



## Strategy in Action Growth

# Industry

### Growth

- > Record silver production of 7.8moz during the year
- > 100kt Dariba lead smelter commissioned and ramped up
- > Integrated copper production ramped-up with higher output from the Nchanga open pits
- > Second and third units of 2400MW power plants at Jharsuguda commissioned

## +35.0%

Record silver production up for the year

## +31.0%

Increase in production for alumina at Lanjigarh

Main image: Drilling machinery.

Above left: Aerial view of the Broken Hill Shaft at BMM.

Above right: Coal handling plant at 1,215MW CPP, VAL Jharsuguda.



# Leading Growth Profile

## Organic Growth

With strong commodity demand in countries where we operate and leading market shares across most of our businesses in India, we have once again successfully delivered significant organic growth and expanded our assets and resource base across our businesses. We continue to build and operate assets with a low cost base, which ensures we remain competitive through business cycles.

“We have once again successfully delivered significant organic growth and expanded our assets and resource base across our businesses.”

We have already invested US\$14 billion of our US\$18 billion capital expenditure (capex) programme, and are reaching an inflection point as free cash flow post expansion capital expenditure turns positive. We expect strong free cash flow going forward as our existing organic growth programme nears completion, and projects continue to ramp up.

During FY 2011–12, we invested US\$2.4 billion in organic growth capex across our businesses, mostly in Aluminium and Power.

During the year we delivered record production of refined zinc-lead, silver, copper, aluminium and power.



### Significant Increases in Capacity

- > Record silver production of 7.8moz during the year, up 35% driven by the ramp up of the silver-rich Sindesar Khurd zinc-lead mine in Rajasthan, India and commissioning of the new 350tpa silver refinery. During the year, we achieved our targeted capacity of 16moz for silver.
- > The new 100kt Dariba lead smelter in Rajasthan, India was commissioned, resulting in a record production of lead in Q4 of 37kt at Zinc-India. Development of the 1mtpa underground Kayar zinc-lead mine has commenced, and commissioning is expected in FY 2013–14.
- > At our Copper Zambia operations, integrated copper production ramped-up with higher output from the Nchanga open pits, completion of TLP-IV debottlenecking to 75ktpa and commissioning of the new 7.5mtpa Nchanga East Concentrator.
- > A second cobalt recovery furnace was also commissioned at Copper Zambia. Integrated production volumes and costs are expected to improve, with successful trial mining at the Nchanga Upper Ore Body project confirming higher copper and cobalt grades, and commissioning of the new 3mtpa Nchanga West concentrator by mid FY 2012–13.
- > The 1mtpa alumina refinery in Lanjigarh, India is now operating at its rated capacity driving a 31% increase in alumina production to 928kt. Work on the 1.25mtpa aluminium smelter expansion at Jharsuguda, India is progressing well.
- > First metal tapping at the 325ktpa BALCO-III aluminium smelter in Korba is expected in the third quarter of FY 2012–13.
- > The first 300MW unit of the 1,200MW captive power plant at Bharat Aluminium Company (BALCO) will be synchronised shortly. Environmental clearance for the 211mt BALCO coal block has been received, and we expect to obtain the second stage forest clearance and start coal production in FY 2012–13.
- > The second and third units of the 2,400MW power plant project at Jharsuguda were commissioned during the year. Three units are now operational, with the fourth unit generating under trial run.
- > The 150MW wind power expansion project was completed at Zinc-India, taking our green energy power generation capacity at Zinc-India to 274MW.



## Strategy in Action Growth

# Extending our Portfolio

### In Brief

- > Successful completion of the acquisition of a majority interest in Cairn India Limited
- > Acquisition of 51% stake in brown field and green field iron ore assets in Liberia in Western Africa
- > Successful integration of Zinc-International assets acquired from Anglo American plc

# 58.8%

Acquired stake in  
Cairn India Limited

# 51.0%

Acquired stake in brown field and  
green field iron ore assets,  
Liberia, West Africa

### Selective and Value Accretive M&A

Over the years, Vedanta has supplemented organic growth with selective acquisitions. Our strategy has been to acquire assets that provide significant potential for further growth and value creation. Consistent with this approach, we successfully completed two significant acquisitions, in the oil & gas and iron ore sectors.

#### Extending our Portfolio into Oil & Gas

During the year, we successfully completed the acquisition of a majority interest in Cairn India Limited, acquiring a 59% stake for a consideration of US\$8.67 billion. Primarily based in Rajasthan, where we already have a strong presence, Cairn India is a unique exploration and production platform, that enhances Vedanta's growth profile, as well as adding further diversification to our portfolio. Cairn India has the second largest reserves in India among private sector oil companies, a lowest decile cost position and a proven management team.

Cairn India's world-class resource base includes interests in nine blocks in India and one in Sri Lanka, of which three are operating blocks. The 10 blocks are located in three strategically focused areas – one block in Rajasthan, three on the west coast of India, five on the east coast of India and one block in Sri Lanka. The Rajasthan block is India's largest oil discovery in the last 20 years, with over 7.3 billion barrels of oil Reserves and Resources in place.

### Building a Significant Iron Ore Platform for Growth

In addition, during the year we also acquired a 51% stake in brown field and green field iron ore assets in Liberia in Western Africa, with over 1 billion tonnes of Reserves and Resources for a cost of US\$90 million. West Africa is an emerging hub for iron ore. The region has around 34 billion tonnes of Reserves and Resources, with the potential to become a 100 million tonnes per annum iron ore exporting region.

The acquired assets are 70–140km from the coast, comprising three deposits at Bomi Hills, Bea Mountain and Mano River. The project broadly involves exploration drilling, development of mining and port infrastructure, and development and refurbishing of the logistics infrastructure. We recently completed an aeromagnetic survey and are carrying out scoping and feasibility studies, with the aim of making the first shipment by FY 2013–14.

#### Successful Integration of Zinc-International

The Zinc-International assets acquired from Anglo American plc in FY 2010–2011 have been successfully integrated. We delivered strong operational performance with a total full year production of 444kt of refined zinc and zinc-lead metal in concentrate ('MIC') from the Lisheen mine in Ireland, the Skorpion mine in Namibia and the Black Mountain Mine ('BMM') in South Africa. The acquisition also included the Gamsberg deposit in South Africa which is one of the largest undeveloped zinc deposits in the world. With estimated zinc resource deposits of 186mt, this deposit has the potential to deliver over 400ktpa with a mine life of more than 20 years. A feasibility study is under way to scope the project.

Main image: Mangala processing terminal, Barmer, Rajasthan.

