

Notes Forming Part of the Accounts

Schedule 21

1 Statement of significant accounting policies

(a) Basis of Accounting:

The Financial Statements are prepared as a going-concern under historical cost convention on an accrual basis and in accordance with the Companies Act, 1956 except those items covered under "Accounting Standard - 30" on "Financial instruments: Recognition and Measurement" which have been measured at their fair value. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles.

(b) Use of Estimates:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known/materialized.

(c) Borrowing Cost:

Borrowing Cost attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which they are incurred.

(d) Fixed Assets:

Fixed Assets are stated at cost (net of modvat/cenvat/Value Added Tax) less accumulated depreciation and impairment loss.

(e) Expenditure During Construction Period:

All pre-operative project expenditure (net of income accrued) incurred upto the date of commercial production is capitalised.

(f) Depreciation:

- (i) Depreciation has been provided on Fixed Assets on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in respect of additions arising on account of Insurance spares, on additions/extensions forming an integral part of existing plants and on the revised carrying amount of the assets identified as impaired on which depreciation has been provided over residual life of the respective fixed assets.
- (ii) Amortisation of leasehold land and buildings has been done in proportion to the period of lease.
- (iii) Fixed Assets where ownership vests with the Government/Local authorities are amortised at the rates of depreciation specified in Schedule XIV to the Companies Act, 1956.

(g) Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Technical know-how is amortised over the useful life of the underlying plant. Amortisation is done on straight line basis. Software is amortised on Straight Line basis.

(h) Investments:

- (i) Investments are classified as investments in Subsidiaries (valued at cost), Associates (valued at cost), Available for Sale and Held for Trading and Held to Maturity within the meaning of Accounting Standard 30 on "Financial Instruments: Recognition and measurement" read with the limited revisions of Accounting Standard 21 on Consolidated Financial Statements & Accounting Standard 23 on Accounting for Investments in Associates.
- (ii) Investments are recorded as Long Term Investments unless they are expected to be sold within one year. Investments in subsidiaries and associates are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
- (iii) Investments classified as Available for Sale are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, derecognition or impairment of the investments, cumulative gain or loss previously recognised in the Investment Revaluation Reserve Account is recognised in the Profit & Loss Account.
- (iv) Investments classified as Held for Trading that have a market price are measured at fair value & gain/loss arising on account of fair valuation is routed through Profit and Loss account & those that do not have a market price and whose fair value cannot be reliably measured are carried at cost.
- (v) Investments classified as Held to Maturity are measured at amortised cost using an effective interest method.

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1 Statement of significant accounting policies continued

(i) Inventories:

- (i) Inventories are valued at lower of cost or net realisable value except for scrap and by-products which are valued at net realisable value.
- (ii) Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other costs.
- (iii) Cost of inventories of raw material and material cost of finished goods and work-in-process is determined on First In First Out (FIFO) basis except stores and spare parts which are valued at weighted average cost.

(j) Premium on Redemption of Debentures:

Premium on redemption of debentures is provided for on an accrual basis and charged to profit and loss account using an effective interest method.

(k) Foreign Currency Transactions:

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are hedged by derivative instruments, the valuation is done as per "Accounting Standard – 30", Financial Instruments: Recognition and Measurement" read with accounting policy on derivative instruments. The fair value of foreign currency contracts are calculated with reference to current forward exchange rates for the contracts with similar maturity profile.
- (iii) Non monetary foreign currency items are carried at cost.
- (iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except in respect of long term Foreign Currency monetary Items which are not covered by Accounting Standard (AS 30) on "Financial Instruments; Recognition and Measurement" relating to acquisition of depreciable fixed assets, such difference is adjusted to the carrying cost of the depreciable fixed assets. In respect of other long term Foreign Currency Monetary items, the same is transferred to "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of such long term Foreign Currency Monetary items but not beyond 31 March 2011.

(l) Issue expenses

Expenses of Debenture/Bond/FRN issues are charged to Profit & Loss Account using an effective interest rate method. Expenses related to equity & equity related instruments are adjusted against the security premium account.

(m) Employee Benefits:

- (i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. Provision for compensated absences to employees is on actual basis for the portion of accumulated leave which an employee can encash.
- (ii) Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

(n) Revenue Recognition:

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods, services, scrap, excise duty, export incentives and are net of sales tax/Value Added Tax, rebates and discounts. Dividend income is recognised when right to receive the payment is established by the Balance Sheet Date. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

(o) Export incentives:

Duty drawback is recognised at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognised as and when goods are imported against them.

(p) Import of copper concentrate and sale of copper and slime:

In accordance with the prevailing international market practice, purchase of Copper Concentrate and sale of Copper and Slimes are accounted for on provisional invoice basis pending final invoice in terms of Purchase Contract/Sales Contract respectively. The cases where quotation period price are not finalised as at the year end are restated at forward LME/LBMA rates as on the date of year end and adjustments are made based on the metal contents as per laboratory assessments done by the Company pending final invoice.

Schedule 21 continued**1 Statement of significant accounting policies** continued**(q) Derivative 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 neither hold nor issue any 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 balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit & Loss account. The hedged item is recorded at fair value and any gain or loss is recorded in the Profit & Loss account and is offset by the gain or loss from the change in the fair value of the derivative.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in Hedging Reserve account. Any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve is kept in Hedging Reserve until the forecast transaction occurs. Amounts deferred to Hedging Reserve are recycled in the profit and loss account in the periods when the hedged item is recognised in the Profit & Loss Account or when the portion of the gain or loss is determined to be an in-effective hedge.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the Profit & Loss account immediately. 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 recognised in Hedging Reserve is transferred to net profit or loss for the year.

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 Profit & Loss Account.

(r) Convertible notes:

Convertible notes issued in foreign currency are convertible at the option of the holder into ordinary shares of the Company as per the terms of the issue. 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 costs are allocated to the liability component and the conversion option in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized 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 profit and loss account. The conversion option is presented together with the related liability.

(s) Provision for Current and Deferred tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable/virtual certainty that asset will be realised in future.

