated December 23, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures - incorporated by reference to Exhibit 4.41 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.40 Purchase and Sale Agreement dated May 30, 2008 among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (USA), Inc. and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 4.42 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.41 10,000 million Loan Agreement between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated February 4, 2008 - incorporated by reference to Exhibit 4.43 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.

4.42 Amendment No. 1 dated April 15, 2009 to the Settlement and Sale and Purchase Agreement dated March 6, 2009 among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (USA), Inc., and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 4.43 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.43 Amendment No. 2 effective as of April 22, 2009 to the Settlement and Sale and Purchase Agreement dated March 6, 2009, as amended on April 15, 2009, among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (USA), Inc., and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 4.44 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.44 Amendment No. 3 effective as of June 12, 2009 to the Settlement and Sale and Purchase Agreement dated March 6, 2009, as amended on April 15, 2009 and April 22, 2009, among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (USA), Inc., and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 4.45 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.45 Sterlite Plan Agreement in Principle Term Sheet dated June 12, 2009 among Asarco LLC, the subsidiary debtors, Sterlite (USA), Inc., Robert C. Pate, in his capacity as the Future Claims Representative, and the Official Committee of Asbestos Claimants - incorporated by reference to Exhibit 4.46 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.46 Credit Agreement Letter dated February 7, 2005 between India Foils Limited and ICICI Bank Limited - incorporated by reference to Exhibit 4.47 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.47 Novation Agreement dated November 15, 2008 among Sterlite Industries (India) Limited, India Foils Limited and ICICI Bank Limited in respect of Rs. 772.5 million term loan facility - incorporated by reference to Exhibit 4.48 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.48 Credit Agreement Letter dated August 4, 2005 between India Foils Limited and ICICI Bank Limited - incorporated by reference to Exhibit 4.49 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.49 Novation Agreement dated November 15, 2008 among Sterlite Industries (India) Limited, India Foils Limited and ICICI Bank Limited in respect of the Rs. 250 million term loan facility - incorporated by reference to Exhibit 4.50 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.50 Rs. 55,690 million Common Rupee Loan Agreement dated June 29, 2009 among Sterlite Energy Limited, the State Bank of India as facility agent and issuing bank, IDBI Trusteeship Services Limited as security trustee and the lenders named therein - incorporated by reference to Exhibit 4.51 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009 .

4.51 $ 140 million Term Loan Facility Agreement dated June 29, 2009 among Sterlite Energy Limited, India Infrastructure Finance (UK) Company Limited as lender, and the State Bank of India as facility agent - incorporated by reference to Exhibit 4.52 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.52 Sponsor Support Agreement dated June 29, 2009 among Sterlite Industries (India) Limited, Sterlite Energy Limited, and the State Bank of India as facility agent - incorporated by reference to Exhibit 4.53 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.53 Term Sheet dated May 22, 2009 between Sterlite Industries (India) Limited and Vedanta Aluminium Limited relating to the subscription of 9.75% Non-Convertible Debentures - incorporated by reference to Exhibit 4.54 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009 .

4.54 Agreement dated February 18, 2009 between the Orissa Mining Corporation Limited and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 4.55 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.

4.55 Indenture and Supplemental Indenture, both dated October 29, 2009, between Sterlite Industries (India) Limited and Wilmington Trust Company as trustee and Citibank, N.A., as securities administrator - incorporated by reference to Exhibits 4.1 and 4.2 to the Form-6K (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on November 3, 2009.

4.56 Amendment dated March 29, 2009 to the Consultancy and Representative Office Agreement between Vedanta Resources Plc and Sterlite Industries (India) Limited both dated March 29, 2005 incorporated by reference to Exhibit 4.56 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.

4.57 Outsourcing Services Agreement dated April 1, 2010 between Vedanta Resources Plc and Sterlite Industries (India) Limited - incorporated by reference to Exhibit 4.57 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.

4.58 Share Purchase Agreement dated May 9, 2010 between Anglo Operations Limited, Taurus International S.A., Anglo South Africa Capital (Pty) Limited, Anglo American Services (UK) Limited, Welter Trading Limited and Vedanta Resources Plc. incorporated by reference to Exhibit 4.58 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.

4.59 Buyer s Credit Import Advance facility dated December 8, 2009 and Demand Promissory Note accepted on May 18, 2010 obtained by Bharat Aluminium Company Limited from DBS Bank Limited for $ 50 million - incorporated by reference to Exhibit 4.59 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.

4.60 Letter of Credit Facility Agreement dated August 30, 2010 obtained by Talwandi Sabo Power Limited from ICICI Bank for Rs. 10,000 million - incorporated by reference to Exhibit 4.60 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.

4.61	Share Purchase and Shareholders Agreement dated September 17, 2010 between Sterlite Industries (India) Limited, Leighton Contractors (India) Private Limited and Vizag General Cargo Berth Private Limited - incorporated by reference to Exhibit 4.61 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
4.62	Corporate Guarantee dated December 8, 2010 given by Sterlite Industries (India) Limited to IL&FS Trust Company Limited on behalf of Talwandi Sabo Power Limited - incorporated by reference to Exhibit 4.62 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
4.63	Second Deed of Amendment dated December 16, 2010 between Anglo Operations Limited, Taurus International S.A., Anglo South Africa Capital (Pty) Limited, Anglo American Services (UK) Limited, Welter Trading Limited, THL Zinc Limited, Labaume B.V., Pecvest 17 (Proprietary) Limited and Vedanta Resources Plc as an amendment to the Share Purchase Agreement dated May 9, 2010 - incorporated by reference to Exhibit 4.63 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
4.64	Letter of Credit Facility Agreement dated December 18, 2010 obtained by Bharat Aluminium Company Limited from ICICI Bank for Rs. 2.50 billion - incorporated by reference to Exhibit 4.64 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
4.65	Service Contract dated January 25, 2011 between Sterlite Industries (India) Limited and Mr. Din Dayal Jalan - incorporated by reference to Exhibit 4.65 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
8.1**	List of subsidiaries of Sterlite Industries (India) Limited.
11.1**	Sterlite Industries (India) Limited - Code of Business Conduct and Ethics as amended till November 2011.
12.1**	Certification by the Chief Executive Officer pursuant to 17 CFR 240. 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2**	Certification by the Chief Financial Officer pursuant to 17 CFR 240. 15D-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1**	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2**	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1**	Consent of Independent Registered Public Accounting Firm.

** Filed herewith

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: May 24, 2012

STERLITE INDUSTRIES (INDIA) LIMITED

By: /s/ Din Dayal Jalan
Name: Din Dayal Jalan
Title: Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Sterlite Industries (India) Limited

Mumbai, Maharashtra, India

We have audited the accompanying consolidated statements of financial position of Sterlite Industries (India) Limited and subsidiaries (the Company) as of March 31, 2012, and 2011, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2012, all expressed in Indian Rupees. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Sterlite Industries (India) Limited and subsidiaries as of March 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2012, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of March 31, 2012, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 24, 2012 expressed an unqualified opinion on the Company s internal control over financial reporting.

Our audit for the year ended and as of March 31, 2012, also comprehended the translation of Indian Rupees amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. The translation of the consolidated financial statement amounts into United States dollars have been made solely for the convenience of the readers.

/s/ Deloitte Haskins & Sells

Deloitte Haskins & Sells
Mumbai, Maharashtra, India
May 24, 2012

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STERLITE INDUSTRIES (INDIA) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Indian Rupees in millions except share or per share amounts unless otherwise stated)

For the year ended March 31,	Notes	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions) (Note 2)
Revenue	5	244,903	302,472	412,063	8,097.1
Cost of sales		(181,928)	(226,134)	(319,719)	(6,282.6)
Gross profit		**62,975**	**76,338**	**92,344**	**1,814.5**
Other operating income		1,907	2,366	1,398	27.5
Distribution expenses		(3,022)	(3,516)	(7,446)	(146.3)
Administration expenses		(8,026)	(7,614)	(15,002)	(294.8)
Operating profit		**53,834**	**67,574**	**71,294**	**1,400.9**
Investment and other income	6	13,811	21,933	28,829	566.5
Finance and other costs	7	214	1,096	(12,042)	(236.6)
Share in (loss) / profit of associate	10	2,051	(3,082)	(8,767)	(172.3)
Profit before tax		**69,910**	**87,521**	**79,314**	**1,558.5**
Income tax expense	8	(13,247)	(18,810)	(20,077)	(394.5)
Profit for the year		**56,663**	**68,711**	**59,237**	**1,164.0**
Profit attributable to:					
Equity holders of the parent		39,263	48,898	38,998	766.3
Non-controlling interest		17,400	19,813	20,239	397.7
Earnings per share	29				
Basic		12.27	14.55	11.60	0.2
Diluted		12.03	13.87	11.60	0.2
Weighted average number of equity shares used in computing earnings per share					
Basic		3,199,826,061	3,361,207,534	3,361,207,534	3,361,207,534
Diluted		3,236,000,281	3,446,945,134	3,361,207,534	3,361,207,534

The accompanying notes are an integral part of these consolidated financial statements.

The Company s consolidated statements of income is presented disclosing expenses by function. The consolidated statements of income disclosing expenses are presented by nature in Note 34 (c).

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STERLITE INDUSTRIES (INDIA) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Indian Rupees in millions except share or per share amounts unless otherwise stated)

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions) (Note 2)
Profit for the year	56,663	68,711	59,237	1,164.0
Other comprehensive (loss)/ income, net of tax:				
Exchange differences on translation of foreign operations	1,295	807	5,053	99.3
(Loss)/gain on available-for-sale financial investments	318	(129)	1,337	26.3
Cash flow hedges*#	121	(97)	(454)	(8.9)
Share in other comprehensive (loss)/income of associate*	799	340	(1,249)	(24.5)
Total other comprehensive income for the year, net of tax*	**2,533**	**921**	**4,687**	**92.2**
Total comprehensive income	**59,196**	**69,632**	**63,924**	**1,256.2**
Total comprehensive income attributable to:				
Equity holders of the parent	41,724	49,727	43,581	856.4
Non-controlling interest	17,472	19,905	20,343	399.8
	59,196	**69,632**	**63,924**	**1,256.2**

* Refer to Note 8 for tax related to each component of other comprehensive (loss)/ income

\# Refer to Note 34(a) for amounts reclassified into profit for the year out of other comprehensive (loss)/ income

The accompanying notes are an integral part of these consolidated financial statements.

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STERLITE INDUSTRIES (INDIA) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Indian Rupees in millions except share or per share amounts unless otherwise stated)

		As at March 31,		
		2011	**2012**	**2012**
		(Rs. in millions)	**(Rs. in millions)**	**(US dollars in millions) (Note 2)**
ASSETS				
Non-current assets				
Property, plant and equipment	9(a)	324,013	379,517	7,457.6
Intangible assets	9(b)	12,419	12,657	248.7
Leasehold land prepayments		1,217	1,716	33.7
Investment in associate	10	1,879		
Financial asset investments	11	1,233	9,620	189.0
Other non-current assets	12	14,699	41,562	816.8
Total non-current assets		**355,460**	**445,072**	**8,745.8**
Current assets				
Inventories	13	52,358	45,711	898.2
Current tax asset		827	618	12.1
Trade and other receivables	14	112,342	117,445	2,307.9
Short-term investments	15	203,111	216,283	4,250.0
Derivative financial assets	25	1,088	517	10.2
Restricted cash and cash equivalents	16	39	59	1.2
Cash and cash equivalents	17	21,487	17,173	337.5
Total current assets		**391,252**	**397,806**	**7,817.1**
Assets held for sale	18	11	11	0.2
Total assets		**746,723**	**842,889**	**16,563.1**
LIABILITIES				
Current liabilities				
Short-term borrowings	19	37,948	53,983	1,060.8
Acceptances	20	25,786	28,471	559.5
Trade and other payables	21	66,592	73,724	1,448.7
Derivative financial liabilities	25	410	606	12.0
Provisions	22	1,352	802	15.8
Current tax liabilities		2,356	539	10.6
Total current liabilities		**134,444**	**158,125**	**3,107.4**
Net current assets		**256,808**	**239,681**	**4,709.7**
Non-current liabilities				
Long-term borrowings	19	53,559	74,490	1,463.7
Deferred tax liabilities	8	27,998	24,920	489.7
Retirement benefits	24	1,948	1,696	33.3
Provisions	22	6,182	7,208	141.6

Other non-current liabilities	23	2,719	5,265	103.5
Total non-current liabilities		**92,406**	**113,579**	**2,231.8**
Total liabilities		**226,850**	**271,704**	**5,339.2**
Net assets		**519,873**	**571,185**	**11,223.9**
EQUITY				
Share capital	27	3,361	3,361	66.0
Securities premium		181,117	181,117	3,559.0
Other components of equity		2,497	7,080	139.1
Retained earnings		223,195	253,919	4,989.6
Equity attributable to equity holders of the parent		**410,170**	**445,477**	**8,753.7**
Non-controlling interest		109,703	125,708	2,470.2
Total Equity		**519,873**	**571,185**	**11,223.9**

The accompanying notes are an integral part of these consolidated financial statements.

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STERLITE INDUSTRIES (INDIA) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Indian Rupees in millions except share or per share amounts unless otherwise stated)

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions) (Note 2)
Cash flows from operating activities				
Profit before tax	69,910	87,521	79,314	1,558.5
Adjustments to reconcile profit before tax to net cash provided by operating activities:				
Depreciation and amortization	8,061	12,422	25,103	493.3
Provision for doubtful debts/advances	46	26	115	2.3
Fair value gain on financial assets held for trading	(2,741)	(4,185)	(9,760)	(191.8)
Profit on sale of fixed asset, net	(104)	(257)	(50)	(1.0)
Share in (profit) / loss of associate	(2,051)	3,082	8,767	172.3
Exchange loss/(gains), net	(6,074)	(2,232)	9,474	186.2
Gain on fair valuation of conversion option	(587)	(3,206)	(2,455)	(48.2)
Interest and dividend income	(13,076)	(16,917)	(19,050)	(374.3)
Interest expense	3,910	2,693	7,178	141.1
Changes in assets and liabilities:				
Decrease/(increase) in trade and other receivables	3,008	(8,528)	1,457	28.6
Decrease /(increase) in inventories	(5,167)	(17,584)	6,953	136.7
Decrease /(increase) in other current and non-current assets	1,313	(1,244)	4,543	89.3
(Decrease)/increase in trade and other payable	3,410	31,977	(8,008)	(157.3)
(Decrease)/increase in other current and non-current liabilities	(1,482)	(5,519)	(10,069)	(197.9)
Proceeds from short-term investments	1,231,265	1,263,809	739,051	14,522.4
Purchases of short-term investments	(1,270,518)	(1,206,419)	(747,043)	(14,679.7)
Cash generated from operations	19,123	135,439	85,520	1,680.5
Interest paid	(5,597)	(4,375)	(9,653)	(189.7)
Interest received	6,460	9,769	14,949	293.7
Dividend received	5,966	4,320	1,013	19.9
Income tax paid	(11,703)	(17,624)	(24,831)	(487.9)
Net cash from operating activities	**14,249**	**127,529**	**66,998**	**1,316.5**
Cash flows from investing activities				
Purchases of property, plant and equipment	(61,875)	(50,016)	(67,670)	(1,329.7)
Proceeds from sale of property, plant and equipment	323	554	524	10.2
Redemption of investments in associate	13,342			
Loans repaid by related parties	6,850	79,556	1,064	20.9
Loans to related parties	(96,848)	(56,581)	(27,369)	(537.8)

Proceeds from short-term deposits	55,811	58,307	87,607	1,721.4
Purchases of short-term deposits	(37,136)	(106,877)	(82,119)	(1,613.6)
Acquisition of zinc international business (net of cash acquired)*		(53,526)		
Refund of purchase consideration in BMM acquisition			436	8.6
Purchase of investment@			(7,158)	(140.6)
Net changes in restricted cash and cash equivalents	1,951	21	(20)	(0.4)
Net cash used in investing activities	**(117,582)**	**(128,562)**	**(94,705)**	**(1,861.0)**
Cash flows from financing activities				
Proceeds from issuance of equity shares, net	76,529			
Proceeds from Convertible notes	23,133			
Proceeds from/(repayment of) working capital loan, net	(1,194)	1,692	1,686	33.1
Proceeds from acceptances		35,043	158,993	3,124.2
Repayment of acceptances	(1,386)	(39,719)	(157,761)	(3,100.0)
Proceeds from other short-term borrowings	5,626	30,171	113,717	2,234.6
Repayment of other short-term borrowings	(4,500)	(15,000)	(99,756)	(1,960.2)
Proceeds from long-term borrowings	13,380	17,129	32,147	631.7
Repayment of long-term borrowings	(5,103)	(8,823)	(8,578)	(168.6)
Loan from related party		15,738		
Loan repaid to related party		(10,838)	(5,202)	(102.2)
Deemed dividend@			(616)	(12.1)
Payment of dividends to equity holders of the parent, including dividend tax	(3,437)	(3,674)	(7,658)	(150.5)
Payment of dividends to non-controlling interest, including dividend tax	(726)	(1,069)	(4,338)	(85.2)
Net cash provided by financing activities	**102,322**	**20,650**	**22,634**	**444.8**
Effect of exchange rate changes on cash and cash equivalents	331	(151)	759	15.0
Net (decrease)/increase in cash and cash equivalents	(680)	19,466	(4,314)	(84.7)
Cash and cash equivalents at the beginning of the year	2,701	2,021	21,487	422.2
Cash and cash equivalents at the end of the year#	2,021	21,487	17,173	337.5
Supplementary disclosure of non-cash investing activities:				
Payables for purchase of property, plant and equipment	18,363	21,660	27,500	540.4
Conversion of short term loans to associate into 9% cumulative redeemable preference shares			30,000	589.5

The accompanying notes are an integral part of these consolidated financial statements.

* In 2010-11 payments for acquisition of zinc international business includes an amount of Rs 3,972 million paid towards settlement of shareholder s loan acquired as a part of BMM acquisition. Also refer Note 4.

\# for composition, refer Note 17.

@ Refer note 11(b).

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STERLITE INDUSTRIES (INDIA) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Indian Rupees in millions except share or per share amounts unless otherwise stated)

	Attributable to equity holders of the parent								
	Share capital	**Securities premium**	**Translation of foreign operations**	**Available-for-sale financial investments**	**Cash flow hedges**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
Balance as at April 1, 2009	**1,417**	**106,532**	**(399)**	**8**	**830**	**142,145**	**250,533**	**70,070**	**320,603**
Profit for the year						39,263	39,263	17,400	56,663
Exchange differences on translation of foreign operations			1,295				1,295		1,295
Movement in available-for-sale financial investments				318			318		318
Net movement in fair value of cash flow hedges, net of tax*#					49		49	72	121
Share of other comprehensive income of associate, net of tax*					799		799		799
Total comprehensive income during the year			**1,295**	**318**	**848**	**39,263**	**41,724**	**17,472**	**59,196**
Shares issued	264	76,265					76,529		76,529
Share in associate towards adjustment for amount transferred to initial carrying amount of property, plant and equipment					(177)		(177)		(177)
Dividend paid including tax on dividend						(3,437)	(3,437)	(726)	(4,163)
Balance as at March 31, 2010	**1,681**	**182,797**	**896**	**326**	**1,501**	**177,971**	**365,172**	**86,816**	**451,988**
Balance as at April 1, 2010	**1,681**	**182,797**	**896**	**326**	**1,501**	**177,971**	**365,172**	**86,816**	**451,988**
Profit for the year						48,898	48,898	19,813	68,711

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Exchange differences on translation of foreign operations			714				714	93	807
Movement in available-for-sale financial investments				(129)			(129)		(129)
Net movement in fair value of cash flow hedges, net of tax*#					(96)		(96)	(1)	(97)
Share in other comprehensive income of associate, net of tax					340		340		340
Total comprehensive income for the year			**714**	**(129)**	**244**	**48,898**	**49,727**	**19,905**	**69,632**
Bonus shares issued	1,680	(1,680)							
Non-controlling interest on acquisition@								4,051	4,051
Adjustment for amount transferred to initial carrying amount of property, plant and equipments, net of tax					(1,055)		(1,055)		(1,055)
Dividend paid including tax on dividend						(3,674)	(3,674)	(1,069)	(4,743)
Balance as at March 31, 2011	**3,361**	**181,117**	**1,610**	**197**	**690**	**223,195**	**410,170**	**109,703**	**519,873**
Balance as at April 1, 2011	**3,361**	**181,117**	**1,610**	**197**	**690**	**223,195**	**410,170**	**109,703**	**519,873**
Profit for the year						38,998	38,998	20,239	59,237
Exchange differences on translation of foreign operations			4,959				4,959	94	5,053
Movement in available-for-sale financial investments				1,337			1,337		1,337

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Net movement in fair value of cash flow hedges, net of tax*#					(464)		(464)	10	(454)
Share in other comprehensive income of associate, net of tax					(1,249)		(1,249)		(1,249)
Total comprehensive income for the year			**4,959**	**1,337**	**(1,713)**	**38,998**	**43,581**	**20,343**	**63,924**
Deemed dividend**						(616)	(616)		(616)
Dividend paid including tax on dividend						(7,658)	(7,658)	(4,338)	(11,996)
Balance as at March 31, 2012	**3,361**	**181,117**	**6,569**	**1,534**	**(1,023)**	**253,919**	**445,477**	**125,708**	**571,185**
Balance as at March 31, 2012 (in US dollars in millions)	66.0	3,559.0	129.1	30.1	(20.1)	4,989.6	8,753.7	2,470.2	11,223.9

* Refer to Note 8 for taxes related to each component of the other comprehensive income
\# Refer to Note 34(a) for amount reclassified to the statement of income from other comprehensive income
@ Refer to Note 4(b) for non-controlling interest on acquisition
** Refer to Note 11(b) for financial assets investments
The accompanying notes are an integral part of these consolidated financial statements.