(t) Impairment of Assets:

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is recognised in the profit and loss account where the carrying amount of an asset exceeds its recoverable amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

(u) Provision, Contingent Liabilities and Contingent assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Notes Forming Part of the Accounts continued

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- 2 (i) During the year, the Company had issued 13,19,06,011 American Depository Shares (ADS) at US\$ 12.15 per share, representing 13,19,06,011 underlying equity shares of Rs. 2/- each. As a result, the Issued, Subscribed & Paid up Equity Share Capital of the Company has increased by Rs. 26.38 Crore and Securities Premium by Rs. 7,626.50 Crore after adjusting ADS issue expenses. The proceeds is intended to be utilised for the further development of power generation business in India, planned capital expenditures, planned and other potential acquisitions of complementary business and other general purpose. Till 31 March 2010, the Company has utilised Rs. 7,020.07 Crore towards the referred purpose and the unutilised ADS proceeds have been invested temporarily in debt mutual funds in India.
- (ii) The above referred ADS were issued before the fixation of record date for the purpose of payment of Dividend for financial year 2008-09 and since these ADS ranked pari passu with the existing equity shareholders, dividend for financial year 2008-09 were also paid to the said ADS holders which resulted in additional dividend payment of Rs. 53.54 Crore including dividend tax thereon in the current year.
- (iii) The net proceeds amounting to Rs. 8,050.93 Crore, received from the ADR issued in June 2007, were intended to be used for general corporate purposes, including capital expenditures and working capital, reduction of debt and for possible acquisitions of complementary businesses and consolidation of the ownership of subsidiaries, as mentioned in ADS offering document. Till 31 March 2010, the Company has fully utilised the entire proceeds for above said purposes.
- 3 In terms of Scheme of Arrangement (Scheme) as approved by the Hon'ble High Court of Judicature at Mumbai, vide its order dated 19 April, 2002 the Company during 2002-2003 reduced its paid up share capital by Rs. 10.03 Crore. There are 2,05,615 equity shares of Rs. 2 each pending clearance from NSDL/CDSL. A Special Leave Petition filed in the Hon'ble Supreme Court of India against the judgement of Hon'ble High Court of Mumbai by SEBI and Department of Company Affairs has been inter-alia dismissed. The Company has filed application in Hon'ble High Court of Mumbai to cancel these shares, the decision on which is pending.

4 Capital work-in-Progress includes:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
a. Advances for Capital expenditure	160.01	16.94
b. Pre-operative expenditure as follows:-		
Opening Balance	-	-
Add: Pre-operative expenditure transferred from Profit & Loss Account		
Stores and Spares	0.66	-
Salaries, Wages and Bonus	3.35	-
Contribution To P. F, ESIC And Other Fund.	0.15	-
Employees Welfare and amenities.	0.19	-
Rent	0.03	-
Rates and Taxes	0.07	-
Insurance	0.01	-
Conveyance	0.12	-
Travelling Exp.	0.52	-
Postage Telephone Telex	0.01	-
General Expenses	1.19	-
Interest and Finance Expenses	0.65	-
Total	6.95	-

- 5 In accordance with the Accounting Standards (AS-28) on "Impairment of Assets", during the year the Company has carried out a review to identify whether the recoverable value of any fixed assets is lower than its book value. Accordingly, additional provision for impairment/ reversal of earlier provision recognised in the Profit & Loss Account Rs. Nil (Previous year Rs. 20.58 Crore).
- 6 Arising from the Announcement of the Institute of Chartered Accountants of India (ICAI) on 29 March 2008, With effect from financial year ended 31 March 2008, the Company has chosen to early adopt "Accounting Standard - 30", Financial Instruments: Recognition and Measurement" in its entirety read with limited revisions in various other Accounting Standard as published by ICAI. Accordingly all the financial assets and financial liabilities & derivatives have been remeasured at their respective fair values as against cost or market value whichever is lower. Cotermious with this, in the spirit of complete adoption, the Company has also implemented the consequential limited revisions in view of AS - 30 as have been announced by the ICAI.

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Consequent to this adoption, Current investments which under Accounting Standard-13 on "Accounting for Investments" are carried at the lower of cost and fair value, have been accounted for at fair value resulting in investment being valued at Rs. 53.20 Crore (Previous year Rs. 39.42 Crore) above their cost and the profit before tax being lower by Rs. 18.00 Crore (Previous year lower by Rs. 24.15 Crore) and Investment revaluation reserve being higher by Rs. 32.60 Crore (Previous year Rs. 0.82 Crore).

- 7** Parent Company (Vedanta Resources plc) of the Company offers equity-based award plans to its employees, officers and directors based on the performance conditions as set out in the scheme, duly approved by the board of directors of the Company on 24 December 2003 and by the shareholders of the Company on 20 January 2004. The performance condition attached 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 or such period as the Board of Vedanta Resources Plc may determine 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 with further awards being made in June 2004, November 2004, February 2006, November 2007, February 2009, August 2009 and January 2010.

The fair values were calculated using a Monte Carlo model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modelled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Monte Carlo simulation of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six weeks after vesting.

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 the Company, the grant date fair value of the awards is recovered by Vedanta from the Company. Accordingly, the parent, Vedanta, on the basis of fair value of options granted to the Company employees charged a proportionate cost to the Company in the amount of Rs. 4.67 Crore (Previous Year Rs. 8.09 Crore) which is charged to the Profit & Loss Account under the head 'Personnel Expenses'.

The parent Company has obtained an overall valuation of the options granted by it to Sterlite group. Hence the informations related to options granted to the eligible employees of the Company is not readily available and accordingly the movement in options have not been disclosed.

Notes Forming Part of the Accounts continued

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The assumptions used by actuary in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

Date of grant	1 Aug 2009	1 Jan 10
Number of instruments	Not available	Not available
Exercise price	10 US Cents	10 US Cents
Share price at the date of grant	17.64 Pound	26.11 Pound
Contractual life	3 Years	3 Years
Expected volatility	70%	70%
Expected option life	3.2 years	3.2 years
Expected dividends	1.40%	1.40%
Risk free interest rate	2.30%	2.30%
Expected annual forfeitures	13.50%	13.50%
Fair value per option granted	12.026 Pound	17.80 Pound

- 8 During the year the plan proposed by ASARCO and sponsored by the Company's wholly owned subsidiary, Sterlite (USA) Inc was rejected by the US District Court. The Company has preferred to file an appeal against the order of US District Court. Subsequently, the Bankruptcy Court also approved the motion of ASARCO to terminate the settlement and Purchase and Sale Agreement (PSA) and allow it to draw on the USD 50 million Letter of Credit. The Company has contested the same and has filed an application before the Bankruptcy Court for refund of USD 50 million drawn down by ASARCO and payment of compensation for legal expenses. The Company has provided Rs. 273.53 Crore (being the USD 50 million referred to above and other expenses related thereto) as exceptional item during the year ended 31 March 2010. Based on the legal advice received, the Company has treated these expenses as deductible in computing tax expense for the year. Further in March 2010, ASARCO has filed a complaint in US Bankruptcy Court for the alleged breach of the PSA signed in May 2008.
- 9 The employees' gratuity fund scheme is, managed by Life Insurance Corporation of India (LIC), a defined benefit plan. The present value of obligation is determined based on actuarial valuation using projected unit credit method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for short term compensated absences is recognised on actual basis for the portion of accumulated leave which an employee can encash.

Defined Contribution Plan

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
Employer's Contribution to Provident Fund	2.48	2.52
Employer's Contribution to Superannuation Fund	0.63	0.55

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Defined Benefit Plan: The disclosure as required under AS 15 regarding the Company's gratuity plan (funded) is as follows:

	2009-10	2008-09	2007-08	2006-07
Actuarial assumptions				
Particulars				
Salary growth	5.00%	5.00%	5.00%	5.00%
Discount rate	7.50%	7.50%	7.50%	7.50%
Expected return on plan assets	7.50%	7.50%	7.50%	8.00%
Mortality Table (LIC)	1994-96 (duly modified)	1994-96 (duly modified)	1994-96 (duly modified)	1994-96 (duly modified)
				(Rs. in Crore)
	2009-10	2008-09	2007-08	2006-07
Amount recognised in the income statement				
Current service cost	1.59	1.42	0.94	0.84
Interest cost	0.76	0.60	0.44	0.38
Expected return on plan assets	(0.48)	(0.32)	(0.33)	-
Net actuarial (gains)/losses recognised in the year	3.20	1.21	1.78	0.10
Total	5.07	2.91	2.83	1.32
Movement in present value of defined benefit obligation				
Particulars				
Obligation at the beginning of the year	10.12	7.93	5.91	5.02
Current service cost	1.59	1.42	0.94	0.84
Interest cost	0.76	0.60	0.44	0.38
Actuarial loss on obligation	3.30	1.27	0.64	0.10
Benefits paid	(1.23)	(1.10)	-	(0.43)
Obligation at the end of the year	14.54	10.12	7.93	5.91
Movement in present value of plan assets				
Particulars				
Fair value at the beginning of the year	6.35	4.20	4.38	4.26
Expected returns on plan assets	0.47	0.32	0.33	-
Contribution	3.05	2.88	0.64	0.55
Actuarial gains and losses	0.11	0.05	(1.15)	-
Benefits paid	(1.23)	(1.10)	-	(0.43)
Fair value at the end of the year	8.75	6.35	4.20	4.38
Amount recognised in the balance sheet				
Particulars				
Present value of obligations at the end of the year	14.54	10.12	7.93	5.91
Less: Fair value of plan assets at the end of the year	8.75	6.35	4.20	4.38
Net liability recognised in the balance sheet	5.79	3.77	3.73	1.53
Experience Adjustment on actuarial Gain/(Loss)				
Plan Liabilities	(3.30)	*	*	*
Plan Assets	0.11	*	*	*

* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

Notes:

In the absence of detailed informations regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The Contribution expected to be made by the Company during the financial year 2010-11 are Rs. 2.21 Crore.

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above is certified by the actuary.

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10 Payment to Statutory Auditors:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
a. Audit fees	0.54	0.40
b. Certification & others*	3.97	2.07
c. Out of pocket expenses	0.48	0.09
	4.99	2.56

* includes Rs. 1.05 Crore related to ADR adjusted against Security Premium.

11 Managerial Remuneration:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
A. Remuneration to Executive Directors*		
(i) Salary & perquisites	7.67	12.41
(ii) Contribution to Provident Fund & Superannuation Fund	0.80	1.03
(iii) Other Benefits	2.00	1.66
	10.47	15.10

* The above remuneration excludes provision for gratuity & compensated absences.

Computation of net profit in accordance with section 309(5) of the Companies Act, 1956:

Profit before tax	947.80	1,339.15
Add: Depreciation and impairment as per Accounts	150.64	166.18
Loss on sale of fixed asset	0.47	0.57
Bad debts and advances written off	20.74	-
Provision for corporate guarantees	-	23.69
Contribution to political parties	12.00	-
Managerial Remuneration to:		
Vice Chairman, Managing Director and Wholetime Director	10.47	15.10
	1,142.12	1,544.69
Less: Depreciation under Companies Act, 1956	150.64	145.60
Write back of provision for impairment	-	79.00
Profit on sale of investment	85.75	26.92
Gain on mark to market on financial assets/liabilities	20.54	31.61
Gain on fair valuation of loans	6.37	12.54
Gain on fair valuation of embedded derivatives	58.66	-
Net Profit for the year	820.16	1,249.02
Commission to Vice Chairman, Managing Director and Wholetime Director maximum as per terms of appointment/special resolution	41.01	62.45
Commission as recommended by the board	-	-
B. Commission to Non-Executive Directors as determined by the Board	0.45	0.38

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
12 (a) Excise duty shown as a reduction from turnover	562.19	711.75
(b) Excise duty charged to profit and loss account		
(i) Difference between closing and opening stock	-	(0.47)
(ii) Excise duty not billed to customers	(0.60)	18.08
Total	(0.60)	17.61

- 13 (a) Lanjigarh Scheduled Area Development Foundation (LSADF) was incorporated on 23 Jan 2009 (an SPV formed as Supreme Court order) under section 25 of the Companies Act, 1956 as wholly owned Company with paid up capital of Rs. 0.05 Crore with main object to engage in activities for welfare and development of the people of the district of Kalhandi and Rayagada in the state of Orissa belonging to poor and weaker section. Investment in LSADF amounting to Rs. 0.03 Crore (Previous Year Rs. 0.03 Crore) has been shown under Advances recoverable in cash or in kind or for value to be received in Schedule 11.

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- (b) The Govt. of Orissa (GOO), was of the opinion that the SPV should be incorporated by them rather than by Sterlite Industries India Limited (SIIL) and hence, a new SPV, viz., Lanjigarh Project Area Development Fund (LPADF) has been incorporated on October 06, 2009 with the same objects that of LSADF with a capital of Rs. 5 lacs and with GOO, Orissa Mining Corporation Limited and SIIL as promoter. The existing SPV Company, LSADF, will be closed and steps for striking off the name of the LSADF u/s 560 of the Companies Act, 1956 has been taken.
- 14 During the year, the Company has received 6,94,37,960 equity share on account of split of face value from Rs. 10 to Rs. 2 per share and 16,53,22,677 equity share on account of bonus issue in the ratio of 1.90:1 from Vedanta Aluminium Limited.
- 15 During the year, the Company has received 12,78,555 equity share on account of split of face value from Rs. 5 to Rs. 2 per share and 21,30,925 equity share on account of bonus issue in the ratio of 1:1 from Sterlite Technologies Limited.
- 16 Advance recoverable in cash or in kind includes Rs. 0.06 Crore (previous year Rs. 0.06 Crore) view from Lake City Ventures Private Limited (formally known as Sterlite Shipping Ventures Private Limited) in which directors are interested. Maximum amount outstanding at any time during the year is Rs. 0.06 Crore (previous year 0.06 Crore).
- 17 In Accordance with Clause 32 of Listing Agreement, Advance(s) in the nature of Loan is/are as under:
(As Certified by the Management)

(a) Loans & Advances in the nature of Loans

Name of the Company	Relationship	Balance as at 31 March 2010	Maximum Amount Outstanding during the Year	(Rs. in Crore) Balance as at 31 March 2009
Monte Cello BV	Subsidiary	1.19	1.29	0.77
Sterlite Opportunities & Ventures Limited*	Subsidiary	-	-	-
Talwandi Sabo Power Limited	Subsidiary	125.00	125.00	-
Sterlite Infra Limited (formerly known as Sterlite Paper Limited)	Subsidiary	38.80	38.80	38.18
Sterlite Energy Limited**	Subsidiary	2,917.51	2,917.51	-
Vedanta Aluminium Limited***	Associate	8,548.57	8,548.57	849.00

* Excluding Debentures of Rs. 608.35 Crore (Previous year Rs. 718.09 Crore).