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STERLITE INDUSTRIES (INDIA) LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company overview

Sterlite Industries (India) Limited (SIIL) and its consolidated subsidiaries (collectively, the Company or Sterlite) are engaged in non-ferrous metals and mining in India, Australia, Namibia, South Africa and Ireland. SIIL was incorporated on September 8, 1975 under the laws of the Republic of India and has its registered office at Tuticorin, Tamilnadu. SIIL s shares are listed on National Stock Exchange and Bombay Stock Exchange in India. In June 2007, SIIL completed its initial public offering of American Depositary Shares, or ADS, each representing four equity shares, and listed its ADSs on the New York Stock Exchange. In July 2009, SIIL completed its follow-on offering of an additional 131,906,011 ADSs, each currently representing four equity shares, which are listed on the New York Stock Exchange.

These consolidated annual financial statements were authorized for issue by the Company s board of directors on May 24, 2012.

SIIL is a majority-owned subsidiary of Twin Star Holdings Limited (Twin Star) which is in turn a wholly-owned subsidiary of Vedanta Resources plc (Vedanta), a public limited company incorporated in the United Kingdom and listed on the London Stock Exchange plc. Twin Star held 54.64% of SIIL s equity as at March 31, 2012.

The Company s copper business is principally one of custom smelting and includes a copper smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and two captive power plants at Tuticorin in Southern India, and a refinery and two copper rod plants at Silvassa in Western India. In addition, the Company owns and operates the Mt. Lyell copper mine in Tasmania, Australia through its subsidiary, Copper Mines of Tasmania Pty Ltd (CMT), which provides a small percentage of the copper concentrate requirements, and a precious metal refinery and copper rod plant in Fujairah in the UAE.

The Company s zinc India business is owned and operated by Hindustan Zinc Limited (HZL) in which it has a 64.9% interest as at March 31, 2012. HZL s operations include four lead-zinc mines, four zinc smelters, two lead smelters, one lead-zinc smelter, six sulphuric acid plants, a silver refinery and five captive power plants in the State of Rajasthan in Northwest India, one zinc smelter and a sulphuric acid plant in the State of Andhra Pradesh in Southeast India and one zinc ingot melting and casting plant at Haridwar and one silver refinery, one zinc ingot melting and casting plant and one lead ingot melting and casting plant at Pantnagar in the State of Uttarakhand in North India.

The Company s zinc international business comprises Skorpion mine and refinery in Namibia, Lisheen mine in Ireland and Black Mountain Mining (BMM), whose assets include the Black Mountain mine and the Gamsberg mine project which is in exploration stage, located in South Africa. The Company has 100% interest in Skorpion, 74% interest in BMM and 100% interest in Lisheen as at March 31, 2012.

The Company s aluminum business is owned and operated by Bharat Aluminium Company Limited (BALCO) in which it has a 51.0% interest as at March 31, 2012. BALCO s operations include two bauxite mines, two power plants (of which one is used to produce power for captive consumption), and refining, smelting and fabrication facilities in Central India.

The Company s power business comprises Sterlite Energy Limited (SEL) and Talwandi Sabo Power Limited (TSPL) engaged in the power generation business in India. SEL commenced construction of its 2,400 MW (four units of 600 MW each) thermal coal-based commercial power facility in the State of Orissa in Eastern India and three units of 600 MW had been capitalised till March 31, 2012. TSPL had signed a power purchase agreement with the Punjab State Authorities for the establishment of 1,980 MW and is a development stage enterprise in the process of constructing the power plant. Power business also include the 274 MW of wind power plants commissioned by HZL and 270 MW power plant at BALCO s Korba facility which was previously for captive use before the shutdown of the 100,000 tpa aluminum smelter at Korba on June 5, 2009.

The Company s other activities include Paradip Multi Cargo Berth Private Limited (PMCBPL) and Vizag General Cargo Berth Pvt. Limited (VGCB), in which the Company owns a 74% interest in each. Paradip port projects include building, owning and operating a new berth at Paradip port, situated in the Jagatsinghpur District of Orissa, on the east coast of India. Vizag port project includes mechanisation of coal handling facilities and up gradation of general cargo berth for handling coal at the outer harbour of Vishakhapatnam port on the east coast of India.

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The Company owns a 29.5% non-controlling interest in Vedanta Aluminium Limited (Vedanta Aluminium), a 70.5% owned subsidiary of Vedanta.

2. Basis of preparation of financial statements

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standards Board (IASB).

These consolidated financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost convention and on an accrual cost basis, except for derivative financial instruments, short-term investments and available-for-sale financial investments.

Going concern

The consolidated financial statements have been prepared in accordance with the going concern basis of accounting.

Convenience translation

The consolidated financial statements are presented in Indian Rupee, the functional and presentational currency of the Company. Solely for the convenience of readers, the consolidated financial statements as at and for the year ended March 31, 2012 have been translated into US dollars ($) at the noon buying rate of $ 1.00 = Rs. 50.89 in the City of New York for cable transfers of Indian Rupee as certified for customs purposes by the Federal Reserve Bank of New York on March 30, 2012. No representation is made that the Indian Rupee amounts represent US dollar amounts or have been, could have been or could be converted into US dollars at such a rate or any other rate.

3. Significant accounting policies

A. Basis of consolidation

The consolidated financial statements incorporate the results of SIIL and all its subsidiaries, being the entities that it controls. This control is normally evidenced when SIIL is able to govern an entity s financial and operating policies so as to benefit from its activities or where SIIL owns, either directly or indirectly, the majority of an entity s equity voting rights, unless it can be demonstrated that ownership does not constitute control.

The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control is transferred. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated unless costs cannot be recovered.

B. Investments in associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Company is in a position to exercise significant influence over operating and financial policies and generally owns between 20% and 50% of the voting equity but is neither a subsidiary nor a joint venture. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

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Investment in associates is initially recorded at the cost to the Company and then, in subsequent periods, the carrying value is adjusted to reflect the Company s share of the associate s consolidated profits or losses, other changes to the associate s net assets and is further adjusted for impairment losses, if any. The consolidated statements of income and comprehensive income include the Company s share of associate s results, except where the associate is generating losses, share of such losses in excess of the Company s interest in that associate are not recognized. Losses recognised under the equity method in excess of the Company s investment in ordinary shares are applied to the other components of the Company s interest that forms part of Company s net investment in the associate in the reverse order of their seniority (i.e. priority in liquidation).

Additional losses are provided for, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Company s interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of the asset transferred.

C. Revenue recognition

Revenues are measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes, excise duty and other indirect taxes. Revenues are recognised when all significant risks and rewards of ownership of the commodity sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenues from sale of by-products are included in revenue.

Certain of the Company s sales contracts provide for provisional pricing based on the price on The London Metal Exchange (LME), as specified in the contract, when shipped. Final settlement of the price 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 and is adjusted in revenue.

Revenue from sale of power is recognised when delivered and measured based on contractual agreement and tariff rates approved by electricity regulatory authorities.

Dividend income is recognised when the right to receive payment is established. Interest income is recognised using the effective interest rate method.

D. Business combinations

Acquisitions are accounted for under the purchase method. The acquirer s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date.

Excess of purchase consideration and the acquisition date non-controlling interest over the acquisition date fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. Goodwill arising on acquisitions is reviewed for impairment 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 value is made and any adjustments required to those provisional fair values are finalised within 12 months of the acquisition date.

The Company makes adjustments to the provisional fair value amounts recognised at the date of acquisition to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognised as of that date. The Company applies the measurement period adjustments retrospectively to the consolidated financial statements to reflect the measurement period adjustments as retrospectively recorded on the date of the acquisition as if measurement period adjustments had been recorded initially at the date of acquisition.

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Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest s proportionate share of the acquiree s net identifiable assets. This accounting choice is made on a transaction by transaction basis.

Acquisition expenses are charged to income statement in line with IFRS 3.

E (a) Property, plant and equipment

(i). Mining properties

The costs of mining properties, 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 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, etc 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 are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties and are subject to impairment review.

Stripping costs/secondary development expenditure incurred during the production stage of operations of an ore body is charged to the statement of income immediately.

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

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

(ii). 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. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statement of income in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalised.

(iii). 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 capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

(iv). Depreciation

Mining properties and other assets in the course of development or construction and freehold land are not depreciated. Capitalised mining properties costs are amortised once commercial production commences, as described in Property, plant and equipment mining properties .

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.

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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	10-20 years
Office equipment and fixtures	3-20 years
Motor vehicles	9-11 years

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

The Company 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(s) is accounted for as a change in accounting estimate.

(b) Intangible assets

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore are capitalised as intangible asset and stated at cost less impairment. Exploration and evaluation assets are transferred to property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to are expensed as incurred.

F. Non-current assets held for sale

Non-current assets and disposal groups 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 the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Such assets and disposal groups are presented separately on the face of the consolidated statements of financial position.

G. Financial instruments

(i). Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: financial asset investments, short-term investments, cash and cash equivalents, loans and receivables.

(a). Financial asset investments

Financial asset investments are classified as available-for-sale and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealized gains and losses on financial asset investments are recognised directly in other comprehensive income. Upon disposal or impairment of the investments, the gains and losses in other comprehensive income are recycled into the statement of income.

Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost. Equity investments are recorded in non-current assets unless they are expected to be sold within one year.

(b). Short-term investments

Short-term investments represent short-term marketable securities and other bank deposits with an original maturity more than three months.

Short-term marketable securities are categorized as held for trading and are initially recognised at fair value with any gains or losses arising on remeasurement recognised in the statement of income.

(c). Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at bank and in hand, and short-term deposits which have a maturity of three months or less from the date of acquisition, and are unrestricted as to withdrawal and usage.

(d). Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables . Trade receivables are stated at their transaction value as reduced by appropriate allowances for estimated irrecoverable amounts. The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the loans and receivables directly.

Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

(ii). Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: Borrowings, Foreign currency convertible notes, trade and other payables.

(a). Borrowings

Interest bearing loans and borrowings are initially recorded at the proceeds received. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account the finance charges, including premiums payable on settlement or redemption and direct issue costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of income. The unamortised portion is classified with the carrying amount of debt.

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(b). Foreign currency convertible notes

Convertible notes issued in foreign currency are convertible at the option of the holder into ordinary shares of the Company according to the terms of the issue. The conversion option which is not settled by exchanging a fixed amount of cash for a fixed number of shares is accounted for separately from the liability component as derivative and initially accounted for at fair value. The liability component is recognized initially at the difference between the fair value of the note and the fair value of the conversion option. Directly attributable notes issue costs are allocated to the liability component and the conversion option (expensed off immediately) in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The conversion option is subsequently measured at fair value at each reporting date, with changes in fair value recognized in consolidated statement of income. The conversion option is presented together with the related liability.

(c). Trade and other payables

Trade and other payables are recognised at their transaction cost, which is its fair value, and subsequently measured at amortised cost.

(iii). Derivative financial instruments

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company 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 re-measured at their fair value at subsequent financial position dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. The cumulative gain or loss previously recognized in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the other comprehensive income is transferred to statement of income.

For derivative instruments that are designated and qualify as a hedge of a net investment in a foreign currency, the gain or loss is reported in other comprehensive income as part of the exchange difference on translation of foreign operations to the extent it is effective. Any ineffective portions of net investment hedges are recognized in other income/expense in current earnings during the period of change. Under a hedge of a net investment, the cumulative gain or loss remains in other comprehensive income when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer qualifies for hedge accounting or the company revokes designation of the hedge relationship. The cumulative gain or loss is recognised in the income statement as part of the profit on disposal when the net investment in the foreign operation is disposed.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the financial position date and gains or losses are recognized in the consolidated statements of income immediately.

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 statement of income.

H. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

I. 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 i.e. 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 and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year.

All other borrowing costs are recognized in the statement of income in the year in which they are incurred.

J. Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income is transferred to the statement of income on recognition of impairment. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the change in fair value is recognized directly in other comprehensive income.

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Non-financial assets

The carrying amounts of the Company s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset s recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

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An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognized in the statement of income. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

K. Government grants

Government grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants relating to tangible fixed assets are treated as deferred income and released to the statement of income over the expected useful lives of the assets concerned. Other grants are credited to the statement of income as and when the related expenditure is incurred.

L. Inventories

Inventories including 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 labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity and are moved out of inventory on a FIFO basis; and

immaterial 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.

M. Taxation

Tax expense represents the sum of current tax 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 reporting date and includes any adjustment to tax payable in respect of previous years.

Subject to exceptions below, deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes:

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 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 and, 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in other comprehensive income is recognised in other comprehensive income and not in the statement of income.

The carrying amount of deferred tax assets is reviewed at each reporting 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 and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

N. Retirement benefit schemes

The Company operates or participates in a number of defined benefits and defined contribution pension schemes, the assets of which are (where funded) held in separately administered funds. For defined benefit pension schemes, the cost of providing benefits under the plans is determined separately each year 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 statement of income for the year. For defined contribution schemes, the amount charged to the statement of income in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

O. Share based payments

SIIL does not have any outstanding share based payments. Vedanta offers certain share based incentives under the Long-Term Incentive Plan (LTIP) to employees and directors of SIIL and its subsidiaries. Vedanta recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the respective group companies, which is charged to the statement of income.

P. Provisions for liabilities and charges

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company 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 recognized in the statement of income as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Q. 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. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of income 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, changes to lives of operations, 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 finance and other cost in the statement of income.

Costs for the restoration of subsequent site damage, which is caused on an ongoing basis during production, are charged to the statement of income as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

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R. Foreign currency translation

The functional currency for each entity in the Company 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.

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 the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined. All exchange differences are included in the consolidated statement of income except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales, which are recognized in other comprehensive income.

For the purposes of the consolidated financial statements, items in the statement of income of those entities for which the Indian Rupees (functional currency of SIIL) is not the functional currency are translated into Indian Rupees at the average rates of exchange during the year. The related consolidated statements of financial position are translated at the rates as at the reporting date. Exchange differences arising on translation are recognised in other comprehensive income. On disposal of such entities the deferred cumulative exchange differences recognised in equity relating to that particular foreign operation are recognised in the statement of income.

S. In the current financial period the Company has adopted the following new standards:

The Company has adopted with effect from April 1, 2011, the following new and revised standards and interpretations. Their adoption has not had any impact on the amounts reported in the financial statements.

IAS 24 (2009) Related Party Disclosures- The revised standard has enhanced definition of a related party. The adoption of the amendments has no major impact on the financial position or performance of the Company as it relates to disclosure requirements. The related party disclosures set out in note 33 to the consolidated financials statements have been changed to reflect the application of the revised standard. The above changes have been made retrospectively.

Amendments to IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction the amendments now enable recognition of an asset in the form of prepaid minimum funding contributions. The adoption has no effect on the financial position or performance of the Company.

Other amendments to accounting standards or new interpretations issued by International Accounting Standards Board, which were applicable from April 1, 2011, do not have an impact on the Company.

T. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of SIIL by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

U. Critical accounting judgments and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

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Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following accounting policies and/or notes:

i. Note 9(a) and 9(b), the accounting policy on property, plant and equipment- Mining reserve estimates and useful life of property, plant and equipment and intangible assets.

ii. Note 18 and the accounting policy on impairment of assets:

In assessing property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, the Company s business plans and significant downward revision in the estimated mining reserves are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) and associated mining reserves is compared with the recoverable amount of those assets, that is, the higher of fair value less costs to sell 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, increase in cost, discount rate, economic and regulatory climates, long term mine plan and other factors. Any subsequent changes to cash flow due to changes in the abovementioned factors could have an impact on the carrying value of the assets.

iii. Note 22 and the accounting policy on 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 mine 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.

iv. Note 24 and the accounting policy on retirement benefit schemes

v. Note 31 on contingencies:

The Company has significant capital commitments in relation to various capital projects which are not recognized on the consolidated statements of financial positions. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the consolidated financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

vi. Note 8 and accounting policy on taxation:

In preparing consolidated financial statements, the Company recognises income taxes in each of the jurisdictions in which it operate. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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vii. Note 10 on investments in associate (also refer accounting policy on investment in associate):

Consequent to ongoing delay in approval for the Niyamgiri mines and expansion of alumina refinery, the Company has reviewed the carrying value of its investments in Vedanta Aluminium for impairment, and has concluded that no impairment is currently considered necessary based on the possible alternate source of obtaining bauxite and expectation of obtaining the necessary approvals for alumina refinery expansion.

V. Recently issued accounting pronouncements

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 Presentation of Financial Statements the amendment requires entities to separate the items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendment is effective for annual periods beginning on or after July 1, 2012. The Company is currently evaluating the impact, if any, the adoption of the amendment will have on the Company s consolidated financial statements.

IAS 12 Income taxes requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment is effective for annual periods beginning on or after January 1, 2012. The Company is currently evaluating the impact, if any, the adoption of the amendment will have on the Company s consolidated financial statements.

IAS 19 Employee benefits the amendments make important improvements by eliminating the option to defer the recognition of gains and losses, known as the corridor method, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income (OCI), enhancing the disclosure requirements for defined benefit plans. IAS 19 is applicable prospectively from the financial year beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact, if any, the adoption of the amendment will have on the Company s consolidated financial statements.

IAS 32 Financial Instruments: Presentation requires an entity to offset a financial asset and financial liability only when the entity currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today and legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment is effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact, if any, the adoption of the amendment will have on the Company s consolidated financial statements.

IFRS 7 was amended in October 2010, as part of Improvements to IFRSs 2010 and in December 2011. The effect of the amendments were to provide (a) qualitative disclosures in the context of quantitative disclosures to enable users to link related disclosures to form an overall picture of the nature and extent of risks arising from financial instruments and (b) help users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity s financial position (c) disclosures relating to Offsetting Financial Assets and Financial Liabilities. The amendments issued in October 2010 are effective for annual periods beginning on or after July 1, 2011 and amendments issued in December 2011 are effective for annual periods beginning on or after January 1, 2013. Early application is permitted. The Company is currently evaluating the impact, if any; the adoption of the amendments will have on the Company s consolidated financial statements.

IFRS 9 Financial Instruments was issued by IASB in October 2010 as part of its project for revision of the accounting guidance for financial instruments. The new standard provides guidance with respect to classification and measurement of financial assets and financial liabilities. The standard will be effective for annual periods beginning on or after January 1, 2015, with early application permitted. The Company is currently evaluating the impact, if any, the adoption of the standard will have on the Company s consolidated financial statements.

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IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes the requirements relating to consolidated financial statement in IAS 27 Consolidated and Separate Financial Statement (amended 2008) and also supersedes SIC 12, Consolidation Special Purpose Entities . Earlier application is permitted. The Company is currently evaluating the impact, if any, the adoption of the standard will have on the Company s consolidated financial statements.

IFRS 11 Joint Arrangements classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). Joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. IFRS 11 supersedes IAS 31 Interest in Joint Ventures (amended 2008) and SIC 13 Jointly Controlled Entities Non Monetary Contribution by Ventures . The Company is currently evaluating the impact, if any; the adoption of the standard will have on the Company s consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 replaces disclosure requirements in IAS 27 Consolidated and Separate Financial Statements (amended 2008), IAS 28 Investment in Associates and IAS 31 Interest in Joint Ventures (amended 2008). The Company is currently evaluating the impact, if any, the adoption of the standard will have on the Company s consolidated financial statements.

IFRS 13 Fair value measurement defines fair value and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact, if any; the adoption of the standard will have on the Company s consolidated financial statements.

IFRIC 20 which specifies the accounting for stripping costs. Stripping costs that relate to inventory produced should be accounted for as current production cost in accordance with IAS 2, Inventories . Stripping costs that generate a benefit of improved access and meet the definition of an asset should be accounted for as an addition to or enhancement of an existing asset. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013 and earlier application is permitted.The Company is currently evaluating the impact, if any; the adoption of the standard will have on the Company s consolidated financial statements.

4. Prior year business combinations

a) On December 3, 2010, the Company acquired 100% of the equity of THL Zinc Namibia Holdings (Proprietary) Limited (Skorpion , formerly known as Anglobase Namibia Holdings (Proprietary) Limited) for a total consideration of US dollars 706.7 million (Rs. 32,098 million). Provisional fair values that were determined as at March 31, 2011 for consolidation were finalised during the measurement period of 12 months from the acquisition date.

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The final fair value of the identifiable assets and liabilities of Skorpion as adjusted for measurement period adjustments as at the date of the acquisition were as follows:

	Fair value at acquisition (Rs. in millions)
Assets	
Non-current assets	
Property, plant and equipment	27,713
Other non-currents assets	137
	27,850
Current assets	
Inventories	2,435
Trade and other receivables	179
Cash and cash equivalents	5,466
	8,080
Liabilities	
Current liabilities	
Trade and other payables	991
Current tax liabilities	16
	1,007
Non-current liabilities	
Deferred tax liabilities	600
Provisions	2,225
	2,825
Net assets	**32,098**
Satisfied by:	
Cash consideration paid	**32,098**

b) On February 04, 2011 the Company acquired 74% of the equity of Black Mountain Mining (Proprietary) Limited (BMM) for a total consideration of US dollars 250.9 million (Rs. 11,529 million) [net of refund of US dollar 9.3 million (Rs. 436 million)]. In addition, Shareholder s loan from Anglo to BMM was taken over by the Company of amount ZAR 622.5 million (Rs. 3,972 million). Provisional fair values that were determined as at March 31, 2011 for consolidation were finalised during the measurement period of 12 months from the acquisition date.