** Excluding share application money pending allotment amounting to Rs. Nil (Previous year Rs. 1,335 Crore).

*** Excluding Debentures of Rs. 1,815 Crore (Previous year Rs. 2,019.16 Crore).

(b) None of the loanees have made, per se, investment in the shares of the Company.

- (c) (i) Investments made by Monte-Cello BV in Subsidiaries:- Investment in Copper Mines of Tasmania Pty. Ltd – 2 Shares & Thalanga Copper Mines Pty. Ltd – 5,78,240 Shares.
(ii) Investments made by Sterlite Energy Limited in Talwandi Sabo Power Limited 40,00,50,000 Shares.

Notes:

- i) The above loans & advances to subsidiary fall under the category of loans & advances in the nature of loans where there is no repayment schedule except in Sterlite Energy Limited and Talwandi Sabo Power Limited. The loans are free of interest except to Vedanta Aluminium Limited, Sterlite Energy Limited and Talwandi Sabo Power Limited.
- ii) As per the Company's policy, loan to employees are not considered in (a) above.

- 18 The Debentures referred to in Schedule 3 of Balance Sheet at (A) are due for redemption as follows:

6.64% debentures on 10 April, 2010 of Rs. 40 Crore; 8.24% debentures on 10 April, 2013 of Rs. 60 Crore.

- 19 General expenses include donations aggregating to Rs. 12 Crore (Previous Year Rs. NIL) made during the year to political parties (Indian National congress Rs. 5 Crore & Bharatiya Janata Party Rs. 7 Crore).

Notes Forming Part of the Accounts continued

Schedule 21 continued

- 20 During the year 2004-05, the Company issued 3,58,60,049 equity shares of Rs. 5 each at a premium of Rs. 545 aggregating Rs. 1,972.30 Crore on Rights basis to existing share holders. In terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (earlier known as SEBI (Disclosure and Investor Protection) Guidelines, 2000), proceeds of Rights Issue has been utilised as under:

Utilisation	Planned	Actual utilisation (Rs. in Crore)	
		Till 31 March 2010	Till 31 March 2009
Investment in BALCO	900.00	–	–
Reduction in Term loans	520.00	520.00	520.00
Reduction in Current liabilities	551.00	551.00	551.00
Rights Issue expenses	1.30	1.19	1.19
Total	1972.30	1072.19	1,072.19

Balance amount of Rs. 900.11 Crore (Previous Year Rs. 900.11 Crore) is lying in debt mutual funds as at Balance sheet date and been presented in Investment-Schedule 6.

- 21 During the year, the Company had raised USD 500 million through issue of 4% Convertible Senior Notes of USD 1,000 each at an initial conversion price of USD 23.33 per ADS. The Notes are convertible into 42.8688 ADSs per Note subject to adjustment in certain events.

As per AS 30, at inception, the issue proceeds of Convertible Senior Note has been allocated to the conversion option (which is an embedded derivative) with the residual value allocated to the 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 to be recognised in the Profit and Loss account, and the Notes been carried at amortised cost.

The conversion option amounting to Rs. 596.30 Crore and un-amortised borrowing costs amounting to Rs. 24.21 Crore as at 31 March 2010 is included along with 4% Convertible Senior note of US\$ 1,000 per note in Schedule 4 – Unsecured Loans. The referred accounting treatment of Notes has resulted into the profit net of tax for the year higher by Rs. 34.55 Crore.

- 22 The Company had recognised an amount of Rs. 57.80 Crore in the previous year as claims receivable on account of insurance claim due to the cooling tower failure, based on the confirmation from the insurers on a provisional estimate basis. During the year, the Company has written off an amount of Rs. 17.62 Crore in the Profit and Loss account based on the revised estimates by the Company.
- 23 Net exchange difference (gain)/loss amounting to Rs. (261.27) Crore [previous year Rs. 622.36 Crore] related to procurement of raw materials has been accounted under raw material consumption. Net exchange loss pertaining to sales, loans, professional fees, services etc amounting to Rs. 19.28 Crore (Previous Year exchange loss of Rs. 60.51 Crore) is disclosed under schedule 18 of profit and loss account.

24 Details regarding licenced and installed capacity and actual production (As certified by the management)

A. Capacity

Description	Unit	Licenced Capacity		Installed Capacity	
		Current Year	Previous Year	Current Year	Previous Year
1 Continuous Cast Copper Rod	MT	N.A.	N.A.	268,000	268,000
2 Copper Cathodes	MT	N.A.	N.A.	405,000	405,000
3 Aluminium Cold Rolled Products	MT	N.A.	N.A.	20,000	20,000
4 Phosphoric Acid	MT	N.A.	N.A.	230,000	230,000
5 Sulphuric Acid	MT	N.A.	N.A.	1,300,000	1,300,000
N.A. – Delicensed vide notification No. 477(E) dated 25 July, 1991					

B. Production

Description	Unit	Current Year Quantity	Previous Year Quantity
1 Continuous Cast Copper Rod*	MT	196,882	219,879
2 Copper Cathodes**	MT	334,174	312,833
3 Sulphuric Acid***	MT	1,036,353	987,512
4 Phosphoric Acid	MT	205,844	163,607

* Net of Nil MT (Previous year 6 MT) loss of material.

** (i) Includes 1,97,774 MT (Previous year 2,20,783 MT) used for captive consumption, (ii) Net of 28 MT loss of material.

*** Includes 5,60,628 MT (Previous year 4,59,510 MT) used for captive consumption.

Schedule 21 continued

25 Quantitative information in respect of opening stock, closing stock, turnover and consumption of raw materials (as certified by management)

A. Opening Stock

Description	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. in Crore)	Quantity	Value (Rs. in Crore)
Continuous Cast Copper Rod	MT	-	-	536	18.16
Copper Cathodes	MT	6	0.10	119	3.82
Sulphuric Acid	MT	18,178	2.73	3,482	1.34
Phosphoric Acid	MT	7,984	21.23	1,485	3.76
Others*			63.06		50.17
			87.12		77.25

B. Closing Stock

Description	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. in Crore)	Quantity	Value (Rs. in Crore)
Continuous Cast Copper Rod	MT	-	-	-	-
Copper Cathodes	MT	44	1.49	6	0.10
Sulphuric Acid	MT	9,451	4.47	18,178	2.73
Phosphoric Acid	MT	7,991	24.38	7,984	21.23
Others*			40.42		63.06
			70.76		87.12

C. Turnover

Description	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. in Crore)	Quantity	Value (Rs. in Crore)
Continuous Cast Copper Rod	MT	196,882	6,779.67	220,409	7,285.12
Copper Cathodes	MT	136,362	4,140.66	92,163	2,510.05
Copper Concentrate	DMT	16,972	86.93	19,073	66.50
Sulphuric Acid	MT	484,452	50.37	513,306	285.25
Phosphoric Acid	MT	205,837	528.55	157,108	1,134.46
Rock Phosphate	MT	12,502	7.96	5,437	4.34
Anode Slime			1,967.40		878.72
Export Benefits			10.16		12.10
Services			4.74		4.53
Others*			100.03		96.67
			13,676.47		12,277.74

* Includes Realisable waste.

D. Raw Material Consumed

Description	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. in Crore)	Quantity	Value (Rs. in Crore)
Copper Concentrate	DMT	1,139,618	11,430.16	1,038,551	8,415.45
Rock Phosphate	MT	675,476	421.03	561,174	653.42
Others			142.66		354.28
			11,993.85		9,423.15

E. Purchases

Description	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. in Crore)	Quantity	Value (Rs. in Crore)
Rock Phosphate	MT	12,502	7.05	5,437	4.18
Copper Concentrate	DMT	16,972	86.17	19,073	71.52
			93.22		75.70



Notes Forming Part of the Accounts continued

Schedule 21 continued

26 CIF Value of Imports

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
Raw materials	12,073.88	8,148.89
Stores & Spares	37.11	48.12
Capital Goods	5.71	19.21

27 Expenditure in Foreign Currency

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
Long Term Incentive Plan expenses (net of recoveries)	4.67	8.09
Technical Service Charges	4.86	3.54
Share Issue Expenses	67.36	–
Interest & Finance charges	159.77	137.65
Professional Fees (including Representative office fees)	24.50	22.96
Acquisition related expenses	270.06	–
Others	9.51	11.09
	540.73	183.33

28 Earning in Foreign Currency

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
FOB value of exports	5,921.07	4,565.79
Management fees	17.23	4.53
Others	6.71	9.85
	5,945.01	4,580.17

29 Particulars of Dividend Paid to Non Resident Shareholders

	Current Year	Previous Year
Year to which Dividend relates	31 March 2009	31 March 2008
Number of Shareholders	1	1
Number of Shares held	411,306,383	403,715,750
Amount Remitted-Gross (Rs. in Crore)	143.96	161.49

30 Value of Raw Materials Consumed

	Current Year		Previous Year	
	(Rs. in Crore)	% of total consumption	(Rs. in Crore)	% of total consumption
Indigenous	329.09	2.74%	375.67	3.99%
Imported	11,664.76	97.26%	9,047.48	96.01%
	11,993.85		9,423.15	

31 Value of Components, Stores & Spares Parts Consumed

	Current Year		Previous Year	
	(Rs. in Crore)	% of total consumption	(Rs. in Crore)	% of total consumption
Indigenous	64.56	70.55%	82.54	69.17%
Imported	26.95	29.45%	36.78	30.83%
	91.51		119.32	

Schedule 21 continued

32 Contingent Liabilities

	As at 31 March 2010 (Rs. in Crore)	As at 31 March 2009 (Rs. in Crore)
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) (Cash outflow is expected on execution of such capital contracts, on progressive basis.)	1,182.45	35.11
(b) Disputed liabilities in appeal:		
(i) Income Tax (No cash outflow is expected in the near future)	80.70	88.70
(ii) Sales Tax (relating to sale value)	7.26	4.25
(iii) Custom Duty (No cash outflow is expected in the near future)	10.20	6.23
(iv) Excise Duty (Mainly on account of difference in valuation of intermediate products meant for captive consumption at other locations and clearance of intermediate products to other locations on job basis. No cash outflow is expected in the near future).	38.39	34.56
(v) Claim against the Company not acknowledged as debt (No outflow is expected in the near future)	23.65	–
(vi) Service Tax (On account of credit taken on outward freight paid to goods transport agent & no outflow is expected in the near future)	18.57	15.94
(vii) FERA/FEMA (No outflow is expected in the near future)	59.90	59.90
(viii) Others (No outflow is expected in the near future)	10.92	10.09
(c) Letters of Credit given in favour of Asarco LLC, USA (refer note no.8 of Schedule 21)	–	509.50
(d) Unexpired Letters of Credit (These are established in favour of vendors but cargo/material under the aforesaid Letter of Credit are yet to be received as on year end date. Cash outflow expected on the basis of payment terms as mentioned in Letter of Credit).	1,147.12	771.11
(e) Bank Guarantees (Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected)	116.48	292.21
(f) Sales Bill Discounted (No cash outflow is expected)	920.70	192.46
(g) The Company has given Corporate Guarantees to Banks/Financial Institutions/others on behalf of Vedanta Aluminium Limited, CMT, TCM and Sterlite Energy Limited. The outstanding amount is Rs. 7,604.83 Crore (Previous Year Rs. 6,243.73 Crore) as on year end.		
(h) Estimated cost of variation in copper and precious metals quantity due to adjustments done based on metal contents as per laboratory assessments pending receipt of final invoice amounts to Rs. 14.41 Crore (Previous year Rs. 12.06 Crore).		
(i) The Company has agreed to pay any liability upto Rs. 15 Crore that may arise in respect of Power Transmission Line Division (since divested) for the period upto 30 June 2006. This liability is enforceable on the Company upto 30 June 2011.		

33 Disclosure on Financial and Derivatives Instruments

- a) Derivative contracts entered into by the Company and outstandings as at Balance Sheet date
- (i) To hedge currency related risks, the Company has entered into forex forward covers. The nominal amounts of such derivative contracts outstanding as at Balance sheet date are Rs. 1,690.93 Crore (net of Forward Sell covers of Rs. 38.48 Crore) (Previous year Rs. 2,502.37 Crore)
- (ii) For hedging commodity related risks:- Category wise break up is given below.

Particulars	As at 31 March 2010		As at 31 March 2009	
	Purchases	Sales	Purchases	Sales
Forwards/Futures				
Copper (MT)	7,550	7,125	25,125	24,000
Gold (Oz)	4,761	100,653	3,590	82,858
Silver (Oz)	50,093	940,322	106,052	1,299,485

- b) All derivative and Financial instruments acquired by the Company are for hedging purposes only.

- c) Unhedged foreign currency exposure is as under:-

	Rs. in Crore As at 31 March 2010	Rs. in Crore As at 31 March 2009
Payable	3,712.88	2,045.30
Unsecured Borrowings – Convertible Senior note	2,222.55	–
Receivable	255.47	149.21

Notes Forming Part of the Accounts continued

Schedule 21 continued

34 Segment Information as per Accounting Standard 17 on Segment Reporting for the year ended 31 March, 2010

I) Information about Primary Business Segments.