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The final fair value of the identifiable assets and liabilities of BMM as adjusted for measurement period adjustments as at the date of the acquisition were as follows:

	Provisional Fair Value (Rs. in millions)	Fair value Adjustments (Rs. in millions)	Fair value at acquisition (Rs. in millions)
Assets			
Non-current assets			
Property, plant and equipment	16,021	(2,882)	13,139
Intangible assets	10,080	2,064	12,144
Other non-currents assets	495		495
	26,596	**(818)**	**25,778**
Current assets			
Inventories	1,601		1,601
Trade and other receivables	1,370		1,370
Cash and cash equivalents	1,449		1,449
	4,420		**4,420**
Liabilities			
Current liabilities			
Borrowings	5,367		5,367
Trade and other payables	566		566
Provisions	569		569
Current tax liabilities	415		415
	6,917		**6,917**
Non-current liabilities			
Retirement benefits	318		318
Deferred tax liabilities	7,129	(229)	6,900
Provisions	483		483
	7,930	**(229)**	**7,701**
Net assets	**16,169**	**(589)**	**15,580**
Less: Non-controlling interest on acquisition	4,204	(153)	4,051
	11,965	**(436)**	**11,529**
Satisfied by:			
Cash consideration paid	**11,965**		**11,529**

Non-controlling interest has been measured at the non-controlling interest s proportionate share of BMM s identifiable net assets.

c)

On February 15, 2011, the Company acquired 100% of the equity of Vedanta Lisheen Finance Limited (Lisheen , formerly known as Anglo American Lisheen Finance Limited), Ireland for a total consideration of US dollars 546.2 million (Rs. 25,020 million). Provisional fair values that were determined as at March 31, 2011 for consolidation were finalised during the measurement period of 12 months from the acquisition date.

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The final fair value of the identifiable assets and liabilities of Lisheen as adjusted for measurement period adjustments as at the date of the acquisition were as follows:

	Fair value at acquisition (Rs. in millions)
Assets	
Non-current assets	
Property, plant and equipment	12,975
Other non-current assets	3,995
	16,970
Current assets	
Inventories	835
Trade and other receivables	676
Cash and cash equivalents	12,614
	14,125
Liabilities	
Current liabilities	
Trade and other payables	1,047
Current tax liabilities	137
	1,184
Non-current liabilities	
Deferred tax liabilities	2,053
Provisions	2,838
	4,891
Net assets	**25,020**
Satisfied by:	
Cash consideration paid	**25,020**

d) The company has not applied the measurement period adjustments retrospectively to the consolidated statements of income for the year ended March 31, 2011 since the impact of these adjustments are not material.

5. Revenue

For the year ended March 31,	**2010**	**2011**	**2012**	**2012**
	(Rs. in millions)	**(Rs. in millions)**	**(Rs. in millions)**	**(USD dollars in millions)**
Revenue, gross of excise duty	256,943	320,946	431,432	8,477.7
Less: excise duty	(12,040)	(18,474)	(19,369)	(380.6)

Revenue, net of excise duty	**244,903**	**302,472**	**412,063**	**8,097.1**

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6. Investment and other income

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Dividend income on financial assets held for trading	5,966	4,320	1,013	19.9
Fair value gain on financial assets held for trading	2,741	4,185	9,760	191.8
Interest income on bank deposits	2,389	4,962	7,749	152.3
Interest income on loans and receivables	4,925	7,760	10,448	205.2
Foreign exchange gain /(loss)	(1,997)	788	18	0.4
Capitalisation of interest income[1]	(213)	(82)	(159)	(3.1)
	13,811	**21,933**	**28,829**	**566.5**

Notes:

(1) Capitalisation of interest income relates to the income from temporary surplus funds, specifically borrowed to acquire/ construct qualifying assets.

7. Finance and other costs

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Interest on borrowings other than convertible notes[2]	4,037	2,783	7,788	153.0
Interest on convertible notes[2]	890	2,124	2,377	46.7
Bank charges	620	628	981	19.3
Unwinding of discount on provisions	11	52	168	3.3
Gain on fair valuation of conversion option	(587)	(3,206)	(2,455)	(48.2)
Foreign exchange loss/(gain) on foreign currency borrowings	(3,395)	(746)	10,055	197.6
Other	52	374	(225)	(4.5)
Capitalisation of borrowing costs[1]	(1,842)	(3,105)	(6,647)	(130.6)
	(214)	**(1,096)**	**12,042**	**236.6**

Notes:

(1) Capitalisation of borrowing costs relates to funds borrowed both specifically and generally to acquire/ construct qualifying assets. The rate for capitalisation of interest relating to general borrowings was approximately 12.68%, 12.71% and 12.71% for the year ended March 31, 2010, 2011 and 2012 respectively.

(2) Finance costs include Rs. 4,927 million, Rs. 4,907 million and Rs. 10,165 million ($ 199.7 million) in respect of financial liabilities which are carried at amortised cost using the effective interest rate method for the year ended March 31, 2010, 2011 and 2012 respectively.

8. Income tax expense

Overview of the Indian direct tax regime

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed for tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, a company s profit or loss is subject to the higher of the regular income tax payable or the minimum alternative tax (MAT).

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India (Indian GAAP) adjusted in accordance with the provisions of the Indian Income Tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, the use of tax losses carried forward and retirement benefit costs. Statutory income tax is charged at 30% plus a surcharge and education cess. The combined Indian statutory tax rate for the fiscal years 2011-12 and 2012-13 is 32.45%.

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MAT is assessed on book profits adjusted for certain limited items as compared to the adjustments allowed for assessing regular income tax under normal provisions. MAT for the fiscal year 2011-12 is chargeable at 18.50% plus a surcharge and education cess. The combined Indian statutory tax rate of MAT for the fiscal year 2011-12 and 2012-13 is 20.01%. MAT paid during a year can be set off against regular income taxes within a period of ten years succeeding the assessment year in which MAT credit arises.

Income tax returns submitted by companies are regularly subjected to a comprehensive review and challenges by the tax authorities. There are appellate procedures available to both the tax authorities and taxpayers and it is not uncommon for significant or complex matters in dispute to remain outstanding for several years before they are finally resolved by the High Court or the Supreme Court.

There are various tax exemptions or tax holidays available to companies in India. The most important to the Company are:

The industrial undertakings exemption Profits of newly constructed industrial undertakings located in designated areas of India can benefit from a tax holiday. A typical tax holiday would exempt 100% of the profits from the undertaking for five years, and 30% for five years thereafter.

The power plants exemption Profits on newly constructed power plants are eligible for a tax holiday. A typical holiday would exempt 100% of profits for ten consecutive years within the first 15 years of the power plants operation. The start of the exemption period is at the discretion of a company. This exemption is available only for units set up upto March 31, 2013 (subject to the approval of the Finance Bill 2012).

Wind power plant s exemption Profits are exempt from income tax for any continuous block of 10 years in the first 15 years of operations. Accelerated depreciation of 80% is available in the first year of operations till March 31, 2012.

Export Oriented Unit s exemption Profits from units designated as an Export Oriented Unit, from where goods are exported out of India, are exempt from tax up to fiscal year 2010-11.

The effect of such tax holidays were Rs. 7,943 million (impact on basic EPS- Rs. 2.5), Rs. 10,942 million (impact on basic EPS Rs. 3.3), and Rs. 7,375 million ($ 144.9 million) (impact on basic EPS Rs. 2.19) ($ .04) for the years ended March 31, 2010, 2011 and 2012 respectively.

Business losses in India can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Capital losses in India can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. The carried forward long term capital losses can be set-off only against long term capital gains.

The major components of income tax expense for the year ended March 31, 2010, 2011 and 2012 are indicated below:

(a) Consolidated statement of income

For the year ended March 31,	2010	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Current tax:				
Current tax on profit for the year	11,492	18,325	23,673	465.2
Charge/ (credits) in respect of current tax for earlier years	(129)	60	(447)	(8.8)
Total current tax	**11,363**	**18,385**	**23,226**	**456.4**

Deferred tax:				
Origination and reversal of temporary differences	2,287	890	(3,149)	(61.9)
Reduction in tax rate	(403)	(465)		
Total deferred tax	**1,884**	**425**	**(3,149)**	**(61.9)**
Tax expense for the year	**13,247**	**18,810**	**20,077**	**394.5**
Effective income tax rate (%)	18.9%	21.5%	25.3%	25.3%

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(b) Consolidated statements of other comprehensive (loss)/ income

For the year ended March 31,	2010	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Deferred tax (credit)/charge on:				
-cash flow hedges	174	110	(130)	(2.5)
- reclassification adjustments on cash flow hedges	381	(174)	(110)	(2.2)
-share in consolidated other comprehensive (loss)/income of associate	246			
	801	**(64)**	**(240)**	**(4.7)**

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

For the year ended March 31,	2010	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Accounting profit before tax	**69,910**	**87,521**	**79,314**	**1,558.5**
Statutory income tax rate	33.99%	33.22%	32.45%	32.45%
Tax at Indian statutory income tax rate	23,762	29,074	25,737	505.7
Disallowable expenses	323	477	115	2.3
Non-taxable income	(2,932)	(2,012)	(1,575)	(31.0)
Tax holidays and similar exemptions	(7,943)	(10,942)	(7,375)	(144.9)
Change in deferred tax balances due to the change in Indian income tax rates from 33.99% to 33.22% for 2010 and from 33.22% to 32.45% for 2011	(403)	(465)		
Effect of tax rates differences of subsidiaries operating in other jurisdictions	(48)	(104)	(1,235)	(24.3)
Dividend distribution tax	191	728	1,068	21.0
Unrecognised MAT credit	404	1,145	668	13.1
Charge/(Credit) in respect of previous years	(129)	60	(447)	(8.8)
Utilisation of tax losses	(355)	(131)		
Tax effect on share of loss of associate	377	1,024	2,845	55.9
Others		(44)	276	5.5
	13,247	**18,810**	**20,077**	**394.5**

There are certain income-tax related legal proceedings which are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any material incremental tax liability in respect of these matters.

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Deferred tax assets/liabilities

The Company has recognised significant amounts of deferred tax. The majority of the deferred tax liabilities represent accelerated tax relief for the depreciation of capital expenditure and the depreciation on mining reserves.

Significant components of deferred tax assets/liabilities recognized in the consolidated statements of financial position are as follows:

For the year ended March 31, 2010:

			(Rs. in millions)		
Significant components of deferred tax liabilities/(assets)	**Opening balance as at April 1, 2009**	**Charged/ (credited) to Statement of income**	**Charged/ (credited) to equity**	**Exchange difference transferred to translation of foreign operation**	**Total as at March 31, 2010**
Share in profit or loss of associate	(1,335)	1,089	246		
Property, plant and equipment	16,447	1,498		3	17,948
Voluntary retirement scheme	(13)	6			(7)
Employee benefits	(240)	(67)		(1)	(308)
Fair value of derivative assets/ liabilities	(381)	(1)	555		173
Fair valuation of other assets/liabilities	340	(44)		(2)	294
MAT credits entitlement		(93)			(93)
Other temporary differences	354	(504)		98	(52)
Total	**15,172**	**1,884**	**801**	**98**	**17,955**

For the year ended March 31, 2011 :

Significant components of deferred tax liabilities/(assets)	**Opening balance as at April 1, 2010 (Rs. in millions)**	**Acquisition through business combination (Rs. in millions)**	**Charged/ (credited) to Statement of income (Rs. in millions)**	**Charged/ (credited) to equity (Rs. in millions)**	**Exchange difference transferred to translation of foreign operation (Rs. in millions)**	**Total as at March 31, 2011 (Rs. In millions)**
Intangible assets		3,400			77	3,477
Property, plant and equipment	17,948	6,260	911		65	25,184
Voluntary retirement scheme	(7)		(62)			(69)
Employee benefits	(308)		(68)		(2)	(378)
Fair value of derivative assets/ liabilities	173		1,442	(64)		1,551
Fair valuation of other assets/liabilities	294		770		(12)	1,052
MAT credits entitlement	(93)		(3,134)			(3,227)
Other temporary differences	(52)	(107)	566		1	408
Total	**17,955**	**9,553**	**425**	**(64)**	**129**	**27,998**

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For the year ended March 31, 2012:

Significant components of deferred tax liabilities/(assets)	Opening balance as at April 1, 2011 Rs. in millions	Charged/ (credited) to Statement of income Rs. in millions	Charged/ (credited) to equity Rs. in millions	Exchange difference transferred to translation of foreign operation Rs. in millions	Total as at March 31, 2012 Rs. in millions	Total as at March 31, 2012 US dollar in millions
Intangible assets	3,477			66	3,543	69.6
Property, plant and equipment	25,184	(101)		273	25,356	498.2
Voluntary retirement scheme	(69)	(271)		(2)	(342)	(6.7)
Employee benefits	(378)	(62)			(440)	(8.6)
Fair value of Derivative assets/ liabilities	1,551	(782)	(240)		529	10.4
Fair valuation of other assets/liabilities	1,052	(66)		(1)	985	19.4
MAT credits entitlement	(3,227)	(1,343)			(4,570)	(89.8)
Other temporary differences	408	(524)		(25)	(141)	(2.8)
Total	**27,998**	**(3,149)**	**(240)**	**311**	**24,920**	**489.7**

Deferred tax assets and liabilities have been offset where they arise in the same legal entity and taxing jurisdiction but not otherwise.

Unused tax losses for which no deferred tax asset is recognized amount to Rs. 4,142 million and Rs 17,242 million ($ 338.8 million) as at March 31, 2011 and March 31, 2012 respectively. The unused tax losses as at March 31, 2012 expires, if unutilized, based on the year of origination as follows:

Nature of unutilised tax losses	Financial year of expiry	2012 (Rs. in millions)	2012 (US dollar in millions)
Business losses			
- Skorpion	No expiry limit	160	3.1
- SIL	FY 2012-13 to 2019-20	71	1.4
Depreciation losses			
- SEL	No expiry limit	10,458	205.5
Long term capital losses			
- SIIL	FY 2017-18	1,755	34.5
- HZL	FY 2018-19 to 2019-20	4,798	94.3
		17,242	**338.8**

The Company had unused MAT credit amounting to Rs. 3,441 million and Rs. 4,109 million ($ 80.8 million) as at March 31, 2011 and 2012 respectively. Such tax credit has not been recognised on the basis that its recovery is not sufficiently certain in the foreseeable future. Unrecognised MAT credit expires, if unutilized, based on the year of origination as follows:

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Financial year ended March 31,	(Rs. in Millions)	(US dollar in millions)
2016	198	3.9
2017	1,036	20.3
2018	137	2.7
2019	520	10.2
2020	517	10.2
2021	1,033	20.3
2022	668	13.1

The Company has not recognised deferred tax asset on its share of loss in the associate company amounting to Rs. 3,751 million and Rs. 13,768 million ($ 270.5 million) as at March 31, 2011 and March 31, 2012 respectively. Deferred tax asset is not recognised on the basis that its recovery is not sufficiently certain in the foreseeable future.

As at March 31, 2011 and 2012, the Company has not recognised any deferred tax liabilities for taxes that would be payable on the Company s share in unremitted earnings of certain of its subsidiaries because the Company controls whether the liability will be incurred and it is probable that the liability will not be incurred in the foreseeable future. The amount of unremitted earnings was Rs. 187,973 million and Rs. 239,198 million ($ 4,700.3 million) respectively as at March 31, 2011 and 2012.

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9 (a) Property, plant and equipment

	Mining property (Rs. in millions)	Land and building (Rs. in millions)	Plant and equipment (Rs. in millions)	Motor vehicles (Rs. in millions)	Office equipment and fixtures (Rs. In millions)	Total (Rs. in millions)	Total (US dollar in millions)
Cost							
April 01, 2010	**17,435**	**14,350**	**143,127**	**372**	**2,684**	**177,968**	
Acquisition through business combination	24,018	5,988	21,560	489	19	52,074	
Additions	521	8,702	37,427	152	350	47,152	
Disposals		(34)	(1,000)	(23)	(15)	(1,072)	
Foreign exchange	467	68	530	(11)	8	1,062	
March 31, 2011	**42,441**	**29,074**	**201,644**	**979**	**3,046**	**277,184**	**5,446.7**
Additions	1,026	6,492	47,687	328	415	55,948	1,099.4
Disposals		(36)	(1,054)	(71)	(31)	(1,192)	(23.4)
Foreign exchange	2,516	226	1,238	97	8	4,085	80.3
March 31, 2012	**45,983**	**35,756**	**249,515**	**1,333**	**3,438**	**336,025**	**6,603.0**
Accumulated depreciation and impairment							
April 01, 2010	**10,186**	**3,361**	**48,175**	**133**	**1,356**	**63,211**	
Charge for the year	2,393	726	9,099	51	153	12,422	
Disposals			(916)	(13)	(13)	(942)	
Foreign exchange	522	3	265	1	7	798	
March 31, 2011	**13,101**	**4,090**	**56,623**	**172**	**1,503**	**75,489**	**1,483.4**
Charge for the year	4,966	1,907	17,868	172	190	25,103	493.3
Disposals		(7)	(634)	(51)	(26)	(718)	(14.1)
Foreign exchange	1,092	46	642	11	2	1,793	35.3
March 31, 2012	**19,159**	**6,036**	**74,499**	**304**	**1,669**	**101,667**	**1,997.9**

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	Mining property (Rs. in millions)	Land and building (Rs. in millions)	Plant and equipment (Rs. in Millions)	Motor vehicles (Rs. in millions)	Office equipment and fixtures (Rs. in millions)	Total (Rs. In millions)	Total (US dollar in millions)
Property, plant and equipment as at:							
March 31, 2011	29,340	24,984	145,021	807	1,543	201,695	
Assets under construction						122,318	
Total						**324,013**	
March 31, 2012	26,824	29,720	175,016	1,029	1,769	234,358	4,605.2
Assets under construction						145,159	2,852.4
Total						**379,517**	**7,457.6**
March 31, 2012 (US dollar in million)	527.1	584.0	3,439.1	20.2	34.8		

Plant and equipment includes refineries, smelters, power plants and related facilities, data processing equipment and electrical fittings.

Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in Note 19 on Borrowings . Interest (net) capitalised as part of property, plant and equipment was Rs. 3,023 million and Rs. 6,488 million ($ 127.5 million) for the years ended March 31, 2011 and 2012, respectively.

(b) Intangible assets

The intangible assets relate to the Gamsberg mine project which is in exploration stage, and was acquired during the previous year with the BMM acquisition (refer note 4).

Movement in Intangible assets during the year is as below:

	(Rs. in Millions)	(US dollar in millions)
Acquisition through business combination	12,144	
Foreign exchange	275	
Balance as at March 31, 2011	**12,419**	
Opening Balance as at April 1, 2011	**12,419**	**244.0**
Foreign exchange	238	4.7
Balance as at March 31, 2012	**12,657**	**248.7**

10. Investment in associate

Vedanta Aluminium is a non public entity engaged in the production of metallurgical grade alumina and other aluminium products. Vedanta Aluminium caters to a wide spectrum of industries and has its presence in Jharsuguda and Lanjigarh, in the state of Orissa. The Company owns a 29.5% interest in Vedanta Aluminium. Vedanta owns the remaining 70.5% interest.

The Company recognises its share of losses in Vedanta Aluminum to the extent of its interest in the associate. Losses recognized under equity method in excess of the Company s equity investment has been applied to the Company s investment in preference shares of associate to the extent of Rs. 8,138 million ($ 159.9 million). Refer note 12.

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The Company s investment in Vedanta Aluminium consists of the following:

	As at March 31, 2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Equity investment	5,630	5,630	110.6
Less: share of losses of associate	(3,751)	(5,630)	(110.6)
Total	**1,879**		

Summarized consolidated financial information in respect of Vedanta Aluminium is as follows:

	As at March 31, 2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Current assets	27,203	33,320	654.7
Non-current assets	273,868	282,382	5,548.9
Total assets	**301,071**	**315,702**	**6,203.6**
Current liabilities	202,159	137,394	2,699.8
Non-current liabilities	92,543	205,894	4,045.9
Total liabilities	**294,702**	**343,288**	**6,745.7**

For the year ended March 31,	**2010 (Rs. in millions)**	**2011 (Rs. in millions)**	**2012 (Rs. in millions)**	**2012 (US dollars in millions)**
Total revenue	14,852	46,212	57,077	1,121.6
Operating (loss)/profit	738	133	(2,794)	(54.9)
(Loss)/profit for the year	6,952	(10,446)	(29,718)	(584.0)
Share in consolidated (loss)/profit of associate	2,051	(3,082)	(8,767)	(172.3)
Share in consolidated other comprehensive (loss)/income of associate, net of tax	799	340	(1,249)	(24.5)
Share in associate towards adjustment in amount transferred to initial carrying amount of property, plant and equipment	(177)			

11. Financial asset investments

(a) Financial asset investments represent investments classified and accounted for as available-for-sale investments

Movements for the year ended March 31,	**2011 (Rs. in millions)**	**2012 (Rs. in millions)**	**2012 (US dollars in millions)**
Beginning of the year,	1,362	1,233	24.1

Purchased during the year [refer Note (b) below]		7,158	140.7
Changes in fair value	(129)	1,337	26.3
Foreign exchange		(108)	(2.1)
As at March 31,	**1,233**	**9,620**	**189.0**

Available-for-sale financial assets consist of the following:

	As at March 31,		
	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Quoted	249	8,636	169.7
Unquoted	984	984	19.3
	1,233	**9,620**	**189.0**

Quoted investments represent investments in equity securities that present the Company with opportunities for return through dividend income and gains in value. The fair values of such securities are determined by reference to published price quotations in active markets.

Unquoted investments are held at cost and principally represent an investment in the equity share capital of the Andhra Pradesh Gas Power Corporation Limited. The fair value of unquoted equity investments of Andhra Pradesh Gas Power Corporation Limited cannot be reliably measured as the variability in the range of fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. The Company does not have intention to dispose of these investments.