Particulars	Business Segments								(Rs. in Crore)	
	Copper		Others		Unallocated		Eliminations		Grand Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue										
External Turnover	13,056.54	11,057.45	619.93	1,220.29	-	-	-	-	13,676.47	12,277.74
Inter-Segment Turnover	77.54	280.41	-	-	-	-	(77.54)	(280.41)	-	-
Gross Turnover	13,134.08	11,337.86	619.93	1,220.29	-	-	(77.54)	(280.41)	13,676.47	12,277.74
Less: Excise Duty Recovered on Sales	555.05	702.49	7.14	9.26	-	-	-	-	562.19	711.75
Total Revenue	12,579.03	10,635.37	612.79	1,211.03	-	-	(77.54)	(280.41)	13,114.28	11,565.99
Results										
Segment Result	398.03	558.16	11.25	235.55	-	-	-	-	409.28	793.71
Unallocated Expenses	-	-	-	-	42.16	39.85	-	-	42.16	39.85
Operating Profit/(loss)	398.03	558.16	11.25	235.55	(42.16)	(39.85)	-	-	367.12	753.86
Less: Interest Expenses	-	-	-	-	256.44	203.92	-	-	256.44	203.92
Add: Other Income	-	-	-	-	1,110.65	733.90	-	-	1,110.65	733.90
Less: Income Tax (including Deferred Tax)	-	-	-	-	116.30	102.72	-	-	116.30	102.72
Less: Exceptional items	-	-	-	-	273.53	(55.31)	-	-	273.53	(55.31)
Net Profit/(Loss)	398.03	558.16	11.25	235.55	422.22	442.72	-	-	831.50	1,236.43
Segment Assets	4,358.08	3,873.42	397.24	370.63	-	-	-	-	4,755.32	4,244.05
Unallocated Corporate Assets	-	-	-	-	24,969.60	15,607.87	-	-	24,969.60	15,607.87
Total Assets	4,358.08	3,873.42	397.24	370.63	24,969.60	15,607.87	-	-	29,724.92	19,851.92
Segment Liabilities	1,170.77	1,157.47	66.49	9.42	-	-	-	-	1,237.26	1,166.89
Unallocated Corporate liabilities	-	-	-	-	6,219.58	4,645.19	-	-	6,219.58	4,645.19
Total Liabilities	1,170.77	1,157.47	66.49	9.42	6,219.58	4,645.19	-	-	7,456.84	5,812.08
Capital Expenditure	323.60	96.14	2.59	3.99	9.13	6.18	-	-	335.32	106.31
Depreciation and impairment	133.00	149.12	15.86	15.44	1.78	1.62	-	-	150.64	166.18
Non-cash Expenditure (excluding depreciation and impairment)	20.74	-	-	-	-	-	-	-	20.74	-

- (a) The Company has disclosed business segment as primary segment. Segments have been identified and reported taking into account, the different risks and returns, the organization structure and the internal reporting systems. The main business segment are i) Copper which consist of manufacturing of copper cathode, continuous cast copper rod, anode slime and dore, ii) other business segment consists of Phosphoric Acid and aluminium Foils.
- (b) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. Unallocated expenditure consist of common expenditure incurred for all the segments and expenses incurred at corporate level. The assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

Schedule 21 continued

34 Segment Information as per Accounting Standard 17 on Segment Reporting for the year ended 31 March, 2010 continued

II) Information about secondary segment

(Rs. in Crore)

Geographical Segment	Current Year	Previous Year
Revenue by geographical segment – Turnover		
India	7,654.51	7,694.15
Outside India	6,021.96	4,583.59
Total	13,676.47	12,277.74
Carrying Amount of Segment Assets		
India	4,551.09	4,039.82
Outside India	204.23	204.23
Total	4,755.32	4,244.05
Segment Capital Expenditure		
India	326.19	100.13
Outside India	-	-
Total	326.19	100.13

35 Related Party disclosures

List of related parties and relationships

i) Entities Controlling the Company (Holding Companies)

Twinstar Holding Limited
Vedanta Resources Holdings Limited
Vedanta Resources Plc.
Volcan Investments Limited

ii) Fellow Subsidiary

Sesa Goa Limited
The Madras Aluminium Company Limited
Konkola Copper Mines Plc.
Sesa Industries Limited
V S Dempo & Co. Private Limited w.e.f. 11 June 2009
Dempo Mining Corporation Private Limited w.e.f. 11 June 2009

iii) Subsidiaries

Bharat Aluminium Company Limited
Sterlite Infra Limited (formerly known as Sterlite Paper Limited)
Copper Mines of Tasmania Pty Limited
Thalanga Copper Mines Pty Limited
Montecello BV
Sterlite Opportunities & Ventures Limited
Hindustan Zinc Limited
Sterlite Energy Limited
Fujairah Gold FZE
Talwandi Sabo Power Limited
Sterlite (USA) Inc.

iv) Associates

Vedanta Aluminium Limited (Fellow Subsidiary and associate)
India Foils Limited (Till 12 November 2008)

v) Key Managerial Personnel

Mr. Anil Agarwal
Mr. Navin Agarwal
Mr. Tarun Jain
Mr. D. D. Jalan
Mr. K. K. Kaura (Till 30 September 2008)