(b) THL Zinc Holding BV, a wholly owned subsidiary of the Company, acquired the entire ordinary share capital of Lakomasko BV for a consideration of $ 149.7 million (Rs. 7,774 million) from Vedanta Resources Holding Limited (VRHL). Consequently, Lakomasko BV became a subsidiary of the Company. Lakomasko BV is a private investment company incorporated under the laws of the Netherlands. At the acquisition date, Lakomasko BV had no independent operations and held a single material asset namely 8.78% of the equity shares of Hudbay Minerals Inc., a company incorporated in Canada and listed on the New York and Canadian stock exchanges. Lakomasko BV accounted for this investment as an available-for-sale investment, with a fair value measurement basis. The carrying value at the acquisition date was $ 137.7 million (Rs. 7,158 million). The excess amount paid over the fair valuation of shares acquired amounting to $ 12.0 million (Rs. 616 million) have been treated as deemed dividend and hence recognized in retained earnings.

12. Other non-current assets

	As at March 31,		
	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Loans to associate	7,890	36,890	724.9
Less: additional share of losses in associate		(8,138)	(159.9)
Loans to other related parties		2,558	50.3
Other non-current assets	6,809	10,252	201.5
	14,699	**41,562**	**816.8**

Other non-current assets include Rs. 4,102 million and Rs. 4,434 million ($ 87.1 million) held as collateral in respect of closure cost and future redundancy payments payable to employees of Lisheen on termination of their employment on or before the mine closure as at March 31, 2011 and 2012, respectively.

13. Inventories

Inventories consist of the following:

	As at March 31,		
	2011	**2012**	**2012**
	(Rs. in millions)	**(Rs. in millions)**	**(US dollars in millions)**
Raw materials and consumables	30,841	24,829	487.9
Work-in-progress	18,160	18,948	372.3
Finished goods	3,357	1,934	38.0
	52,358	**45,711**	**898.2**

Inventories with a carrying amount of Rs 40,578 million and Rs. 33,794 million ($ 664.1 million) have been pledged as security against certain bank borrowings of the Company as at March 31, 2011 and 2012, respectively.

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14. Trade and other receivables

Trade and other receivables (net of allowances) consist of the following for the year indicated:

	As at March 31,		
	2011	**2012**	**2012**
	(Rs. in millions)	**(Rs. in millions)**	**(US dollars in millions)**
Trade receivables	15,281	17,813	350.0
Other receivables from associate	837	4,937	97.0
Trade receivables from other related parties	458	503	9.9
Loans to associate	72,314	58,624	1,152.0
Loans to other related parties	7,501	16,900	332.1
Balance with Government authorities	8,707	10,299	202.4
Prepayments	1,137	878	17.2
Claims/refunds receivable	2,024	1,232	24.2
Advances for supplies	2,260	4,745	93.3
Receivable from Anglo American Plc	436		
Other receivables	1,387	1,514	29.8
	112,342	**117,445**	**2,307.9**

The credit period given to customers ranges from zero to 90 days. Other receivables primarily include deposits and interest receivable. For terms and conditions for receivables from associate and other related parties, refer Note 33 on related party disclosure.

Trade receivables with a carrying value of Rs. 9,008 million and Rs. 12,865 million ($ 252.8 million) have been given as collaterals towards borrowings as at March 31, 2011 and 2012 respectively.

Allowances for impairment of trade and other receivables

The change in the allowance for impairment of trade and other receivables is as follows:

	2011	**2012**	**2012**
	(Rs. in millions)	**(Rs. in millions)**	**(US dollars in millions)**
Balance at the beginning of the year	230	256	5.0
Allowance made during the year	33	158	3.1
Written off	(7)	(43)	(0.8)
Closing balance as at March 31,	**256**	**371**	**7.3**

15. Short-term investments

Short-term investments consist of the following:

	As at March 31,		
	2011	**2012**	**2012**
	(Rs. in millions)	**(Rs. in millions)**	**(US dollars in millions)**

Bank deposits	76,666	72,083	1,416.4
Other investments	126,445	144,200	2,833.6
	203,111	**216,283**	**4,250.0**

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Other investments include mutual fund investments and bonds and are fair valued through the statement of income. Bank deposits are made for the periods of more than three months depending on the cash requirements of the Company and earn interest at the respective deposit rates.

The Company has pledged short-term investments of Rs. 65 million and Rs.67 million ($ 1.3 million) as at March 31, 2011 and 2012 respectively, to secure certain banking facilities.

16. Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of the following:

	As at March 31,		
	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Cash at banks	39	59	1.2
	39	**59**	**1.2**

Cash at banks is restricted in use as it relates to unclaimed deposits & debentures, dividends and interest on debentures.

17. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at March 31,		
	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Cash at banks and in hand	7,717	6,799	133.6
Short-term deposits	13,770	10,374	203.9
	21,487	**17,173**	**337.5**

Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

18. Assets held for sale

The Company recognized assets amounting to Rs. 11 million as assets held for sale during the year ended March 31, 2011 and 2012. Such assets related to the Company s aluminum segment.

A description of the assets held for sale is as follows:

	As at March 31, 2011		
	Gross Value	Accumulated depreciation and impairment	Carrying Value

	(Rs. in millions)		
Building	31	29	2
Plant and machinery	174	165	9
Total	**205**	**194**	**11**

	As at March 31, 2012		
	Gross Value	Accumulated depreciation and impairment (Rs. in millions)	Carrying Value
Building	31	29	2
Plant and machinery	174	165	9
Total	**205**	**194**	**11**
US dollars in million	**4.0**	**3.8**	**0.2**

The relatively high cost of operation of BALCO s Plant I 100,000 tpa smelter which used the Vertical Stud Soderberg (VSS) technology at Korba and the steep decline in LME prices made the existing operations at the smelter unviable. Consequently, operations at the smelter were phased out of production commencing in February 2009 and operations at the smelter ceased on June 5, 2009.

Consequently, the Company transferred Plant 1 smelter assets at Korba, the main receiving station and distribution system used in the above mentioned smelter, Fume treatment plant (FTP), Profile tube shop (PTS) and Bidhan Bagh Unit (BBU) to Assets held for sale . The Company obtained approval for dismantling and disposing of these assets from the appropriate level of management. Part of the assets recognised as held for sale with a carrying value of Rs. 177 million and Rs. nil have been disposed off during its year ended March 31, 2011 and March 31, 2012 respectively. The disposal was initially planned to be completed by December 2011, however, due to certain commercial and local issues the disposal of assets could not be completed. The Company remains committed to its plan to sell the PTS assets and BBU assets by June 2012 and March 2013 respectively.

The estimated fair value less costs to sell of the assets held for sale is higher than the carrying value of the assets. Since the estimated fair value less costs to sell of these assets is higher than the carrying value, no impairment was recognized. The carrying value of the assets has been shown separately in the consolidated statements of financial position.

19. Borrowings

Short-term borrowings represent borrowings with an original maturity of less than one year and current portion of long-term borrowings. Long-term borrowings represent borrowings with an original maturity of greater than one year. Maturity distribution is based on contractual maturities. Interest rates on floating-rate debt are linked to benchmark rates.

Short-term borrowings consist of:

As at March 31,	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Banks and financial institutions	23,860	41,327	812.1
Other	1,426	436	8.6
Loans from related party	4,845		
Current portion of long-term borrowings	7,817	12,220	240.1
Short-term and current portion of long term borrowings	**37,948**	**53,983**	**1,060.8**
Weighted average interest rate on short-term borrowings	4.8%	7.2%	7.2%

Long-term borrowings consist of:

As at March 31,	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Banks and financial institutions	20,107	43,917	862.9
Non-convertible debentures	20,563	20,582	404.4
Convertible notes	19,922	21,367	419.9
Other	784	844	16.6
Long-term borrowings	**61,376**	**86,710**	**1,703.8**
Less: Current portion of long-term borrowings	(7,817)	(12,220)	(240.1)
Long-term borrowings, net of current portion	**53,559**	**74,490**	**1463.7**

Major borrowings are as follows:

Working capital loans

The Company has credit facilities from various banks for meeting working capital requirements, generally in the form of credit lines for establishing letters of credit, packing credit in foreign currency, or PCFC, cash credit, bank guarantees and bills discounting. Amounts due under working capital loans as of March 31, 2011 and March 31, 2012 were Rs. 3,029 million and Rs. 4,969 million ($ 97.6 million) respectively. The working capital loan of Rs. 4,969 million ($ 97.6 million) outstanding as of March 31, 2012 consist of Rs. 2,680 million ($ 52.7 million) under a US dollar denominated loan at Fujairah, Rs.1,400 million ($ 27.5 million working capital loan at BALCO and Rs. 889 million ($ 17.5 million) under a cash credit facility at BALCO. Interest on the working capital loan facility under US dollar denominated is based on the London Inter-Bank Offer Rate, or LIBOR, plus 160 basis points for Fujairah. The weighted average interest on working capital loan and cash credit facility at BALCO is 11.74% and 12.64% respectively. US dollar denominated loan facility as of March 31, 2012 at Fujairah is secured against the inventories and receivables of Fujairah and also supported by a comfort letter by the Company. Working capital facility from BALCO is secured by hypothecation of stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. The charges ranks pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities.

Foreign currency loans

In November 2008, BALCO obtained a US dollar denominated unsecured loan facility of $ 25.0 million from DBS Bank Limited, arranged by DBS Bank Limited, Mumbai Branch, to meet its capital expenditure requirement on projects. The rate of interest payable on this facility is six-month LIBOR plus 345 basis points. The loan is repayable in three equal yearly installments beginning November 2013. The amount outstanding under this facility as of March 31, 2011 and 2012 was $ 25.0 million (Rs.1,269 million).

In February 2011, at the time of acquisition of BMM, short-term unsecured loan from Exxaro Base Metals (Proprietary) Limited (Exxaro) amounting to ZAR 218.7 million was also acquired. Exxaro owns 26% non-controlling equity interest in BMM. As of March 31, 2011 and March 31, 2012, the balance due under this loan was Rs. 1,426 and Rs. 436 million ($ 8.6 million).

In July 2011, BALCO entered into an agreement with SBI London for External Commercial Borrowing of USD 200 Million to part finance for setting up a 3.25 LTPA Aluminium Smelter along with a Thermal Power Plant of 1200 MW at Korba. The facility is secured by first pari passu charges on all the fixed assets (excluding land) of the project and secured lenders. Company has fully drawn the loan and balance as at March 31,2012 is Rs.10,008 million ($ 196.7 million). The interest rate on this facility is six-month LIBOR plus 260 basis points. This ECB loan of USD 200 million is repayable in three annual equal installments starting from August 2016.

Term loans

Pursuant to the approval of the Board for Industrial and Financial Reconstruction, or BIFR, for the rehabilitation scheme of India Foils Limited, or IFL in November 2008, SIIL assumed two loans aggregating to Rs. 1,023 million granted by ICICI Bank, on the same terms and conditions by way of two novation agreements entered into among SIIL, IFL and ICICI Bank. The interest rates for these facilities were linked to ICICI bank benchmark advance rate or I-BAR. The first loan of Rs. 1,020 million, of which Rs. 773 million was transferred to SIIL pursuant to the novation agreement, has an effective interest rate of 10.5% from December 2009, and is repayable in twelve quarterly installments beginning from November 2008. The second loan of Rs. 250 million has an effective interest rate of 11.0% per annum is repayable in 16 quarterly installments beginning from November 2008. As of March 31, 2012, SIIL had repaid Rs. 992 million of these loans, out of the total loan amount of Rs. 1,023 million. As of March 31, 2011, and 2012 the balances due under the two loans were Rs. 248 million and Rs. 31 million ($ 0.6 million), respectively. These loans are unsecured.

In January 2012, VGCB was sanctioned a financial assistance in the form of Rupee term loan (RTL) of Rs.4,640 million from Axis Bank for financing the capital expenditure required towards the development, establishment, construction, operation and maintenance of Coal Handling Facilities and up gradation of General Cargo Berth at outer harbor of Visakhapatnam port. Pending the final sanction of Rupee Term Loan, VGCB availed short term loan of Rs. 250 million from Axis Bank to meet the immediate fund requirement for the project and the same was repaid by March 31, 2012 from the proceeds of Rupee Term loans from Axis Bank Ltd. Current effective interest rate of RTL is at 11.25%, which is a floating rate of interest revised on the basis of Axis Bank Base Rate and is repayable with in forty five unequal quarterly installments commencing December 2014. As at March 31, 2012, the outstanding amount under this facility is 1,079 million ($ 21.2 million). This loan is secured by first pari passu floating charge on movable & immovable assets of VGCB and unconditional and irrevocable corporate guarantee from SIIL.

SEL received a sanction of Rs 5,000 million loan from Bank of Baroda which is one of the banks who are likely to be part of consortium of bankers participating in term loan facility being set up Out of the sanctioned Limit of Rs 5,000 million, the company has drawn an interim financing of Rs 2,500 million ($ 49.1 million) as interim disbursal to finance its immediate project requirements on March 30, 2012. The interest rate of the loan is 150 basis points above State Bank Base Rate (SBBR), at present the same works out at 11.50% per annum. The loan is repayable after four months from the date of first disbursement from its own sources or release of long term loan whichever is earlier. This loan is secured by a first pari-passu charge by way of hypothecation of all the present and future movable fixed assets including plant and machinery related to the proposed project and irrevocable corporate guarantee by the Company. As at March 31, 2012, the balance due under this facility is Rs.2,500 million ($ 49.1 million).

Buyers credit

SEL had utilised extended credit terms relating to purchases of property, plant and equipment for its projects. As of March 31, 2011, and March 31, 2012, the balance due under this facility was Rs. 10,191 million and Rs.3,213 million ($ 63.1 million), respectively. The outstanding loan as on March 31, 2012 bear interest at LIBOR plus 196 basis points. These are unsecured debts. They are repayable on various date within the next one year.

In April 2009, BALCO obtained a one time capex letter of credit limit of $ 100 million from SBI, which is secured by first pari passu charges on the movable and immovable fixed assets of BALCO. During the financial year, BALCO repaid $ 82.97 million of this facility. As of March 31, 2011 and 2012, the balance outstanding under this facility was Rs. 4,317 million and Rs. 737 million ($ 14.5 million), respectively. The interest rate on this facility is 6 month LIBOR plus 200 basis points. The balance due under the said facility is repayable in April 2012.

In June 2009, BALCO obtained a non-fund based limit of Rs. 6,250 million from AXIS Bank for the purchase of capital goods for projects, which is secured by a subservient charge on the current assets and movable fixed assets of BALCO. As of March 31, 2011 and March 31, 2012, the balance outstanding under this facility was Rs. 4,093 million and Rs. 5,163 million ($ 101.5 million), respectively. The interest rate on this facility is six month LIBOR plus 197 basis points. The said outstanding amount is repayable from May 2012 to July 2014.

In January 2010, BALCO obtained a non-fund based limit of Rs. 6,000 million from ICICI Bank for the purpose of import of capital goods, and subsequently another limit of Rs.2,500 million in December 2010 and Rs. 7,500 million in October 2011 which is secured by exclusive charge on assets to be imported under the facility. As of March 31, 2011 and 2012, the balance outstanding under this facility was Rs.4,931 million and Rs. 10,459 million ($ 205.5 million), respectively. The interest rate on this facility is six-month LIBOR plus 205 basis points. The said outstanding amount is repayable on various dates from April 2012 to February 2015.

In May 2010, BALCO obtained buyers credit facility of USD 50.0 million from DBS Bank Limited, Singapore for the import of capital goods for projects. The facility is secured by first pari passu charge on capital goods imported under the facility. The interest rate on this facility is six-month LIBOR plus 175 basis points. The outstanding amount is repayable from April 2012 to June 2013. The balance outstanding under the facility as on March 31, 2011 and March 31, 2012 is Rs. 1,226 million and Rs. 1,423 million ($ 27.9 million).

In August 2010, Talwandi Sabo obtained a non-fund based limit of Rs.10,000 million from ICICI Bank for the purpose of import of capital goods, which is secured by unconditional and irrevocable corporate guarantee from SIIL and a first charge on a pari passu basis on all the movable assets of Talwandi Sabo. As of March 31, 2011 and 2012, the balance outstanding under this facility was Rs. 911 and Rs. 8,833 million ($ 173.5 million) respectively .The interest rate on this facility is LIBOR plus 200 basis points. The said outstanding amount is repayable from April 2012 to September 2014.

In September 2010, VGCB has obtained a non-fund based limit of Rs.1,000 million from ICICI Bank for the purpose of import of capital goods, which is secured by A first pari passu floating charge on movable & immovable assets and unconditional & irrevocable corporate guarantee from SIIL. As of March 2012, the balance outstanding under this facility was Rs. 22 million ($ 0.4 million) .The interest rate on this facility is LIBOR plus 350 basis points. The said outstanding amount is repayable with in one year.

In November 2011, Talwandi Sabo obtained a non-fund based limit of Rs.5,000 million from State Bank of India for the purpose of import of capital goods, which is secured by unconditional and irrevocable corporate guarantee from SIIL. As of March 2012, the balance outstanding under this facility was Rs. 4,971 million ($ 97.7 million) .The interest rate on this facility is LIBOR plus 330 basis points. The said outstanding amount is repayable from June 2012 to September 2014.

In February 2012, Talwandi Sabo obtained a non-fund based limit of Rs.5,000 million from Axis Bank for the purpose of import of capital goods, which is secured by unconditional and irrevocable corporate guarantee from SIIL and a sub servient charge on all the movable assets of Talwandi Sabo. As of March 2012, the balance outstanding under this facility was Rs. 4,838 million ($ 95.1 million) .The interest rate on this facility is LIBOR plus 190 basis points. The outstanding amount is repayable from April 2014 to September 2014.

Non-convertible debentures

In April 2003, SIIL issued Rs. 1,000 million Indian Rupee denominated non-convertible debentures to Life Insurance Corporation of India, or LIC. The debentures were issued in two tranches. Tranche A, in the amount of Rs. 400 million, due in April 2010 and Tranche B, in the amount of Rs. 600 million, due in April 2013. Interest payable on these debentures is linked to annualized Government of India securities rates plus 190 basis points and the current rate fixed is 8 %. These debentures are secured by certain of the Company s immovable properties. As of March 31, 2011, and 2012 the outstanding balances were Rs. 600 million and Rs. 600 million ($ 11.8 million) respectively.

In November 2008, BALCO issued Rs. 5,000 million in Indian Rupee denominated non-convertible debentures to LIC. The debentures are repayable in three equal yearly installments beginning in November 2013. The applicable interest rate is 12.25% per annum. The debentures are secured and have a pari passu charge on BALCO s movable and immovable properties tangible or intangible assets, other than BALCO s current assets to the extent of 1.33 times the issued amount of the debentures. As of March 31,2011 and 2012 the outstanding balance were Rs.5,000 million and Rs. 5,000 million ($ 98.3 million) respectively.

Talwandi Sabo has issued non convertible debentures, or (NCD) of Rs. 15,000 million to ICICI Bank at a rate of 9.8% per annum. The first tranche of Rs. 7,500 million was issued in December 2010 and second tranche for the balance amount was issued in January 2011. The NCD s are secured by first pari passu charge on the assets of TSPL both present and future, with a minimum asset cover of 1.25 times during the lifetime of the NCDs (including the debt service reserve account) and unconditional and irrevocable corporate guarantee by SIIL. Debentures have tenure of 13 years from the respective date of allotment, repayable in twelve equal quarterly installments after 10 years of allotment. As of March 31, 2011 and 2012, the amount outstanding was Rs. 14,963 million and Rs. 14,982 million ($ 294.4 million) respectively.

Commercial papers

During the year, SIIL has issued commercial paper to various asset management companies for short term funding requirements. As on March 31, 2012, outstanding balance is Rs 4,977 million ($ 97.8 million) bearing a coupon rate of 11.20% and repayable on April 16, 2012.

During the year, SEL has issued commercial paper to various asset management companies for funding project payables. As on March 31, 2012 outstanding balance is Rs. 20,750 million ($ 407.7 million) bearing coupon rate ranging between 9.85% to 11.75%. The commercial papers were issued for short durations and are due for repayment from April 2012 to May 2012.

Convertible notes

Convertible Senior Notes or Convertible Notes, due 2014

On October 29, 2009, the Company raised $ 500 million by issue of 4.0% Convertible Notes of $ 1,000 each. Subject to certain exceptions, the note holders have an option to convert these Convertible Notes into ADSs (each ADS now represents four equity shares. Prior to the bonus issue and the share split of the equity shares of the Company on June 25, 2010, each ADS represented one equity share) at any time prior to business day immediately preceding the maturity date at a conversion rate of 42.8688 ADSs per $ 1,000 principal amount of notes which is equal to a conversion price of approximately $ 23.33 per ADS. The conversion price could be subject to adjustments should certain events occur. Further, at any time after November 04, 2012, SIIL has a right to redeem in whole or parts of the Convertible Notes, subject to meeting certain conditions. The amount which SIIL is required to pay contractually on October 30, 2014 is $ 500 million, unless previously converted, redeemed or purchased and cancelled.

At inception, the difference between the proceeds received on issuance of the Convertible Notes and the fair value of the conversion option (which is an embedded derivative) has been allocated to the Convertible Notes to establish its initial carrying cost. Subsequently, the conversion option has been measured at fair value through profit and loss with changes in fair value recognised in the statement of income, and the Convertible Notes have been carried at amortised cost using an effective interest rate method.

The conversion option amounting to Rs. 2,757 million and Rs.302 million ($ 5.9 million) and un-amortised borrowing costs amounting to Rs. 131 million and Rs.93 million ($ 1.8 million) as of March 31, 2011 and March 31, 2012, respectively, are included along with the notes in consolidated statements of financial position. Change in the fair value of conversion option has been presented under Note 7 on Finance and other costs.

20. Acceptances

Acceptances consist of:

	As at March 31,		
	2011	**2012**	**2012**
	(Rs. in millions)	**(Rs. in millions)**	**(US dollars in millions)**
Payable under trade financing arrangements	25,786	28,471	559.5
	25,786	**28,471**	**559.5**

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Acceptances comprise of credit availed from financial institutions for payment to suppliers for raw materials purchased by the Company. The arrangements are interest-bearing and are payable within one year. The fair value of acceptances is not materially different from the carrying values presented.

21. Trade and other payables

Trade and other payables consist of:

	As at March 31,		
	2011	2012	2012
	(Rs. in millions)	(Rs. In millions)	(US dollars in millions)
Trade payables	40,048	33,749	663.2
Advances from customers	1,629	1,816	35.7
Amount due to associate	1,202	1,251	24.6
Amount due to other related parties	782	1,607	31.6
Security deposit and retentions	16,415	23,533	462.4
Payable on Asarco claim [refer note 31(c)(i)]		4,233	83.2
Other payables	6,516	7,535	148.0
	66,592	**73,724**	**1,448.7**

Trade payables are non-interest bearing and are normally settled within 90 day to 180 days terms. The fair value of trade and other payables is not materially different from the carrying values presented. Other payables includes statutory dues and other.

22. Provisions

	Restoration, rehabilitation and environmental (a)	Other (b)	Total	Total
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
As at April 01, 2010	**408**	**722**	**1,130**	
Acquisition through business combination	4,016	2,099	6,115	
Additions	46	185	231	
Disposal		(18)	(18)	
Adjustments on account of change in discount rate				
Credited to statement of income	(16)	(110)	(126)	
Unwinding of discount	52		52	
Exchange differences	110	40	150	
As at March 31, 2011	**4,616**	**2,918**	**7,534**	**148.0**
Additions	228	260	488	9.6
Adjustments on account of change in discount rate	(12)		(12)	(0.2)
Credited to statement of income		(570)	(570)	(11.2)
Unwinding of discount	168		168	3.3
Exchange differences	236	166	402	7.8

As at March 31, 2012	**5,236**	**2,774**	**8,010**	**157.4**
Classification as at March 31, 2011				
Current	9	1,343	1,352	
Non-current	4,607	1,575	6,182	
	4,616	**2,918**	**7,534**	
Classification as at March 31, 2012				
Current		802	802	15.8
Non-current	5,236	1,972	7,208	141.6
	5,236	**2,774**	**8,010**	**157.4**

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(a) Restoration, rehabilitation and environmental

The provision for restoration, rehabilitation, decommissioning and environmental represents the Company s best estimate of the costs which will be incurred in the future to meet the obligations under the laws of the land, the terms referred to in the Company s mining and other licenses and contractual arrangements. These amounts become payable upon closure of the mines and are expected to be incurred over a period of 3 to 20 years.

(b) Other

Other provisions comprise the Company s best estimate of the costs based on the possibility of occurrence in the future to settle certain legal, tax and other claims outstanding against the Company. The timing of cash flows in respect of such provisions cannot be reasonably determined.

This also includes one onerous contract related to supply of concentrate at BMM in the previous year which expired during the year and redundancy cost at Lisheen. Provision for redundancy cost become payable to employees on their termination of employment on or before the mine closure.

23. Other non-current liabilities

Non-current liabilities consist of:

	As at March 31,		
	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Security deposits and retentions	2,719	5,265	103.5
	2,719	**5,265**	**103.5**

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24. Employee benefits

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds.

For defined contribution schemes the amount charged to the consolidated statement of income is the total of contributions payable in the year.

For the defined benefit scheme, the cost of providing benefits is determined separately for each plan every year using the projected unit credit method. Actuarial gains and losses arising in the year are recognized in full in the consolidated statement of income of that year.

Defined contribution plans

The Company contributed a total of Rs. 395 million, Rs. 510 million and Rs 819 million ($ 16.1 million) for the years ended March 31, 2010, 2011 and 2012, respectively, to the following defined contribution plans:

Central provident fund

In accordance with the Indian Provident Fund Act, employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12.0% for 2012) of an employee s basic salary. All employees have an option to make additional voluntary contribution. These contributions are made to the fund administered and managed by the Government of India or to independently managed and approved funds. The Company has no further obligations under the plan beyond its monthly contributions which are charged to the consolidated statement of income in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the Company.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. SIIL and each relevant Indian subsidiary holds a policy with Life Insurance Corporation of India (LIC), to which each of these entities contributes a fixed amount relating to superannuation and the pension annuity is met by LIC as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated statement of income in the period they are incurred.

Australian pension scheme

The Company also participates in defined contribution pension schemes in Australia. The contribution of a proportion of an employee s salary in a superannuation fund is a legal requirement in Australia. The employer contributes, into the employee s fund of choice, 9.0% of an employee s gross remuneration where the employee is covered by an industrial agreement and 12.0% of the basic remuneration for all other employees. All employees have the option to make additional voluntary contributions. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated statement of income in the period they are incurred.

Skorpion 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 contribute 7% with the option of making additional contributions, up to a maximum of 12%.

The Fund provides disability cover which is equal to the member s fund credit and a death cover of 2 times annual salary in the event of death before retirement.

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

BMM 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. The purpose of the funds is to provide retirement and death benefits to all eligible employees. Both the fund plans are defined contribution schemes for its employees and amount of contribution paid or payable during the year charged to profit or loss. Company contributes at a fixed percentage of 10.5% for up to supervisor grade and 15% for others.

Lisheen Mine, Ireland Pension Funds

Lisheen participates in a defined contribution pension scheme for all employees. The plan requires Lisheen to contribute 5% of annual basic salary of the employee and the employee is required to also contribute 5% of their annual basic salary. Under the terms of the executive scheme a contribution of 15% each is made by Lisheen and by the individual. Employees may also make additional voluntary contributions subject to certain limits. The Lisheen s contribution will continue until an employee terminates employment or reaches the retirement age of 65, whichever happens first.

Defined benefit plans

Gratuity plan

In accordance with the Payment of Gratuity Act of 1972, SIIL and its Indian subsidiaries contribute to a defined benefit plan (the Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment respectively, an amount based on the respective employee s last drawn salary and the number of years of employment with the Company.

Based on actuarial valuations, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity plan. In the case where there is no fund held by the scheme, full provision is recognised in the consolidated statements of financial position.

Post Retirement Medical Benefits:

The Company has a scheme of post retirement medical benefits for employees at BMM. Based on an actuarial valuation, a provision is recognised in full for the benefit obligation. The scheme is unfunded. The obligation relating to post retirement medical benefits at BMM were Rs. 332 million and Rs. 317 million ($ 6.2 million) as at March 31, 2011 and 2012 respectively. The obligation under this plan is unfunded. The Company considers these amounts as not material and accordingly has not provided further disclosures as required by IAS 19 Employee benefits .

Principal actuarial assumptions used to calculate the defined benefit plan s liabilities are:

		SIIL			HZL			BALCO	
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Discount rate	7.50%	8.00%	8.00%	7.50%	8.00%	8.00%	7.50%	8.00%	8.40%
Expected rate of increase in compensation level of covered employees	5.00%	5.50%	5.50%	5.00%	5.50%	5.50%	5.00% for Executives 3.00% Non Executives	5.00% for Executives 3.00% Non Executives	5.00% for Executives 3.00% Non Executives
Expected return on assets	7.50%	7.50%	7.50%	9.00%	9.50%	9.50%	NA	9.40%	9.40%

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The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The following table sets out the components of net benefit expense recognized in the financial statements for the Gratuity Plan:

Year ended March 31	2010 (Rs. in Millions)	2011 (Rs. In Millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Current service cost	(97)	(119)	(135)	(2.7)
Actuarial losses	(236)	(274)	(152)	(3.0)
Expected return on plan assets	87	105	121	2.4
Past service costs		(865)		
Interest cost	(123)	(146)	(232)	(4.6)
Total charge	**(369)**	**(1,299)**	**(398)**	**(7.9)**

The Company s obligations in respect of its defined benefit plan are as follows:

As at March, 31,	2009 (Rs. in Millions)	2010 (Rs. in Millions)	2011 (Rs. in Millions)	2012 (Rs. in Millions)	2012 (US dollars in millions)
Fair value of plan assets (a)	981	1,121	1,333	1,788	35.2
Present value of defined benefit obligation (b)	(1,692)	(1,986)	(2,949)	(3,167)	(62.3)
Deficit in defined benefit obligations (a-b)	(711)	(865)	(1,616)	(1,379)	(27.1)
Comprising of:					
Funded obligations	(1,084)	(1,384)	(2,870)	(2,002)	(39.3)
Unfunded obligations	(608)	(602)	(79)	(1,165)	(22.9)

The movement during the year ended March 31, 2011 and 2012 of the change in present value of the defined benefit obligation was as follows:

As at March, 31,	2010 (Rs. in millions)	2011 (Rs. In millions)	2012 (Rs. In millions)	2012 (US dollars in millions)
Balance at the beginning of the year	(1,692)	(1,986)	(2,949)	(57.9)
Current service costs	(97)	(119)	(135)	(2.7)
Past service costs		(865)		
Benefits paid	168	459	335	6.6
Interest cost	(123)	(146)	(232)	(4.6)
Actuarial losses	(242)	(292)	(186)	(3.7)
As at **March 31,**	**(1,986)**	**(2,949)**	**(3,167)**	**(62.3)**

Movements in the fair value of the plan assets are as follows:

As at March, 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. In millions)	2012 (US dollars in millions)
Balance at the beginning of the year	981	1,121	1,333	26.2
Contributions received	215	403	600	11.8
Benefits paid	(168)	(314)	(300)	(5.9)
Actuarial gain/(loss)	6	18	34	0.7
Expected return on plan assets	87	105	121	2.4
As at March 31,	**1,121**	**1,333**	**1,788**	**35.2**

The Company maintains its gratuity fund with Life Insurance Corporation of India (LIC). The percentage allocation fund value to various categories of financial assets maintained with LIC as at March 31, 2011 and 2012 are as follows:

	% allocation of plan assets As at March 31	
Assets by category	2011	2012
Government securities	53.0	51.0
Debentures/bonds	43.0	42.5
Equity instruments	3.8	3.6
Money market instruments	0.2	2.9
	100.0	**100.0**

Historical information related to experience adjustments:

As at March 31	2009 (Rs. in millions)	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. In millions)	2012 (US dollars in millions)
Experience losses arising on plan liabilities	(68)	(242)	(292)	(186)	(3.7)
Experience gains arising on plan assets	6	6	18	34	0.7

The Company expects to contribute Rs. 179 million ($ 3.5 million) to the funded defined benefit plans in fiscal 2013.

25. Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the consolidated statements of financial position. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 and Note 3.

Financial assets and liabilities:

The following tables present the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2011 and 2012.

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As at March 31, 2011

Financial assets	Cash	Held for trading	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Total carrying value	Total fair value
				(Rs. in millions)			
Financial assets investments							
at fair value				249		249	249
at cost				984		984	*
Other non current assets			14,699			14,699	14,302
Trade and other receivables			100,238			100,238	100,238
Short-term investments							
Bank deposits			76,666			76,666	76,666
Other investments		126,445				126,445	126,445
Derivative financial assets					1,088	1,088	1,088
Cash and cash equivalents including restricted cash	21,526					21,526	21,526
	21,526	**126,445**	**191,603**	**1,233**	**1,088**	**341,895**	**340,514**

In the consolidated statements of financial position and in Note 14 Trade and other receivables includes balances with governments authorities of Rs. 8,707 million ($ 195.5 million), prepayments of Rs. 1,137 million ($ 25.5 million) and advance for supplies of Rs. 2,260 million ($ 50.7 million) which are not financial assets and hence have been excluded from above table.

As at March 31, 2011

Financial liabilities	**Derivatives not used for hedging**	**Derivatives used for hedging**	**Amortised cost**	**Total carrying value**	**Total fair value**
			(Rs. in millions)		
Borrowings					
Short-term			37,948	37,948	37,948
Long term (other than convertible notes)			33,637	33,637	35,344
Convertible notes	2,757		17,165	19,922	22,050
Acceptances			25,786	25,786	25,786
Trade and other payables			61,860	61,860	61,860
Derivative financial liabilities		410		410	410
Total	**2,757**	**410**	**176,396**	**179,563**	**183,398**

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In the consolidated statements of financial position and in Note 21 Trade and other payables includes advances from customers of Rs. 1,629 million ($ 36.6 million), balances due to government authorities Rs. 1,738 million ($ 39.0 million) and other employees benefits Rs. 1,365 million ($ 30.6 million) which are not financial liabilities and hence have been excluded from above table (Balances due to government authorities and other employees benefits are included under other payables in Note 21).

As at March 31, 2012:

Financial assets	Cash	Held for trading	Loans and receivables	Rs. in millions Available for sale financial assets	Derivatives used for hedging	Total carrying value	Total fair value	US dollar in millions Total carrying value	Total fair value
Financial assets investments									
at fair value				8,636		8,636	8,636	169.7	169.7
at cost				984		984	*	19.3	*
Other non current assets#			49,700			49,700	48,640	976.6	955.8
Trade and other receivable			101,523			101,523	101,523	1,995.0	1,995.0
Short term investments									
Bank deposits			72,083			72,083	72,083	1,416.4	1,416.4
Other investments		144,200				144,200	144,200	2,833.6	2,833.6
Derivative financial assets					517	517	517	10.2	10.2
Cash and cash equivalents including restricted cash	17,232					17,232	17,232	338.6	338.6
	17,232	**144,200**	**223,306**	**9,620**	**517**	**394,875**	**392,831**	**7,759.4**	**7,719.3**

In the consolidated statements of financial position and in Note 14 Trade and other receivables includes balances with governments authorities of Rs. 10,299 million ($ 202.4 million), prepayments of Rs. 878 million ($ 17.2 million) , advance for supplies of Rs. 4,745 million ($ 93.2 million) which are not financial assets and hence have been excluded from above table.

Other non-current assets is gross value before application of share of losses in an associate of Rs. 8,138 million ($ 159.9 million).

As at March 31, 2012:

Financial liabilities	Derivatives	Derivatives used for hedging	Rs. in millions Amortised cost	Total carrying value	Total fair value	US dollar in millions Total carrying value	Total fair value
Borrowings							
Short term			53,983	53,983	53,983	1,060.8	1,060.8
Long term (other than convertible notes)			53,123	53,123	54,007	1,043.9	1,061.2
Convertible notes	302		21,065	21,367	24,044	419.9	472.5
Acceptances			28,471	28,471	28,471	559.5	559.5
Trade and other payables			67,167	67,167	67,167	1,319.9	1,319.9
Derivative financial liabilities		606		606	606	12.0	12.0
Total	**302**	**606**	**223,809**	**224,717**	**228,278**	**4,416.0**	**4,485.9**

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In the consolidated statements of financial position and in Note 21 Trade and other payables includes advances from customers of Rs. 1,816 million ($ 35.7 million), balances due to government authorities Rs. 3,581 million ($ 70.4 million) and other employees benefits Rs. 1,160 million ($ 22.8 million) which are not financial liabilities and hence have been excluded from above table (Balances due to government authorities and other employees benefits are included under other payables in Note 21).

Financial guarantees of Rs. 46,384 million and Rs. 45,383 million ($ 891.8 million) given on behalf of Vedanta Aluminium as at March 31, 2011 and 2012 respectively. These guarantees are continuing and valid till contractual obligations are fulfilled by Vedanta Aluminium.

* The fair value of unquoted financial assets investments cannot be reliably measured. Refer assumptions below.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The below tables summarise the categories of financial assets and liabilities as at March 31, 2011 and 2012 measured at fair value:

As at March 31, 2011	(Level 1)	(Level 2) (Rs. in millions)	(Level 3)
Financial assets			
At fair value through profit or loss			
Held for trading	126,445		
Derivative financial assets			
Commodity contracts	160		
Forward foreign currency contracts		928	
Available-for-sale investments			
Financial asset investments held at fair value	249		
	126,854	**928**	
Financial liabilities			
At fair value through profit or loss			
Derivative financial liabilities			
Commodity contracts	251		
Forward foreign currency contracts		159	
Embedded derivative on convertible notes			2,757
	251	**159**	**2,757**

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As at March 31, 2012	(Level 1)	(Level 2) (Rs. In millions)	(Level 3)	(Level 1)	(Level 2) (US dollars in millions)	(Level 3)
Financial assets						
At fair value through profit or loss						
Held for trading	144,200			2,833.6		
Derivative financial assets						
Commodity contracts	148			2.9		
Forward foreign currency contracts		369			7.2	
Available-for-sale investments						
Financial asset investments held at fair value	8,636			169.7		
	152,984	**369**		**3,006.2**	**7.2**	
Financial liabilities						
At fair value through profit or loss						
Derivative financial liabilities						
Commodity contracts	131			2.6		
Forward foreign currency contracts		15			0.3	
Net investment in foreign operation		460			9.0	
Embedded derivative on convertible notes			302			5.9
	131	**475**	**302**	**2.6**	**9.3**	**5.9**

Movement in the fair value of embedded derivative on convertible notes (Level 3 item):

	(Rs. in millions)	(US dollars in millions)
As at April 01, 2011	2,757	54.2
Credited to the income statement	(2,455)	(48.2)
As at March 31, 2012	302	6.0

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged or settled in a current transaction between willing parties.

The following methods and assumptions were used to estimate the fair values:

Short-term marketable securities traded in active markets are determined with reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Trade and other receivables (excluding deposits with governments and other prepayments), trade and other payables and short-term borrowings: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

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Non current financial assets and financial liabilities : Either the carrying value approximates the fair value or fair value have been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread.

Long-term fixed-rate and variable-rate borrowings: Fair value has been determined by the Company based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project. Accordingly the fair value of convertible notes as at March 31, 2011 and 2012 is Rs. 22,050 million and Rs. 24,044 million ($ 472.5 million). For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value have been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread. The fair value of the embedded derivative liability of convertible notes has been calculated using Auxiliary Reversed Binomial Tree method and using the following significant assumptions as at March 31, 2011 and 2012, respectively:

the implied volatility as 38.5% and 37.7%; and

the share price as $ 15.4 and $ 8.54.

Quoted available-for-sale financial assets investments : Fair value is derived from quoted market prices in active markets. Fair value in respect of unquoted equity instruments cannot be reliably measured and are stated at cost.

Derivative contracts: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations, foreign exchange spot and forward premium rates. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.).

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.

The estimated fair value amounts as at March 31, 2012 have been measured as at the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

There were no transfers between Level 1 and Level 2 during the year.

Risk management

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

The Company s documented risk management polices act as an effective tool in mitigating the various financial risks to which the business is 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, counterparty and concentration of credit risk and capital management. 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 Company has in place risk management processes which are in line with the Company s policy. Each significant risk has a designated owner within Company 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 Company s Audit Committee. Key business decisions are discussed at the monthly meetings of the Executive Committee, an advisory committee empowered by the Company s board of directors (the Board) which performs advisory function for board for decision making. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company s risk situation
- improve financial returns

Treasury management

The Company s treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. 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 Company s treasury policies. Long-term fund raising including strategic treasury initiatives are 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 Company has a strong system of internal control which enables effective monitoring of adherence to Company s policies. The internal control measures are effectively supplemented by regular internal audits.

Commodity price risk

The Company has historically limited the use of derivatives for commodity hedging. As much as possible, the Company tries to mitigate price risk through favorable contractual terms. Moreover, hedging is used purely as a risk management tool and, in some cases, strategically to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. These contracts are expected to reduce the volatility of cash flows in respect of highly probable forecast purchases or firm commitments attributable to the fluctuation in commodity price in accordance with the risk management approved by the Board.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realised on commodity contracts
- purchases and sales of physical contracts
- cash flow hedging of revenues forecasted highly probable transactions

Aluminum

The raw material is mined in India with sales prices linked to the LME prices. Currently, the Company does not undertake any hedging activities for its aluminum business.

Copper

The Company s custom smelting copper operations at Tuticorin benefits from 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 Company s policy on custom smelting is to generate margins from Treatment charges/Refining charges or TCRCs , 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 actively managed to ensure that the gains or losses are minimised. The Company hedges this variability of LME prices and tries to make the LME price an indifference cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price. The Company also benefits from the difference between the amounts paid for quantities of copper content received and copper recovered in the manufacturing process, also known as free copper .

The Company s copper mines in Tasmania, Australia, supplies approximately 7% to 8% of the requirement of the custom copper smelter at Tuticorin. Hence, TCRCs are a major source of income for the Indian copper smelting operations. Fluctuations in TCRCs are influenced by factors including demand and supply conditions prevailing in the market for mine output. The Company s copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

Zinc India

Raw material for zinc and lead is mined in India with sales prices linked to the LME prices. Currently a part of exports out of India is hedged through forward contracts or other instruments.

Zinc International

Raw material for zinc and lead is mined in Namibia, South Africa and Ireland with sales prices linked to the LME prices.

This table illustrates the impact of a $ 100 movement in LME prices based on volumes, costs and exchange rates for fiscal 2011 and 2012 and provides the estimated impact on operating profit assuming all other variables remain constant.

$ 100 movement in LME price	**Change in operating income**		
	2011 (Rs. in millions)	**2012 (Rs. in millions)**	**2012 (US dollars in millions)**
Copper	115	118	2.3
Zinc India	3,256	3,465	68.1
Zinc International	297	1,533	30.1
Aluminum	1,128	1,148	22.5
Total	**4,796**	**6,264**	**123.0**

Further, the impact of change in copper LME for provisionally priced copper concentrate purchase at SIIL s custom smelting operations is pass through in nature and as such will not have any impact on the profitability.