vi) Relatives of Key management Personnel

Mr. Dwarka Prasad Agarwal Relative of Mr. Anil Agarwal and
Mr. Navin Agarwal

vii) Others

Anil Agarwal Foundation Trust

Notes Forming Part of the Accounts continued

Schedule 21 continued

35 Related Party disclosures continued

viii) Transaction During the year with related parties

Particulars	Holding Companies		Fellow Subsidiary		Subsidiaries		Associates		Key Management Personnel		Relative of Key Managerial Personnel		Others		(Rs. in Crore) Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
1 Loans & Advances																
a Given/(Received)																
During the year	(0.11)	0.11	(25.25)	22.73	1,673.26	1,063.24	7,673.80	494.40	-	-	-	-	0.18	-	9,321.88	1,580.48
b Balance as at																
31 March, 2010	0.00	0.11	1.97	27.22	3,093.14	1,419.89	8,654.58	884.48	-	-	-	-	0.18	-	11,749.87	2,331.70
2 (a) Investments made during the year	-	-	-	-	17.49	-	1,815.00	837.03	-	-	-	-	-	-	1,832.49	837.03
(b) Redemption of Investments during the year	-	-	-	-	(109.74)	(68.57)	(2,019.16)	-	-	-	-	-	-	-	(2,128.90)	(68.57)
3 Investments as at 31 March, 2010	-	-	-	-	2,620.79	2,713.04	2,378.04	2,582.20	-	-	-	-	-	-	4,998.83	5,295.24
4 Purchase/ (Sales) of Fixed Assets	-	-	-	-	-	-	-	(0.85)	-	-	-	-	-	-	-	(0.85)
5 Current Liabilities																
Balance as at 31 March, 2010	87.46	168.53	4.49	-	143.78	79.92	-	-	-	-	-	-	-	-	235.73	248.45
6 Debtors																
Balance as at 31 March, 2010	-	-	-	-	91.12	16.99	-	-	-	-	-	-	-	-	91.12	16.99
7 Income																
a Sales	-	-	0.10	0.25	832.52	14.53	-	-	-	-	-	-	-	-	832.62	14.78
b Management Consultancy Services	-	-	-	-	4.74	4.53	-	-	-	-	-	-	-	-	4.74	4.53
c Interest & Guarantee Commission	-	-	-	-	109.09	2.34	367.58	52.75	-	-	-	-	-	-	476.67	55.09
d Dividend Income	-	-	-	-	2.81	5.78	-	-	-	-	-	-	-	-	2.81	5.78
8 Expenditure																
a Long Term Incentive Plan expenses	38.28	81.14	-	-	-	-	-	-	-	-	-	-	-	-	38.28	81.14
b Purchases	-	-	74.93	13.94	803.84	567.93	-	-	-	-	-	-	-	-	878.77	581.87
c Remuneration/ Sitting Fees	-	-	-	-	-	-	-	-	15.21	16.42	-	0.03	-	-	15.21	16.45
d Allocation of Corporate Expenses	-	-	(0.43)	(1.38)	(15.99)	(25.59)	(3.46)	(1.50)	-	-	-	-	-	-	(19.88)	(28.47)
e Management Consultancy Services incl office fees	23.71	22.96	-	-	-	-	-	-	-	-	-	-	-	-	23.71	22.96
f Guarantee Commission	2.09	0.96	-	-	-	-	-	-	-	-	-	-	-	-	2.09	0.96
g Power Charges	-	-	18.40	5.35	-	-	-	-	-	-	-	-	-	-	18.40	5.35
h Recovery of deputed employees remuneration	-	-	(7.95)	(6.05)	(77.47)	(88.44)	(37.92)	(31.09)	-	-	-	-	(0.73)	(1.18)	(124.07)	(126.76)
i Recovery of other expenses	-	-	(4.84)	(21.27)	(43.77)	(46.11)	(9.80)	(9.13)	-	-	-	-	(0.60)	-	(59.01)	(76.51)
j Purchase of DEPB	-	-	-	-	-	40.29	-	-	-	-	-	-	-	-	-	40.29
9 Dividend paid	143.96	161.49	8.96	10.24	-	-	-	-	-	-	-	-	-	-	152.92	171.73
10 Guarantees Given	-	-	-	-	2,766.21	2,659.95	4,838.62	3,583.78	-	-	-	-	-	-	7,604.83	6,243.73
11 Guarantees taken	767.38	866.15	-	-	-	-	-	-	-	-	-	-	-	-	767.38	866.15

ix) The Company has written back provision made in earlier years towards expected liability on account of guarantees given to Banks and Financial Institutions for the loans taken by IFL amounting to Rs. NIL (previous year Rs. 128.34 Crore).

Schedule 21 continued

35 Related Party disclosures continued

x) Details of Major Transactions with related parties:-

1 Loans & Advances:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(a) Given/(Received) During the year:		
(i) Hindustan Zinc Limited	5.20	-
(ii) Fujairah Gold FZE	0.07	0.09
(iii) Sterlite Infra Limited (Formerly known as Sterlite Paper Limited)	0.62	0.60
(iv) Bharat Aluminium Company Limited	(40.85)	(272.66)
(v) Talwandi Sabo Power Limited	125.14	-
(vi) Vedanta Aluminium Limited	7,673.80	494.40
(vii) Monte-Cello BV	0.43	0.35
(viii) Sterlite Energy Limited	1,582.25	1,334.80
(ix) Konkola Copper Mines Plc	(25.59)	21.25
(x) VS Dempo & Co Pvt Ltd	0.15	-
(xi) Twinstar Holding Limited	(0.11)	0.11
(xii) Sesa Goa Limited	(0.61)	1.48
(xiii) Sterlite Opportunities and Ventures Limited	0.40	0.06
(xiv) The Madras Aluminium Company Limited	0.68	-
(xv) Dempo Mining Corporation Private Limited	0.12	-
(xvi) Anil Agarwal Foundation Trust	0.18	-
	9,321.88	1,580.48
(b) Balance as at 31 March 2010:		
(i) Bharat Aluminium Company Limited	4.50	45.34
(ii) Konkola Copper Mines Plc	0.06	25.65
(iii) Monte Cello BV	1.19	0.77
(iv) Sterlite Infra Limited (Formerly known as Sterlite Paper Limited)	38.80	38.18
(v) Sterlite Opportunities and Ventures Limited	0.46	0.06
(vi) VS Dempo & Co Private Limited	0.15	-
(vii) Talwandi Sabo Power Limited	125.14	-
(viii) Sterlite Energy Limited	2,917.69	1,335.45
(ix) Fujairah Gold FZE	0.16	0.09
(x) Anil Agarwal Foundation Trust	0.18	-
(xi) Sesa Goa Limited	0.96	1.57
(xii) Vedanta Aluminium Limited	8,654.58	884.48
(xiii) Hindustan Zinc Limited	5.20	-
(xiv) Twinstar Holding Limited	-	0.11
(xv) The Madras Aluminium Company Limited	0.68	-
(xvi) Dempo Mining Corporation Private Limited	0.12	-
(xvii) Vedanta Resources Plc. (Rs. 3,076)	0.00	-
	11,749.87	2,331.70

2 Investments/(Redemption) made during the year:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Sterlite Opportunities and Ventures Limited	(109.74)	(68.57)
(ii) Vedanta Aluminium Limited (also refer Note number 14 of Schedule 21)	(204.16)	685.00
(iii) Sterlite Energy Limited	17.49	-
(iv) India Foils Limited	-	152.03
(v) Sterlite (USA) Inc (Previous year Rs. 42.77)	-	-
	(296.41)	768.46



Notes Forming Part of the Accounts continued

Schedule 21 continued

35 Related Party disclosures continued

3 Investments as at 31 March, 2010:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Bharat Aluminium Company Limited	553.18	553.18
(ii) Monte Cello BV	204.23	204.23
(iii) Sterlite Opportunities and Ventures Limited	659.40	769.14
(iv) Sterlite Energy Limited	1,203.98	1,186.49
(v) Vedanta Aluminium Limited	2,378.04	2,582.20
(vi) Sterlite (USA) Inc (Current and previous year Rs. 42.77)	-	-
	4,998.83	5,295.24

4 Purchase/(Sales) of Fixed Assets:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Vedanta Aluminium Limited	-	(0.85)
	-	(0.85)

5 Current Liabilities:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Vedanta Resources Plc	87.46	168.53
(ii) Copper Mines of Tasmania Pty Limited	134.07	79.92
(iii) The Madras Aluminium Company Limited	2.22	-
(iv) Konkola Copper Mines Plc	2.27	-
(v) Fujairah Gold FZE	9.71	-
	235.73	248.45

6 Debtors:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Copper Mines of Tasmania Pty Limited	0.38	2.54
(ii) Fujairah Gold FZE	90.74	14.45
	91.12	16.99