Financial risk

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

(a) Liquidity

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Company s current ratings from CRISIL is AA+/stable for long term and P1+ for short-term programmes. These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms. The Company generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises.

The maturity profile of the Company s financial liabilities based on the remaining period from the date of financial position to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

As at March 31, 2011

Payment due by year	<1 year	1-2 years	2-5 years	>5 years	Total
			Rs. in millions		
Acceptances	25,786				25,786
Trade and other payables	61,860				61,860
Borrowings (other than convertible notes)	37,948	9,221	8,612	15,804	71,585
Convertible notes			19,922		19,922
Derivative liabilities	410				410
	126,004	**9,221**	**28,534**	**15,804**	**179,563**

As at March 31, 2012

Payment due by year	<1 year	1-2 years	2-5 years	>5 years	Total
			Rs. in millions		
Acceptances	28,471				28,471
Trade and other payables	67,167				67,167
Borrowings (other than convertible notes)	53,983	6,997	22,864	23,262	107,106
Convertible notes			21,367		21,367
Derivative liabilities	606				606
	150,227	**6,997**	**44,231**	**23,262**	**224,717**
US dollars in million	2,952.0	137.5	869.3	457.2	4,416.0

As at March 31, 2011, the Company had access to funding facilities of Rs. 244,743 million of which Rs. 133,920 million was not yet drawn, as set out below.

Funding facility	Total facility (Rs. in Millions)	Drawn (Rs. in millions)	Un drawn (Rs. In millions)
Less than 1 year	148,832	81,980	66,852
1-2 years	73,441	9,942	63,499
2-5 years and above	22,470	18,901	3,569
Total	**244,743**	**110,823**	**133,920**

As at March 31, 2012, the Company had access to funding facilities of Rs. 232,740 million ($ 4,573.4 million) of which Rs. 63,921 million ($ 1,256.1 million) was not yet drawn, as set out below.

Funding facility	Total facility (Rs. in Millions)	Drawn (Rs. in millions)	Un drawn (Rs. In millions)
Less than 1 year	193,207	138,765	54,442
1-2 years	1,240		1,240
2-5 years and above	38,293	30,054	8,239

Total	**232,740**	**168,819**	**63,921**
US dollars in million	4,573.4	3,317.3	1,256.1

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Collateral

The Company has pledged a part of its trade receivables, short-term investments and cash and cash equivalents in order to fulfill the collateral requirements for the financial facilities in place. The counterparties have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

The details related to fair value of collaterals have been stated in Note 14, 15 and 16.

(b) Foreign exchange risk

Fluctuations in foreign currency exchange rates may have potential impact on the statement of operations, equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from the fluctuations primarily in the US dollar, Australian dollar, Namibian dollar, ZAR and Euro against the functional currencies of SIIL and its subsidiaries.

The Company uses forward exchange contracts, currency swaps and other derivatives to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its exports and foreign exchange risk on its net investment in foreign operations. Most of these transactions are denominated in US dollars. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns. Longer term exposures are unhedged except part of net investment in foreign operations exposures have been hedged. Stop losses and take profit triggers are implemented to protect entities from adverse market movements at the same time enabling them to encash in favourable market opportunities. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

The following analysis is based on the gross exposure as at the reporting date which could affect the statement of income. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on Derivative financial instruments

	As at March 31, 2011		As at March 31, 2012		As at March 31, 2012	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)	(US dollars in millions)
US dollar	25,763	123,624	29,312	144,167	576.0	2,832.9
Australian dollar	251	665	1,110	756	21.8	14.9
Euro	4,634	1,375	5,303	1,765	104.2	34.7
Namibian dollar	5,378		3,323	875	65.3	17.2
ZAR	3,144	2,026	863	1,144	17.0	22.5
Canadian dollar & other	73	104	8,490	84	166.8	1.7

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The Company s exposure to foreign currency arises where a group entity holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with US dollar being the major non-functional currency of the Company s main operating subsidiaries. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The results of Company s operations may be affected largely by fluctuations in the exchange rates between the Indian Rupee, Australian dollar, Namibia dollar and ZAR against the US dollar. The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift in the currencies by 10% against the functional currency of the Company.

A 10% appreciation/depreciation of the respective foreign currencies with respect to the functional currency of the Company and its subsidiaries would result in decrease/increase in the Company s profit or loss and equity for the fiscal year 2011 and 2012 by Rs. 4,106 million and Rs. 6,134 million ($ 120.5 million) respectively.

(c) Interest rate risk

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments. The Company 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.

The borrowings of the Company are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The US dollar debt is split between fixed and floating rates (linked to US dollar LIBOR) and the Indian Rupee debt is principally at fixed interest rates. The Company has a policy of selectively using interest rate swaps, option contracts and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a monthly basis.

The Company 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 Company invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Company 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 Company s financial assets as at March 31, 2011 to interest rate risk is as follows:

	Floating rate financial assets (Rs. in Millions)	Fixed rate financial Assets (Rs. in millions)	Non-interest bearing financial assets (Rs. in millions)	Total financial assets (Rs. in millions)
Financial assets	145,665	174,997	20,144	340,807
Derivative financial assets			1,088	1,088
	145,665	**174,997**	**21,232**	**341,895**

The weighted average interest rate on the fixed rate financial assets is 8.2% and the weighted average period for which the rate is fixed is 1.2 years.

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The exposure of the Company s financial liabilities as at March 31, 2011 to interest rate risk is as follows:

	Floating rate financial liabilities (Rs. In Millions)	Fixed rate financial liabilities (Rs. in Millions)	Non-interest bearing financial liabilities (Rs. in Millions)	Total financial liabilities (Rs. in Millions)
Financial liabilities	55,777	59,302	64,074	179,153
Derivative financial liabilities			410	410
	55,777	**59,302**	**64,484**	**179,563**

The weighted average interest rate on the fixed rate financial liabilities is 10.2% and the weighted average period for which the rate is fixed is 4.9 years.

The exposure of the Company s financial assets as at March 31, 2012 to interest rate risk is as follows:

	Floating rate financial assets (Rs. in Millions)	Fixed rate financial Assets (Rs. in millions)	Non-interest bearing financial assets (Rs. in millions)	Total financial assets (Rs. in millions)
Financial assets	136,767	158,836	98,755	394,358
Derivative financial assets			517	517
	136,767	**158,836**	**99,272**	**394,875**
US dollars in million	2,687.5	3,121.1	1,950.8	7,759.4

The weighted average interest rate on the fixed rate financial assets is 8.6% and the weighted average period for which the rate is fixed is 2.96 years.

The exposure of the Company s financial liabilities as at March 31, 2012 to interest rate risk is as follows:

	Floating rate financial liabilities (Rs. In Millions)	Fixed rate financial liabilities (Rs. in Millions)	Non-interest bearing financial liabilities (Rs. in Millions)	Total financial liabilities (Rs. in Millions)
Financial liabilities	60,149	95,512	68,450	224,111
Derivative financial liabilities			606	606
	60,149	**95,512**	**69,056**	**224,717**
US dollars in million	1,181.9	1,876.9	1,357.2	4,416.0

The weighted average interest rate on the fixed rate financial liabilities is 8.9% and the weighted average period for which the rate is fixed is 2.73 years.

The table below illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest expense on loans and borrowings for fiscal 2012. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as on date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

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Movement in interest rates	US dollar Interest rates		
	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
0.50%	152	286	5.6
1.00%	304	572	11.2
2.00%	608	1,144	22.5

(d) Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company is exposed to credit risk for receivables, short-term investments, financial guarantees and derivative financial instruments.

Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of national standing. Moreover, given the diverse nature of the Company 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 Company s net sales or for any of the Company s primary businesses during the year ended March 31, 2012 and in the previous year. The history of trade receivables shows a negligible provision for bad and doubtful debts. Credit risk on loans to associate is supported by Letter of comfort from Vedanta. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company s counterparties.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the credit risk is limited as the Company only deals with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. These exposures are further reduced by having standard International Swaps and Derivatives Association (ISDA) master agreements including set-off provisions with each counterparty.

The carrying value of the financial assets other than cash represents the maximum credit exposure. The Company s maximum exposure to credit risk at March 31, 2011 and March 31, 2012 is Rs. 319,933 million and Rs. 369,505 million ($ 7,260.9 million).

The maximum credit exposure on financial guarantees given by the Company for various financial facilities are described in Note 31 on Commitments, contingencies, and guarantees .

None of the Company s cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2012, that defaults in payment obligations will occur except as described in Note 14 on allowance for impairment of trade and other receivables.

Of the year end trade and other receivable balance the following were past due but not impaired:

As at March 31	2011 (Rs. in millions)	2012 (Rs. In millions)	2012 (US dollars in millions)
Less than 1 month	251	1,232	24.2
Between 1 - 3 months	1,136	707	13.9
Between 3 - 12 months	693	1,709	33.6
Greater than 12 months	27	164	3.2
	2,107	**3,812**	**74.9**

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Receivables are deemed to be past due or impaired with reference to the Company s normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer s credit quality and prevailing market conditions. Receivables that are classified as past due in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Company s customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

Derivative financial instruments

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates and commodity prices. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company 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 these are subject to the Company guidelines and policies.

All derivative financial instruments are recognized as assets or liabilities on the consolidated statements of financial position and measured at fair value, generally based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded on the consolidated statements of financial position within other current and non-current assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The Company uses derivative instruments as part of its management of exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The use of derivatives can give rise to credit and market risk. The Company controls credit risk by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts and marked-to-market when their risks and characteristics are not clearly and closely related to those of their host contracts and the host contracts are not fair valued.

In respect of embedded derivative conversion option, a 10% increase/decrease in Company s ADR price would have resulted in an approximate loss of Rs. 786 million and Rs. 115 million ($ 2.3 million) and an approximate gain of Rs. 688 million and Rs. 105 million ($ 2.1 million) for the fiscal 2011 and 2012 respectively. A 10% increase/decrease in implied volatility would have resulted in an approximate loss of Rs. 605 million and Rs. 168 million ($ 3.3 million) and an approximate gain of Rs. 737 million and Rs. 192 million ($ 3.8 million) for fiscal 2011 and 2012 respectively.

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Cash flow hedges

The Company, in its copper business, on a selected basis hedged its revenue from variable margins and free copper by entering into future contracts. The main purpose of hedging is to fix the prices at a desired level. These are highly probable forecast transactions and accordingly have been accounted for as cash flow hedges and recognised at fair value. The Company has also hedged part of its future sales in its zinc business. The change in fair value on these derivative contracts is recorded in the statement of comprehensive income. These hedges have been effective for the year ended March 31, 2012.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. The Company hedged part of its foreign currency exposure on capital commitments during fiscal 2012. Fair value changes on such forward contracts are recognized in the statements of comprehensive income.

The majority of cash flow hedges taken out by the Company during the year comprise non-derivative hedging instruments for hedging the foreign exchange rate of highly probable forecast transactions.

The cash flows related to above are expected to occur during the year ended March 31, 2013 and consequently may impact the statement of income for that year depending upon the change in the commodity prices and foreign exchange rates movements. For cash flow hedges regarded as basis adjustments to initial carrying value of the property, plant and equipment, the depreciation on the basis adjustments made is expected to affect the statement of income between fiscal year 2013 to 2032.

Fair value hedge

The fair value hedges relate to forward covers taken to hedge currency exposure and commodity price risks.

Company s sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer s facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions were substantially offset by the amount of gains or losses on the underlying sales.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts not designated as cash flow hedge are recognized in statement of income.

Non-qualifying/economic hedge

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include copper and zinc future contracts on the LME and certain other derivative instruments. The Company has accounted for fair value adjustments on such derivative contracts as assets/liabilities in its consolidated statements of financial position.

Hedge of net investment of foreign exchange

The Company has partly hedged its foreign exchange risk in net investment in foreign operations. Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in equity. Gains and losses on those hedging instruments on forward exchange contracts designated as hedges of the net investments in foreign operations are recognised in equity to the extent that the hedging relationship is effective. These amounts are included in exchange differences on translation of foreign operations as stated in the statement of comprehensive income. Gains and losses relating to hedge ineffectiveness are recognised immediately in the income statement for the period. Gains and losses accumulated in the translation reserve are included in the income statement when the foreign operation is disposed of.

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The fair value of the Company s derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

	As at March 31, 2011		As at March 31, 2012			
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
		(Rs. in millions)			(US dollars in millions)	
Current						
*Cash flow hedges**						
Commodity contracts		2	1	2	0.0	0.0
Forward foreign currency contracts			18		0.4	
*Fair value hedges***						
Commodity contracts	24	4	118		2.3	
Forward foreign currency contracts	21	144	242	15	4.8	0.3
Net investment in foreign operation***				460		9.1
Non-qualifying hedges						
Commodity contracts	136	246	33	129	0.6	2.6
Forward foreign currency contracts	907	14	105		2.1	
Total	**1,088**	**410**	**517**	**606**	**10.2**	**12.0**

* Refer statement of income and statement of change in equity for the change in the fair value of cash flow hedges.

** The change in fair value hedge of Rs. 47 million and Rs. 98 million ($ 1.9 million) in commodity contracts and Rs. 244 million and Rs.350 million on forward foreign currency contracts ($ 6.9 million) for the fiscal 2011 and 2012 respectively, has been recognised in the statement of income and offset with the similar gains on the underlying sales.

*** Comprises loss of Rs. 815 million ($ 16.0 million) recognised in consolidated statements of comprehensive income and gain of Rs. 355 million ($ 6.9 million) recognised in consolidated statements of income.

26. Capital management

The Company s objectives when managing capital is 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 Company s overall strategy remains unchanged from previous year.

The Company 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 requirements are met through a mixture of equity, internal accruals, convertible debt securities, and other long term borrowings. The Company s policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the net cash to equity ratio. The Company is not subject to any externally imposed capital requirements.

Net cash includes cash and cash equivalents and short-term investments as reduced by all long and short-term debts. Equity comprises all components excluding other components of equity (which comprises the Cash flow hedges, Translation of foreign operations and Available-for-sale financial investments).

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The following table summarizes the capital of the Company:

As at March 31,	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Equity	517,284	563,909	11,080.9
Cash and cash equivalents (Note 16 and 17)	21,526	17,232	338.7
Short-term investments (Note 15)	203,111	216,283	4,250.0
Total cash (a)	**224,637**	**233,515**	**4,588.7**
Short-term borrowings	37,948	53,983	1,060.8
Long-term borrowings	53,559	74,490	1,463.7
Total debt (b) (Note 19)	**91,507**	**128,473**	**2,524.5**
Net cash (a-b)	**133,130**	**105,042**	**2,064.2**
Total capital (equity net cash)	**384,154**	**458,867**	**9,016.7**
Net cash to equity ratio	**0.3**	**0.2**	**0.2**

27. Shareholders equity

As at March 31, 2011 and 2012 the authorised share capital of SIIL comprised of 5,000,000,000 equity shares with a par value of Re 1 each.

SIIL s issued equity share capital was Rs. 3,361 million and Rs. 3,361 million ($ 66.0 million) as at March 31, 2011 and 2012, consisting of 3,361,207,534 and 3,361,207,534 equity shares respectively.

Retained earnings includes amongst others, general reserve, debenture redemption reserve and preference share redemption reserve.

General reserves

Under the Companies Act, a general reserve is created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that if a dividend distribution in a given year is more than 10.0% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. The balances in the standalone financial statements of SIIL s general reserves, as determined in accordance with applicable regulations, were Rs. 15,642 million and Rs. 25,703 million ($ 505.1 million) as at March 31, 2011 and 2012, respectively. During the year ended March 31, 2012 SIIL s general reserve increased by Rs.6,061 million ($ 119.1 million) due to the effect of merger of SOVL with the Company.

Debenture redemption reserve

The Companies Act requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Companies are required to maintain a minimum proportion of outstanding redeemable debentures as a reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. Retained earnings of the standalone financial statements of SIIL as at March 31, 2011 and 2012 include Rs. 120 million and Rs. 135 million ($ 2.7 million) of debenture redemption reserve, respectively.

Preference share redemption reserve

The Companies Act provides that companies that issue preference shares may redeem those shares from profits of the Company which otherwise would be available for dividends, or from proceeds of a new issue of shares made for the purpose of redemption of the preference shares. If there is a premium payable on redemption, the premium must be provided for, either by reducing the additional paid in capital (securities premium account) or net income, before the shares are redeemed.

If profits are used to redeem preference shares, the value of the nominal amount of shares redeemed should be transferred from profits (retained earnings) to the capital redemption reserve account. This amount should then be utilised for the purpose of redemption of redeemable preference shares. This reserve can be used to issue fully paid-up bonus shares to the shareholders of SIIL. Retained earnings of the standalone financial statements of SIIL include Rs. 769 million ($ 15.1 million) of preference share redemption reserve as at March 31, 2011 and 2012.

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Dividends

Each equity share holder is entitled to dividends as and when SIIL declares and pays dividends after obtaining shareholder approval. Dividends are paid in Indian Rupees. Remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

On April 26, 2010 the board of directors of SIIL recommended a dividend of Rs. 3.75 per equity share for the year ended March 31, 2010, which was approved by the shareholders at the annual general meeting, held on June 11 2010. The dividend and dividend distribution tax amounting to Rs. 3,151 million and Rs. 523 million respectively has since been paid during the year ended March 31, 2011.

On April 25, 2011 the board of directors of SIIL recommended a dividend of Rs. 1.10 ($ 0.02) per equity share for the year ended March 31, 2011, which was approved by the shareholders at the annual general meeting, held on July 23, 2011. The dividend and dividend distribution tax amounting to Rs. 3,697 million ($ 72.6 million) and Rs. 600 million ($ 11.8 million) respectively has since been paid during the year ended March 31, 2012.

On October 24, 2011 the board of directors of SIIL declared an interim dividend of Rs.1.00 ($ 0.02) for the year ended March 31, 2012. The dividend amounting to Rs. 3,361 million has been paid as on November 1, 2011.

On April 25, 2012 the board of directors of SIIL recommended a final dividend of Rs. 1 per equity share for the year ended March 31, 2012, subject to approval by shareholders at the general meeting and would result in a payment of Rs. 3,361 million ($ 66.0 million). Dividend distribution taxes on the equity dividends were Rs. 141 million ($ 2.8 million) for the year ended March 31, 2012.

Dividends are payable from the profits determined under Indian GAAP.

Under Indian law, a company is allowed to pay dividends in excess of 10.0% of its paid-up capital in any year from profits for that year only if it transfers a specified percentage of the profits of that year to reserves. The Company makes such transfers to general reserves.

If profits for a year are insufficient to declare dividends, dividends for that year may be declared and paid out from accumulated profits on the following conditions:

- the rate of dividend to be declared shall not exceed the average of the rates at which dividends were declared in the five years immediately preceding that year or 10.0% of the company s paid-up share capital, whichever is less;

- the total amount to be drawn from the accumulated profits earned in previous years and transferred to reserves shall not exceed an amount equal to one-tenth of the sum of the company s paid-up share capital and net reserves, and the amount so drawn shall first be utilised to set off the losses incurred in the financial year before any dividend in respect of preference or equity share is declared; and

- the balance of reserves after such withdrawal shall not fall below 15.0% of the company s paid-up share capital.

28. Share-Based Compensation Plans

The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta.

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

The LTIP is the primary arrangement under which share-based incentives are provided to the defined management group. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the balance of basic salary and share-based remuneration consistent with local market practice. The performance condition attaching to outstanding awards under the LTIP is that of Vedanta s performance, measured in terms of Total Shareholder Return (TSR) compared over a three year period with the performance of the companies as defined in the scheme from the date of grant. Under this scheme, initial awards under the LTIP were granted in February 2004 and subsequently further awards were granted in respective years. The awards are indexed to and settled by Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta s functional currency at 10 US cents per share, the performance period of each award is three years and the same is exercisable within a period of six months from the date of vesting beyond with the option lapse. Under the scheme, Vedanta is obligated to issue the shares. Further, in accordance with the terms of agreement between Vedanta and SIIL, the grant date fair value of the awards is recovered by Vedanta from SIIL.

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The amount recovered by Vedanta and recognised by the Company in the consolidated statement of income for the financial year ended March 31, 2010, 2011 and 2012 was Rs. 288 million, Rs. 353 million and Rs. 552 million ($ 10.8 million) respectively. The Company considers these amounts as not material and accordingly has not provided further disclosures as required by IFRS 2 Share-based payment .

29. Earnings per share (EPS)

The shareholders of SIIL, in the annual general meeting held on June 11, 2010, approved the stock split of its equity share from the face value of Rs. 2 per share to Re 1 per share each fully paid up, and bonus issue in the ratio of 1:1 post stock split. The computation of basic and diluted EPS have been adjusted retroactively for the year ended March 31, 2010 to reflect the changes in capital structure. Reference for the year ended March 31, 2010 in these consolidated financial statements to number of shares and per share amounts have been retroactively restated to reflect bonus and stock split made.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Computation of weighted average number of shares

	For the year ended March 31,		
	2010	**2011**	**2012**
Weighted average number of ordinary shares for basic earnings per share	3,199,826,061	3,361,207,534	3,361,207,534
Effect of dilution:			
Convertible notes	36,174,220	85,737,600	
Adjusted weighted average number of ordinary shares for diluted earnings per share	3,236,000,281	3,446,945,134	3,361,207,534

Computation of basic and diluted earnings per share

Basic earnings per share:

	For the year ended March 31,			
	2010	**2011**	**2012**	**2012**
	Rs. in millions (except EPS data)			**US dollars in millions (except EPS data)**
Profit for the year attributable to equity holders of the parent	39,263	48,898	38,998	766.3
Weighted average number of ordinary shares for basic earnings per share	3,199,826,061	3,361,207,534	3,361,207,534	3,361,207,534
Earnings per share	12.27	14.55	11.60	0.2

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Diluted earnings per share:

	For the year ended March 31, 2010	2011	2012	2012
	Rs. in millions (except EPS data)			US dollars in millions (except EPS data)
Profit for the year attributable to equity holders of the parent	39,263	48,898	38,998	766.3
Adjustment in respect of convertible notes	(345)	(1,079)		
Profit for the year after dilutive adjustment	38,918	47,819	38,998	766.3
Weighted average number of ordinary shares for diluted earnings per share	3,236,000,281	3,446,945,134	3,361,207,534	3,361,207,534
Earnings per share	12.03	13.87	11.60	0.2

The Company has excluded the following shares underlying the convertible note from the calculations of dilutive earnings per share because the inclusion would have been anti-dilutive.

For the year ended March 31,	2010	2011	2012
Shares excluded from the calculation of dilutive EPS			85,737,600

30. Options to acquire subsidiary s shares

a. Call option HZL

SIIL s wholly-owned subsidiary, Sterlite Opportunities and Ventures Limited (SOVL), had two call options to purchase all of the Government of India s shares in HZL at fair market value. SOVL exercised the first call option on August 29, 2003 and acquired an additional 18.9% of HZL s issued share capital, increasing its shareholding to 64.9%. As at March 31, 2010 and 2011, the Government of India s holding in HZL was 29.5%. The second call option provides SOVL the right to acquire the Government of India s remaining 29.5% share in HZL. This call option is subject to the right of the Government of India to sell 3.5% of HZL shares to HZL employees. This call option is also subject to the Government of India s right, prior to the exercise of this call option, to sell its shares in HZL through a public offer. From April 11, 2007, SOVL has the right to exercise the second call option. The option has no expiry date. The Company exercised the second call option via its letter dated July 21, 2009. The Government has stated that they are maintaining the same stand as in BALCO on the validity of the call option, and has refused to act upon the second call option. The Company has invoked the Arbitration clause for referring the matter to arbitration, and appointed an arbitrator, and requested the Government to nominate its arbitrator nominee so that Arbitral Tribunal is constituted. As the Government of India has not appointed its arbitrator, the Company filed an Arbitration application u/s 11(6) of the Arbitration and Conciliation Act 1996 in the Delhi High Court for constitution of arbitral tribunal. The Delhi High Court has, via its order dated May 18, 2010, directed the parties to appoint mediators for mediation of the dispute, and if mediation fails, arbitration will commence. The Government of India has intimated the appointment of Mr. Sanjiv Mishra (former retired government officer) as their mediator and SOVL had appointed Mr. Nimesh Kampani, chairman and managing director of JM financials Ltd., as its mediator. The mediation was not successful and consequently a Arbitration Tribunal comprising of Justice S P Bharucha nominated by SOVL, Justice V N Khare nominated by Government of India and Justice D P Wadhwa presiding Arbitrator has been constituted, The Tribunal has directed SOVL to submit its claim statement, reply of the Government of India and SOVL s rejoinder thereto and fixed the next date on August 11, 2012.

b. Call option BALCO

SIIL purchased a 51.0% holding in BALCO from the Government of India on March 2, 2001. Under the terms of the shareholder s agreement (SHA) for BALCO, SIIL has a call option that allows it to purchase the Government of India s remaining ownership interest in BALCO at any point from March 2, 2004. SIIL exercised this option on March 19, 2004. However, the Government of India has contested the purchase price and validity of the option. SIIL sought an interim order from the High Court of Delhi to restrain the Government of India from transferring or disposing of its shareholding pending resolution of the dispute. The High Court on August 7, 2006 directed that the parties should attempt to settle the dispute by way of a mediation process as provided for in the SHA. However, as the dispute could not be settled through mediation, it was referred to arbitration as provided for in the SHA. Arbitration proceedings commenced on February 16, 2009.The Company has filed its claim statement with the Arbitration Tribunal. After the filing of the reply by the Government of India, the arbitration hearings concluded on August 29, 2010. The parties were directed to file their written submissions within three weeks. SIIL filed its written submission on September 20, 2010. However, in view of the subsequent judgement of the Bombay High Court, which supported the contentions made by SIIL, the arbitration tribunal has, at the request of Government of India, given an opportunity to both the parties to make oral submission on the judgement and the hearing for the same had been fixed on October 9, 2010. The Arbitration Tribunal in its majority award dated January 25, 2011 has rejected the claims of Sterlite on the ground that clauses on call option, right of first refusal, tag along right, restriction on transfer of shares are violative of section 111A(2) of the Companies Act, 1956. Sterlite has on April 23, 2011, filed an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi for setting aside the award dated January 25, 2011 to the extent to which it holds that clause 5.8, 5.3, 5.4 and 5.1(a) of the SHA is void, ineffective and inoperative by virtue of being violative of sub-section (2) of 111A of the Companies Act, 1956. The Government also challenged the majority award upholding the first valuation report and also SIIL's right to buy at 75% of the valuation in the event of default by the Government, by way of an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi. The High Court of Delhi has kept the Government of India s application in abeyance until our application has been determined. This application is listed for final hearing on 6th August 2012.

31. Commitments, contingencies, and guarantees

In the normal course of business, the Company enters into certain capital commitments and also gives certain financial guarantees. The aggregate amount of indemnities and other guarantees on which the Company does not expect any material losses, was Rs. 80,705 million and Rs. 88,681 million ($ 1742.6million) as at March 31, 2011 and 2012 respectively.

a. Commitments and contingencies

i. Commitments

Capital commitments

The Company had significant capital commitments as at March 31, 2011 and 2012 amounting to Rs. 137,629 million and Rs. 100,951 million ($ 1,983.7 million) respectively, related primarily to capacity expansion projects, including commitments amounting to Rs. 65,552 million ($ 1,288.1 million) (Previous year Rs. 86,634 million) for its commercial power generation business and Rs. 10,892 million ($ 214.0 million) (Previous year Rs. 23,066 million) for capacity expansion at BALCO.

Export obligations

The Company had export obligations of Rs. 117,988 million and Rs. 146,267million ($ 2,874.2 million) as at March 31, 2011 and 2012 respectively on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight years. If the Company is unable to meet these obligations, its liability would be Rs. 22,482 million ($ 441.8 million) (Previous year Rs. 16,001 million) reduced in proportion to actual exports. Due to the remote likelihood of the Company being unable to meet its export obligations, the Company does not anticipate a loss with respect to these obligations and hence has not made any provision in its consolidated financial statements.

ii. Contingencies

Certain of the Company s operating subsidiaries have been named as parties to legal actions by third party claimants, and by the Indian sales tax, excise and related tax authorities for additional sales tax, electricity cess, excise and indirect duties. These claims primarily relate either to the assessable values of sales and purchases or to incomplete documentation supporting the Company s tax

returns. As at March 31, 2011 and 2012, the total claim related to these liabilities is Rs. 6,372 million and Rs. 8,144 million ($ 160.0 million) respectively. The Company has evaluated these contingencies and estimated that some of these claims are probable of resulting in loss contingencies and hence has recorded Rs. 145 million and Rs. 212 million ($ 4.2 million) as current liabilities as at March 31, 2011 and 2012 respectively.

The claims by third party claimants amounted to Rs. 4,972 million and Rs. 5,792 million ($ 113.8 million) as at March 31, 2011 and 2012 respectively. Although the results of legal actions cannot be predicted with certainty, it is the opinion of the Company s management, after taking appropriate legal advice, that the likelihood of these claims becoming its obligations is remote and, as a result, the resolution of these claims will not have a material adverse effect, if any, on the Company s business, financial condition or results of operations. Therefore, the Company has not recorded any additional liability beyond what is stated above in relation to litigation matters in the consolidated financial statements.

Vedanta Aluminium has certain disputes which are in appeal. Disputed liabilities in appeal primarily relates to entry tax on the import of goods and other amounting to Rs. 2,095 million and Rs. 1,572 million ($ 30.9 million), being the proportionate share of the Company in the referred contingencies as at March 31, 2011 and 2012 respectively. Therefore, the Company has evaluated these contingencies and estimated that the likelihood of these disputes becoming an obligation is remote and as a result, will not have any material effect on Company s financial conditions or results of operations.

b. Guarantees

The Company has given guarantees in the normal course of business as stated below:

Guarantees including corporate guarantees on the issuance of customs and excise duty bonds amounting to Rs. 12,022 million and Rs. 12,442 million ($ 244.5 million) for the import of goods, including capital equipment at concessional rates of duty as at March 31, 2011 and 2012 respectively. The Company does not anticipate any liability on these guarantees.

Corporate guarantee of Rs. 32,000 million and Rs. 31,000 million ($ 609.2 million) on behalf of Vedanta Aluminium for obtaining credit facilities as at March 31, 2011 and 2012 respectively. The Company, has issued corporate guarantees of Rs. 14,384 million and Rs. 14,383 million ($ 282.6 million) on behalf of Vedanta Aluminium, for importing capital equipment at concessional rates of duty under the Export Promotion Capital Goods Scheme enacted by the Government of India for the referred periods. Vedanta Aluminium is obligated to export goods worth eight times the value of concessions enjoyed in a period of eight years following the date of import, failing which the Company will be liable to pay the dues to the Government of India. As at March 31, 2011 and 2012, the Company determined that it has no liability on these corporate guarantees.

Bank guarantee amounting to AUD 5.0 million (Rs. 266 million or $ 5.2 million) as at March 31, 2012 (Previous year AUD 5.0 million or Rs. 231 million), in favour of the Ministry for Economic Development, Energy and Resources, as a security against rehabilitation liabilities on behalf of CMT. The same guarantee is backed up by the issuance of a corporate guarantee of Rs. 320 million ($ 6.2 million). These liabilities have been fully recognized in the Company s consolidated financial statements. The Company does not anticipate any additional liability on these guarantees.

Bank indemnity guarantees amounting to AUD 2.9 million (Rs. 154 million or $ 3.0 million) as at March 31, 2012 (Previous year AUD 2.9 million or Rs. 134 million), in favor of the State Government of Queensland, Australia, as a security against rehabilitation liabilities that are expected to occur at the closure of the mine. The same guarantee is backed up by the issuance of a corporate guarantee of Rs. 153 million ($ 3.0 million). The environmental liability has been fully recognized in the Company s consolidated financial statements. The Company does not anticipate any additional liability on these guarantees.

Performance bank guarantees amounting to Rs. 3,678 million and Rs. 3,368 million ($ 66.2 million) as at March 31, 2011 and 2012 respectively. These guarantees are issued in the normal course of business while bidding for supply contracts or in lieu of advances received from customers. The guarantees have varying maturity dates normally ranging up to three years. These are contractual guarantees and are enforceable if the terms and conditions of the contracts are not met and the maximum liability on these contracts is the amount mentioned above. The Company does not anticipate any liability on these guarantees.

Bank guarantees for securing supplies of materials and services in the normal course of business. The value of these guarantees as at March 31, 2011 and 2012 was Rs. 2,438 million and Rs. 4,763 million ($ 93.6 million) respectively. The Company has also issued bank guarantees in the normal course of business for an aggregate value of Rs. 182 million and Rs. 242 million ($ 4.8 million) for litigation, against provisional valuation and for other liabilities as at March 31, 2011 and 2012 respectively. The Company does not anticipate any liability on these guarantees.

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The Company s outstanding guarantees cover obligations aggregating Rs. 64,704 million and Rs. 66,198 million ($ 1,300.8 million) as at March 31,2011 and 2012 respectively, the liabilities for which have not been recorded in its consolidated financial statements.

c. Other matters

i) Asarco had filed a suit in US Court against the Company for alleged breach of the Purchase and Sale agreement signed in May 2008. US Bankruptcy Court heard the matter and vide its order dated February 13, 2012 and February 27, 2012, has ruled that Asarco is entitled to a gross amount of $ 132.8 million in incidental damages. This amount shall be reduced by $ 50 million paid to Asarco in December 2009, making Asarco entitled for a net amount of $ 82.75 million. In the interim, the Company has recognized Rs 4,233 million ($ 83.2 million) in the financial statements during the year. Court has rejected the Company s application of refund of $ 50 million. The Company and Asarco have filed notice of appeal against this judgement.

Asarco has filed a notice of appeal against this judgement. Additionally, Asarco has also filed a motion seeking pre-judgement interest on the aforesaid damages and for reimbursement legal fee and expenses of $ 37.0 million. Bankruptcy Court heard the matter on April 3, 2012 and rejected Asarco s motion for $ 37.0 million additional interest and legal expenses.

ii) In response to various writ petitions filed in the year 1996-98 challenging the environment clearances for setting up of the copper smelter at Tuticorin, the Madras High Court by its order dated 28th September 2010 ordered the closure of the smelter at Tuticorin, The Company has filed Special Leave Petition (SLP) in the Supreme Court of India against the impugned order of Madras High Court and the Hon ble Supreme Court stayed the order of the High Court. The Hon ble Supreme Court in subsequent hearings directed Tamilnadu Pollution Control Board (TNPCB) to issue directions to implement the improvement measures suggested by National Environmental Engineering Research Institute (NEERI), Central Pollution Control Board (CPCB) and them. The Company is in process of complying with the improvement measures suggested. SIIL Tuticorin plant has complied with all the TNPCB directions due till date and is progressively in the process of complying with the balance directions. The matter was last heard on May 9, 2012, where the Hon ble Supreme Court directed the company to comply with the conditions attached with various consents and listed for further hearing on August 2012. Interim stay order granted by the Hon ble Supreme Court continues and the unit continues to operate at rated capacity.

32. Segment information

The Company is primarily in the business of non-ferrous mining and metals in India, Namibia, South Africa, Ireland and Australia. The Company has six reportable segments: copper, zinc India, zinc international, aluminum, power and other. The management of the Company is organized by its main products: copper, zinc, aluminum and power. Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Company s chief operating decision maker (CODM). Segment profit amounts are evaluated regularly by the Board who has been identified as the CODM in deciding how to allocate resources and in assessing performance.

Copper

The Company s copper business is principally one of custom smelting and includes a copper smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and two captive power plants at Tuticorin in Southern India, and a refinery and two copper rod plants at Silvassa in Western India. In addition, the Company owns and operates the Mt. Lyell copper mine in Tasmania, Australia through its subsidiary, Copper Mines of Tasmania Pty Ltd (CMT), which provides a small percentage of the copper concentrate requirements, and a precious metal refinery and copper rod plant in Fujairah in the UAE.

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Zinc India

The Company s zinc India business is owned and operated by Hindustan Zinc Limited (HZL) in which it has a 64.9% interest as at March 31, 2012. HZL s operations include four lead-zinc mines, four zinc smelters, two lead smelters, one lead-zinc smelter, six sulphuric acid plants, a silver refinery and five captive power plants in the State of Rajasthan in Northwest India, one zinc smelter and a sulphuric acid plant in the State of Andhra Pradesh in Southeast India and one zinc ingot melting and casting plant at Haridwar and one silver refinery, one zinc ingot melting and casting plant, one lead ingot melting and casting plant at Pantnagar in the State of Uttarakhand in North India.

Zinc International

The Company s zinc International business comprises 100 per cent of Skorpion, which owns the Skorpion mine and refinery in Namibia, 100 per cent of Lisheen, which owns the Lisheen mine in Ireland and a 74 per cent stake in Black Mountain, whose assets include the Black Mountain mine and the Gamsberg mine project in South Africa.

Aluminum

The aluminum business is owned and operated by BALCO. BALCO s operations include two bauxite mines, one alumina refinery, one aluminum smelter and two captive power plants, of which the 270 MW power plant is now used for commercial purposes, since the shutdown of the 100,000 tpa smelter, in the State of Chhattisgarh in Central India.

Power

The Company s power business comprises Sterlite Energy Limited (SEL) and Talwandi Sabo Power Limited (TSPL) engaged in the power generation business in India. SEL commenced construction of its 2,400 MW (four units of 600 MW each) thermal coal-based commercial power facility in the State of Orissa in Eastern India and three units of 600 MW had been capitalised till March 31, 2012. TSPL had signed a power purchase agreement with the Punjab State Authorities for the establishment of 1,980 MW and is a development stage enterprise in the process of constructing the power plant. Power business also include the 274 MW of wind power plants commissioned by HZL and 270 MW power plant at BALCO s Korba facility which was previously for captive use before the shutdown of the 100,000 tpa aluminum smelter at Korba on June 5, 2009.

Other

The operating segment other includes Paper, infrastructure and other activities.

The accounting policies of the reportable segments are the same as the Company s accounting policies described in Note 3. The operating segments reported are the segments of the Company for which separate financial information is available. Segment profit (Earnings before interest, depreciation and tax) amounts are evaluated regularly by the board that has been identified as its CODM in deciding how to allocate resources and in assessing performance. The Company s financing (including finance costs and finance income) and income taxes are reviewed on an overall basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm s length basis in a manner similar to transactions with third parties except from power segment sales amounting to Rs. 1,472 million, Rs. 486 million and Rs. 622 million which is at cost for the year ended March 31, 2010, 2011 and 2012 respectively.

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The following table presents revenue and profit information and certain assets information regarding the Company s business segments for the year ended March 31, 2010, 2011 and 2012.

a. For the year ended March 31, 2010

	Copper	Zinc India	Aluminum	Power	Others	Elimination	Total
			(Rs. in millions)				
Revenue							
Sales to external customers	130,608	79,434	28,289	6,572			244,903
Inter-segment sales			78	1,472		(1,550)	
Segment revenue	**130,608**	**79,434**	**28,367**	**8,044**		**(1,550)**	**244,903**
Results							
Segment profit	**5,120**	**47,124**	**5,499**	**4,160**	**(8)**		**61,895**
Depreciation and amortization	(1,982)	(3,053)	(2,310)	(715)	(1)		(8,061)
Operating profit	**3,138**	**44,071**	**3,189**	**3,445**	**(9)**		**53,834**
Finance and other costs							214
Investment and other income							13,811
Share in consolidated profit of associate							2,051
Profit before tax							**69,910**
Income Tax expense							(13,247)
Profit for the year							**56,663**
Assets and liabilities							
Assets							
Segment assets	47,256	82,859	68,119	77,134	335		275,703
Investment in associate							4,621
Financial assets investments							1,362
Short-term investments							211,022
Cash and cash equivalent							2,082
Loan to related parties							111,404
Current tax asset							660
Total assets							**606,854**
Liabilities							
Segment liability	41,526	10,324	9,485	12,013	1		73,349
Short-term borrowings							19,121
Current tax liabilities							863
Long term borrowings							21,352
Convertible notes							22,226
Deferred tax liabilities							17,955
Total liabilities							**154,866**
Additions to property, plant and Equipment	3,759	23,949	15,969	25,074			68,751

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b. For the year ended March 31, 2011

	Copper (Rs. in millions)	Zinc India (Rs. in millions)	Zinc International (Rs. in millions)	Aluminum (Rs. in millions)	Power (Rs. in millions)	Other (Rs. in millions)	Elimination (Rs. in millions)	Total (Rs. in millions)
Revenue								
Sales to external customers	156,610	98,444	9,961	30,175	7,282			302,472
Inter-segment sales				70	486		(556)	
Segment revenue	**156,610**	**98,444**	**9,961**	**30,245**	**7,768**		**(556)**	**302,472**
Results								
Segment profit	**11,247**	**55,343**	**4,247**	**5,866**	**3,354**	**(61)**		**79,996**
Depreciation and amortisation	(2,049)	(4,429)	(2,655)	(2,371)	(917)	(1)		(12,422)
Operating profit	**9,198**	**50,914**	**1,592**	**3,495**	**2,437**	**(62)**		**67,574**
Finance and other costs								1,096
Investment and other income								21,933
Share in consolidated loss of associate								(3,082)
Profit before tax								**87,521**
Income Tax expense								(18,810)
Profit for the year								**68,711**
Assets and liabilities								
Assets								
Segment assets	74,923	91,541	77,446	86,026	98,582	1,924		430,442
Investment in associate								1,879
Financial assets investments								1,233
Short-term investments								203,111
Cash and cash equivalent including restricted cash								21,526
Loan to related parties								87,705
Current tax asset								827
Total assets								**746,723**
Liabilities								
Segment liability	57,177	9,310	10,780	12,652	15,049	21		104,989
Short-term borrowings								37,948
Current tax liabilities								2,356
Long term borrowings								33,637
Convertible notes								19,922
Deferred tax liabilities								27,998
Total liabilities								**226,850**
Additions to property, plant and equipment	6,028	13,315	309	19,472	16,720			55,844
Additions to property, plant and equipment and intangible assets arising			65,971					65,971

from acquisition

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c. For the year ended March 31, 2012

	Copper (Rs. in millions)	Zinc India (Rs. in millions)	Zinc International (Rs. in millions)	Aluminum (Rs. in millions)	Power (Rs. in millions)	Others (Rs. in millions)	Elimination (Rs. in millions)	Total (Rs. in millions)	Total (US dollars in millions)
Revenue									
Sales to external customers	201,647	111,319	41,272	31,089	24,333	2,403		412,063	8,097.1
Inter-segment sales			1,499	30	1,128		(2,657)		
Segment revenue	**201,647**	**111,319**	**42,771**	**31,119**	**25,461**	**2,403**	**(2,657)**	**412,063**	**8,097.1**
Results									
Segment profit	**9,943**	**59,254**	**17,367**	**3,998**	**5,881**	**(46)**		**96,397**	**1,894.2**
Depreciation and amortization	(2,173)	(5,236)	(11,359)	(2,653)	(3,681)	(1)		(25,103)	(493.3)
Operating profit	**7,770**	**54,018**	**6,008**	**1,345**	**2,200**	**(47)**		**71,294**	**1,400.9**
Finance and other costs								(12,042)	(236.6)
Investment and other income								28,829	566.5
Share in loss of associate								(8,767)	(172.3)
Profit before tax								**79,314**	**1,558.5**
Income Tax expense								(20,077)	(394.5)
Profit for the year								**59,237**	**1,164.0**
Assets and liabilities									
Assets									
Segment assets	74,884	98,343	69,485	103,278	143,082	3,230		492,302	9,673.9
Financial assets investments								9,620	189.0
Short-term investments								216,283	4,250.0
Cash and cash equivalent								17,232	338.7
Loan to related parties								106,834	2,099.4
Current tax asset								618	12.1
Total assets								**842,889**	**16,563.1**
Liabilities									
Segment liability	61,465	9,419	10,237	15,077	20,815	759		117,772	2,314.4
Short-term borrowings								53,983	1,060.8
Current tax liabilities								539	10.6
Long term borrowings								53,123	1,043.8
Convertible notes								21,367	419.9
Deferred tax liabilities								24,920	489.7
Total liabilities								**271,704**	**5,339.2**
Additions to property, plant and equipments	5,909	15,578	2,320	19,253	35,701			78,761	1,547.7

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Geographical Segment Analysis

The Company s operations are primarily located in India. The following table provides an analysis of the Company s sales by geographical market irrespective of the origin of the goods:

For the year ended March 31,	2010	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
India	155,218	187,454	229,163	4,503.1
China	16,093	16,357	52,060	1,023.0
Belgium	225	18,538	42,338	832.0
Other	73,367	80,123	88,502	1,739.0
	244,903	**302,472**	**412,063**	**8,097.1**

The following is an analysis of the carrying amount of non-current assets, being property, plant and equipment, intangible assets and leasehold prepayments analysed by the geographical area in which the assets are located:

	As at March 31 2011	2012	2012
	Carrying amount	Carrying amount	Carrying amount
	(Rs. in millions)		(US dollars in millions)
India	272,070	334,323	6,569.5
Australia	681	1,205	23.7
South Africa	25,663	24,624	483.9
Namibia	26,164	21,507	422.6
Ireland	12,287	11,192	219.9
UAE	784	1,039	20.4
	337,649	**393,890**	**7,740.0**

33. Related party transactions

The Company s subsidiaries as at March 31, 2012 are as follows:

Subsidiaries	Principal activities	The Company s percentage holding (in % as at March 31, 2012)	Immediate holding Company	Immediate holding company s percentage holding (as at March 31, 2012)
BALCO	Aluminium mining and smelting	51	SIIL	51
CMT	Copper mining	100	Monte Cello	100
Fujairah Gold FZE	Precious metal processing	100	CMT	100

HZL	Zinc mining and smelting	64.9	SIIL	64.9
Monte Cello	Holding Company	100	SIIL	100
Sterlite Energy	Energy generation	100	SIIL	100

SIL	Infrastructure projects and Holding company	100	SIIL	100
TCM	Copper mining	100	Monte Cello	100
Sterlite (USA)	Financing company	100	SIIL	100
TSPL	Energy generation	100	Sterlite Energy	100
THL Zinc Ventures Limited#	Investment company	100	SIL	100
THL Zinc Limited#	Investment company	100	THLZVL	100
THL Zinc Holding BV (w.e.f. 15th February 2011)	Investment company	100	SIL	100
Skorpion##	Mining and exploration	100	THLZL	100
Skorpion Zinc (Pty) Ltd##	Investment company	100	Skorpion	100
Skorpion Mining Company (Pty) Ltd##	Zinc mining	100	Skorpion Zinc (Pty) Ltd	100
Namzinc (Pty) Ltd##	Zinc refinery	100	Skorpion Zinc (Pty) Ltd	100
Amica Guesthouse (Pty) Ltd##	Accommodation and catering services	100	Skorpion Zinc (Pty) Ltd	100
Rosh Pinah Health Care (Pty) Ltd##	Leasing out of medical equipment and building and conducting services related thereto	69	Skorpion Zinc (Pty) Ltd	69
BMM (w.e.f. 4th February 2011)	Zinc mining and milling	74	THLZL	74
Vedanta Lisheen Holding Limited###	Investment company	100	THLZBV	100
Vedanta Lisheen Mining Limited###	Zinc mining and milling	100	Lisheen	100
Killoran Lisheen Mining Limited###	Zinc mining and milling	100	Lisheen	100
Killoran Lisheen Finance Limited###	Investment company	100	Lisheen	100
Lisheen Milling Limited###	Manufacturing of zinc & lead	100	Lisheen	100
Sterlite Ports Limited (formerly known as Malco Power Company Limited) (w.e.f. 19th February 2011, fellow subsidiary from 16th April 2010 to 18th February 2011)	Investment company	100	SIIL	100
Sterlite Infraventures Limited (formerly known as Malco Industries Limited) (w.e.f. 4th March 2011, fellow subsidiary from 22nd April 2010 to 3rd March 2011)	Investment company	100	SIIL	100
VGCB (w.e.f. 20th April 2010)	Infrastructure	74	SIIL	74
PMCBPL (w.e.f. 8th February 2011)	Infrastructure	74	SIIL	74

Pecvest 17 Proprietary Limited (w.e.f. 26th November 2010)	Investment company	100	THLZL	100
Lisheen Mine Partnership (w.e.f. 15th February 2011) **	Mining partnership firm	100	Killoran Lisheen Mining Limited and Vedanta Lisheen Mining Limited	100
Lakomasko BV. (w.e.f. 29th October 2011)	Investment company	100	THLZL	100

\# (w.e.f. 19th November 2010)
\## (w.e.f. 3rd December 2010)
\### (w.e.f. 15th February 2011)
** Entities registered as other than Corporate entity.

The Company 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 Company is able to govern its subsidiaries financial and operating policies so as to benefit from their activities.

The scheme of merger of the Company s wholly owned subsidiary, Sterlite Oppurtunities and Ventures Limited (SOVL) with the Company effect from April 1, 2011, has been approved by the Hon ble High Court of Madras and since made effective. The scheme has been given effect to in the financial statements.

THL Zinc Holding BV, a wholly owned subsidiary of the Company acquired the entire ordinary share capital of Lakomasko B.V for a consideration of $ 37.7 million from Vedanta Resources Holding Limited (a wholly owned subsidiary of Vedanta Resources Plc). In addition, The Company has also given a loan of $ 112.0 million to Lakomasko BV for it to repay its loan from VRHL. Consequently, Lakomasko B.V became a subsidiary of the Company. Also refer note 11 on financial assets investments.

THL Zinc Holding Cooperatief U.A ceased to be subsidiary of the Company due to its liquidation. Further, Vedanta Base Metals (Ireland) Limited, Killoran Concentrates Limited, Killoran Lisheen Limited, Azela Limited and Killoran Lisheen Holding Limited have also ceased to be subsidiaries of the Company as they have been struck off from the Companies Registration Office.

Ultimate controlling party

As at March 31, 2012, the immediate parent of the Company is Twin Star Holding Limited and the ultimate controlling party of the Company is Volcan Investments Limited (Volcan), which is controlled by persons related to the Executive Chairman, Mr. Anil Agarwal. Volcan Investment Limited and Twin Star Holdings Limited do not produce Group financial statements. Vedanta Resources Plc is the intermediate holding Company.

Enterprises where the principal shareholders have control or significant influence

Vedanta Resources Plc (Vedanta)

Twin Star Holdings Limited (Twin Star)

The Madras Aluminium Company Limited (MALCO)

Vedanta Resources Holding Limited (VRHL)

Vedanta Jersey Investments Limited (VJIL)

Welter Trading Limited (WTL)

Sterlite Iron and Steel Company Limited (SISCL)

Sterlite Technologies Limited (STL)

Konkola Copper Mines plc (KCM)

Monte Cello Corporation NV (MCNV)

Sterlite Foundation

Anil Agarwal Foundation

Vedanta Medical Research Foundation (VMRF)

Political and Public Awareness Trust (PPAT)

Volcan Investments Limited (Volcan)

Vedanta Resource Cyprus Limited

Sesa Goa Limited (Sesa Goa)

Sesa Industries Limited (Sesa Industries)*

Twinstar Infrastructure Limited

Sesa Resources Limited (formerly V S Dempo and Company Private Limited)

Sesa Mining Corporation Private Limited (formerly Dempo Mining Corporation Private Limited)

Cairn India Limited

* merged with Sesa Goa Limited on February 14, 2011.

Fellow subsidiary cum associate

Vedanta Aluminium Limited (Vedanta Aluminium)

Key managerial personnel

Mr. Anil Agarwal, Non executive chairman

Mr. Navin Agarwal, Executive vice-chairman

Mr. Tarun Jain, Director of finance

Mr. M. S. Mehta, Chief Executive Officer (w.e.f. 31 March 2011)

Mr. D. D. Jalan, Chief Financial Officer (w.e.f. 31 March 2011) and Whole time director

The Company enters into transactions in the normal course of business with its related parties, including its parent Vedanta, and its subsidiaries and companies over which it has significant influence. A summary of significant related party transactions for the year ended March 31, 2010, 2011 and 2012 is noted below.

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The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. The significant transactions relate to the normal sale and purchase of goods and loans and investments. All inter-company transactions and balances are eliminated on consolidation.

	For the year ended March 31,			
	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Sales				
STL	1,579	1,495	2,134	41.9
MALCO	1	2	2	0.0
Vedanta Aluminium	1,249	461	577	11.3
Total	**2,829**	**1,958**	**2,713**	**53.2**
Purchases of goods/services				
STL	1	238	341	6.7
Sesa Industries	39	68		
Sesa Goa	11	8	97	1.9
Vedanta Aluminium	3,029	4,396	9,400	184.7
KCM	710	3,839	27	0.5
MALCO	184	401	859	16.9
Anil Agarwal Foundation Trust			1	0.0
Total	**3,974**	**8,950**	**10,725**	**210.7**
Rent income				
Vedanta Aluminium	21	35	35	0.7
Total	**21**	**35**	**35**	**0.7**
Interest income / (Finance costs)				
Vedanta	(21)	(32)	7	0.1
Vedanta Aluminium	3,676	6,757	8,890	174.7
KCM	211	45		
MCNV				
Twin star			2	0.0
VRHL		(41)	(16)	(0.3)
VJIL		111	73	1.4
WTL		42	94	1.8
Total	**3,866**	**6,882**	**9,050**	**177.7**
Dividend paid				
MALCO	(90)	(96)	(251)	(4.9)
Twin star	(1,440)	(1,722)	(3,857)	(75.8)
Total	**(1,530)**	**(1,818)**	**(4,108)**	**(80.7)**
Management fees expenses				
Vedanta	(237)	(228)	(240)	(4.7)
Total	**(237)**	**(228)**	**(240)**	**(4.7)**

Service Income			
Vedanta	9	10	0.2
Total	**9**	**10**	**0.2**

Loans given/(repaid) during the year				
Vedanta Aluminium	94,550	45,000	17,124	336.5
Vedanta Aluminium	(6,850)	(68,650)	(1,000)	(19.7)
KCM	2,298	(6,983)		
Vedanta			4,144	81.4
Vedanta			(64)	(1.2)
Twin star			2,397	47.1
VJIL		7,023		
VJIL		(3,923)		
WTL		4,558	3,704	72.8
Total	**89,998**	**(22,975)**	**26,305**	**516.9**
Loan taken/(repaid) during the year				
MCNV	(570)			
VRHL		15,738		
VRHL		(10,838)	(5,202)	(102.2)
Total	**(570)**	**4,900**	**(5,202)**	**(102.2)**
Guarantees outstanding given / (taken)**				
Vedanta Aluminium	48,386	46,384	45,383	891.8
Vedanta	(7,674)	(6,407)	(6,140)	(120.6)
Total	**40,712**	**39,977**	**39,243**	**771.2**
Donations				
Sterlite Foundation	33	44	86	1.7
VMRF		435	252	4.9
PPAT		1	50	1.0
Total	**33**	**480**	**388**	**7.6**
Purchase(Sale) of property, plant and equipments				
Vedanta Aluminium	(78)	(40)	10	0.2
Anil agarwal foundation trust			(39)	(0.8)
Total	**(78)**	**(40)**	**(29)**	**(0.6)**
Investment (purchased)/redeemed during the year				
Vedanta Aluminium***	13,342			

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The significant receivables from and payables to related parties as at March 31, 2011 and March 31, 2012 are set out below:

	As at March 31, 2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Receivable from:			
STL	344	332	6.5
Vedanta Aluminium	837	4,937	97.0
MALCO	10	21	0.4
KCM	11	47	0.9
Sesa Goa	11	6	0.1
Anil Agarwal Foundation Trust	1	1	0.0
Sesa Resources Limited	2	1	0.0
Sesa Mining Corporation Private Limited	2	2	0.0
VMRF			
Sterlite Iron and Steel Company Limited	12	17	0.3
Welter Trading Limited	42	32	0.6
Vedanta Jersey Investments Limited	23	26	0.5
Cairn India Limited		1	0.0
Sterlite Foundation		0	0.0
Vedanta		14	0.3
Twin Star		3	0.1
Total	**1,295**	**5,440**	**106.7**
Loans to:			
Vedanta Aluminium	80,204*	95,514	1,876.9
KCM			
Welter Trading Limited	4,465	9,067	178.2
Vedanta Jersey Investments Limited	3,036	3,479	68.4
Vedanta		4,354	85.5
Twin Star		2,558	50.3
Total	**87,705**	**114,972**	**2,259.3**
Payable to:			
STL	65	3	0.1
Vedanta Aluminium	1,202	1,251	24.6
Vedanta	655	1,539	30.2
MALCO	11	53	1.0
Vedanta Resources Holding Limited	41		
KCM	10	12	0.2
Total	**1,984**	**2,858**	**56.1**
Borrowings from:			
Vedanta Resources Holding Limited	4,845		
Total	**4,845**		

* Includes interest accrued and due of Rs 814 million and Rs nil as at March 31, 2011 and 2012 respectively.

** Maximum guarantee amount and does not represent actual liability.

*** Also refer Note 10.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made in ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31 2012, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2011 and 2010: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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Loan to holding company

The Company has given a loan to Vedanta to finance general corporate purpose. The loan balance as at March 31, 2012 of Rs 4,354 million ($ 85.5 million) carries an interest rate of 1.05% per annum and is for a period of one year. This loan is repayable in November 2012 and January 2013.

Loan to associates

The loan granted to Vedanta Aluminium is intended to finance its planned capital expenditures. The loan is unsecured. The loan balance as at March 31, 2012 amounting to Rs. 95,514 million ($ 1,876.9 million) and interest is charged at bank rate (as declared by Reserve Bank of India RBI) plus 2% on a loan of Rs. 7,890 million ($ 155.0 million) (with a tenure of 10 years), Rs. 30,000 million ($ 589.5 million) in 9% cumulative preference shares with the maturity of 10 years (conversion of short term loans into preference shares during the year) and at 10-10.5% on Rs. 57,624 million ($ 1,132.4 million) (repayable within a period of one year).

Loan to fellow subsidiary

The Company has granted a loan to WTL to finance general corporate purpose. The loan balance as at March 31, 2012 of Rs 9,067 million ($ 178.2 million). Out of which Rs 5,230 million ($ 102.8 million) carries an interest rate of 1.05% per annum and Rs 3,837 million ($ 75.4 million) carries an interest rate of 0.75% per annum and is unsecured. This loan is repayable in November 2012.

The Company has granted a loan to Twin Star to finance general corporate purpose. The loan balance as at March 31, 2012 of Rs 2,558 million ($ 50.3 million) carries an interest rate of 1.50% per annum and is unsecured. This loan is repayable in March 2014.

The Company has granted a loan to VJIL to finance general corporate purpose. The loan balance as at March 31, 2012 of Rs 3,479 million ($ 68.3 million) carries an interest rate of 2.25% per annum and is unsecured. This loan is repayable in April 2012.

Loan from fellow subsidiary

THLZL had taken short-term borrowing from VRHL to fund the acquisition of BMM amounting to $ 348.5 million. Outstanding of Rs.5, 202 million ($ 102.2 million) has been fully repaid during the year.

Remuneration of key management personnel

The remuneration of the key management personnel of the Company are set out below in aggregate for each of the categories specified in IAS 24 Related party disclosures.

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Short-term employee benefits	111	133	200	3.9
Post employment benefits	11	16	18	0.4
Share based payments	30	33	54	1.1
	152	**182**	**272**	**5.4**

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Details of transactions during the year with post retirement trusts:

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Balco Employees Provident Fund Trust	95	151	129	2.5
Hindustan Zinc Ltd Employees Contributory Provident Fund Trust	199	220	248	4.9
	294	**371**	**377**	**7.4**

34. Other notes

(a) Components of other comprehensive income

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in Millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Net gain/(loss) arising during the year	(619)	251	(222)	(4.3)
Reclassification adjustments for net gain/(loss) included in the statement of income	740	(348)	(232)	(4.6)
Net gain/(loss) on cash flow hedges recognised in other comprehensive income, net of tax	**121**	**(97)**	**(454)**	**(8.9)**

(b) Exchange (loss)/gain recognised in statement of income:

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Other operating income	51	32	(752)	(14.8)
Cost of sales	(368)	420	(4,980)	(97.9)
Investment and other income	(1,997)	788	18	0.4
Finance and other costs	3,395	746	(7,704)	(151.4)
Total	**1,081**	**1,986**	**(13,418)**	**(263.7)**

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(c). The Company presents the consolidated statements of income by disclosing expenses by function. The statement of income disclosing expenses by nature is presented below:

CONSOLIDATED STATEMENTS OF INCOME

(Indian Rupees in millions except share or per share amounts unless otherwise stated)

For the year ended March 31,	Notes	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions)
Revenue	5	244,903	302,472	412,063	8,097.1
Other operating income		1,907	2,366	1,398	27.5
Investment and other income	6	13,811	21,933	28,829	566.5
Total Income		**260,621**	**326,771**	**442,290**	**8,691.1**
(Decrease)/increase in inventories of finished goods and work-in-progress		1,994	4,947	(635)	(12.5)
Raw materials and other consumables used		(168,635)	(209,334)	(280,337)	(5,508.7)
Employee costs		(8,903)	(11,896)	(17,073)	(335.5)
Costs associated with Asarco [refer note 31(c)(i)]		(2,735)		(4,233)	(83.2)
Other costs		(6,636)	(8,559)	(14,786)	(290.5)
Depreciation and amortisation		(8,061)	(12,422)	(25,103)	(493.3)
Finance and other costs	7	214	1,096	(12,042)	(236.6)
Share in consolidated (loss)/profit of associate	10	2,051	(3,082)	(8,767)	(172.3)
Profit before tax		**69,910**	**87,521**	**79,314**	**1,558.5**
Income tax expense	8	(13,247)	(18,810)	(20,077)	(394.5)
Profit for the year		**56,663**	**68,711**	**59,237**	**1,164.0**

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(d). Employee costs

For the year ended March 31,	2010 (Rs. in millions)	2011 (Rs. in millions)	2012 (Rs. in millions)	2012 (US dollars in millions
Salaries, wages and bonus	7,935	9,540	15,389	302.4
Defined contribution pension scheme costs	395	510	819	16.1
Defined benefit pension scheme costs	339	1,278	372	7.3
Voluntary retirement expenses	234	568	493	9.7
	8,903	**11,896**	**17,073**	**335.5**

35. Merger with Sesa Goa

On February 25, 2012, Sterlite, Sesa Goa and Vedanta announced an all-share merger of Vedanta s majority-owned subsidiaries Sesa Goa and Sterlite to create Sesa Sterlite (Sesa Sterlite) and a consolidation of various subsidiaries held within Vedanta (the Scheme).

Under the Scheme the following steps are proposed to occur:

(i) Vedanta s 70.5 per cent. shareholding in Vedanta Aluminium will be consolidated into Sesa Goa in consideration for the issue to Vedanta of 72.3 million Sesa Goa shares;

(ii) Sterlite will be merged into Sesa Goa, which will be renamed Sesa Sterlite, in consideration for the issue to Sterlite shareholders (other than MALCO) of three Sesa shares for every five existing Sterlite shares and the issue to holders of Sterlite s American Depository Shares (Sterlite ADSs) of three Sesa ADSs for every five existing Sterlite ADSs;

(iii) MALCO s power business will be hived off to Vedanta Aluminium for cash consideration of Rs 1,500 million;

(iv) MALCO will be merged into Sesa Sterlite in consideration for the issue of 78.7 million Sesa Sterlite shares to shareholders of MALCO;

(v) Sterlite Energy will be merged into Sesa Sterlite;

(vi) Vedanta Aluminium s aluminium business will be demerged into Sesa Sterlite; and

(vii) Vedanta s 38.8 per cent. shareholding in Cairn India Limited, together with debt of approximately US$ 5.9 billion incurred by Vedanta to acquire that interest in Cairn India Limited, will be transferred to Sesa Sterlite for nominal consideration.

Sesa Sterlite will be the succeeding entity.

Sesa Goa, Sterlite, MALCO, Vedanta Aluminium and Sterlite Energy are together, the Scheme Companies . The boards of directors of the Scheme Companies, having received independent financial advice, have approved the Scheme.

Notwithstanding the foregoing, the Scheme shall come into effect upon sanction by the respective jurisdictional High Court and other statutory approvals. As part of the process of sanctioning the Scheme, the High Courts will each hold hearings at which any shareholder of a Scheme

Company or other interested party (including Sterlite ADS holders) may appear and be heard. The final approval of the Scheme has not occurred, and therefore the proposed Scheme has had no impact on the consolidated financial statements of Sterlite for any of the periods presented herein.

36. Subsequent Events

There have been no material events other than disclosed in the financial statement after reporting date which would require disclosure or adjustments to the financial statements for the year ended March 31, 2012.