7 Income:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(a) Sales:		
(i) The Madras Aluminium Company Limited	0.10	0.25
(ii) Fujairah Gold FZE	832.52	14.53
	832.62	14.78
(b) Management Consultancy Services:		
(i) Copper Mines of Tasmania Pty Limited	4.74	4.53
	4.74	4.53
(c) Interest & Guarantee Commission:		
(i) Vedanta Aluminium Limited	367.58	52.75
(ii) Sterlite Energy Limited	107.91	2.34
(iii) Talwandi Sabo Power Limited	1.18	-
	476.67	55.09
(d) Dividend Income:		
(i) Monte-Cello BV	-	0.16
(ii) Bharat Aluminium Company Limited	2.81	5.62
	2.81	5.78

Schedule 21 continued

35 Related Party disclosures continued

8 Expenditure:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(a) Long Term Incentive Plan:		
(i) Vedanta Resources Plc	38.28	81.14
	38.28	81.14
(b) Purchases:		
(i) Copper Mines of Tasmania Pty Limited	794.11	567.93
(ii) Konkola Copper Mines	71.04	10.63
(iii) The Madras Aluminium Company Limited	0.01	0.30
(iv) Sesa Industries Limited	3.88	2.93
(v) Sesa Goa Limited	-	0.08
(vi) Fujairah Gold FZE	9.73	-
	878.77	581.87
(c) Remuneration/Sitting Fees:		
(i) Mr. Navin Agarwal	8.18	7.00
(ii) Mr. K K Kaura	-	4.26
(iii) Mr. Tarun Jain	4.74	3.50
(iv) Mr. D. D. Jalan	2.29	1.66
(v) Mr. D. P. Agarwal	-	0.03
	15.21	16.45
(d) Allocation of Corporate Expenses:		
(i) Hindustan Zinc Limited	(8.86)	(16.14)
(ii) Bharat Aluminium Company Limited	(7.13)	(9.45)
(iii) The Madras Aluminium Company Limited	(0.43)	(1.38)
(iv) Vedanta Aluminium Limited	(3.46)	(1.50)
	(19.88)	(28.47)
(e) Management Consultancy Services including representative office fees:		
(i) Vedanta Resources Plc	23.71	22.96
	23.71	22.96
(f) Guarantee Commission:		
(i) Vedanta Resources plc	2.09	0.96
	2.09	0.96
(g) Power Charges:		
(i) The Madras Aluminium Company Limited	18.40	5.35
	18.40	5.35
(h) Recovery of deputed employees remuneration:		
(i) Hindustan Zinc Limited	(38.12)	(46.22)
(ii) Bharat Aluminium Company Limited	(36.12)	(38.27)
(iii) The Madras Aluminium Company Limited	(1.42)	(3.40)
(iv) Konkola Copper Mines	(0.37)	-
(v) Vedanta Aluminium Limited	(37.92)	(31.09)
(vi) VS Dempo & Co Private Limited	(1.02)	-
(vii) Sterlite Energy Limited	(3.02)	(3.48)
(viii) Dempo Mining Corporation Private Limited	(0.38)	-
(ix) Anil Agarwal Foundation Trust	(0.73)	(1.18)
(x) Sesa Goa Limited	(4.76)	(2.65)
(xi) Talwandi Sabo Power Limited	(0.21)	(0.47)
	(124.07)	(126.76)

Notes Forming Part of the Accounts continued

Schedule 21 continued

35 Related Party disclosures continued

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Recovery of expenses:		
(i) Hindustan Zinc Limited	(31.37)	(22.84)
(ii) Bharat Aluminium Company Limited	(10.21)	(21.27)
(iii) The Madras Aluminium Company Limited	(1.21)	(2.88)
(iv) Konkola Copper Mines	(0.97)	(15.98)
(v) Vedanta Aluminium Limited	(9.80)	(9.13)
(vi) Talwandi Sabo Power Limited	(0.12)	(0.12)
(vii) Sterlite Energy Limited	(0.37)	(0.19)
(viii) Sterlite Infra Limited	(0.26)	(0.01)
(ix) Copper Mines of Tasmania Pty Limited	(1.33)	(1.60)
(x) Fujairah Gold FZE	(0.25)	(0.09)
(xi) Sterlite Opportunities & Ventures Limited	0.14	0.01
(xii) Sesa Goa Limited	(2.66)	(2.41)
(xiii) VS Dempo & Co Private Limited [Rs. (31,044)]	(0.00)	-
(xiv) Anil Agarwal Foundation Trust	(0.60)	-
(xv) Dempo Mining Corporation Private Limited [Rs. 34,278]	0.00	-
	(59.01)	(76.51)
(j) Purchase of DEPB:		
(i) Hindustan Zinc Limited	-	40.29
	-	40.29

9 Dividend paid:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Twinstar Holdings Limited	143.96	161.49
(ii) The Madras Aluminium Company Limited	8.96	10.24
	152.92	171.73

10 Guarantees given:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Copper Mines of Tasmania Pty Limited	32.00	32.00
(ii) Thalanga Copper Mines Pty Limited	11.85	10.04
(iii) Vedanta Aluminium Limited	4,838.62	3,583.78
(iv) Sterlite Energy Limited	2,722.36	2,617.91
	7,604.83	6,243.73

11 Guarantees taken:

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
(i) Vedanta Resources Plc	767.38	866.15
	767.38	866.15

Schedule 21 continued

36 Earning Per Share (EPS)

	Current Year (Rs. in Crore)	Previous Year (Rs. in Crore)
Net Profit after tax attributable to equity share holders for Basic EPS	831.50	1,236.43
Less: Interest and finance charges (net of exchange and derivative gain) recognised on Convertible Senior Note (net of tax)	(34.55)	–
Profit after tax attributable to equity share holders for Diluted EPS	796.95	1,236.43
Weighted Average no. of equity shares outstanding during the year		
for Basic EPS	Nos. 80,00,55,054	70,84,94,411
for Diluted EPS	Nos. 80,90,98,609	70,84,94,411
Basic EPS	Rs. 10.39	17.45
Diluted EPS	Rs. 9.85	17.45
Nominal Value per Share	Rs. 2	2

Reconciliation between number of shares used for calculating basic and diluted earning per share

	Current Year	Previous Year
a) Number of Shares used for calculating Basic EPS	80,00,55,054	70,84,94,411
b) Potential Equity Shares (Convertible Senior Note)	90,43,555	–
c) Number of shares used for calculating Diluted EPS (a+b)	80,90,98,609	70,84,94,411

37 Deferred Taxation

The breakup of Deferred Tax Liability arising of timing difference are:

	As at 31 March 2010 (Rs. in Crore)	As at 31 March, 2009 (Rs. in Crore)
Liabilities		
Related to Fixed Assets	303.90	321.97
Reinstatement of financial assets/liabilities	21.81	20.15
Timing differences towards Convertible Senior Note	30.04	–
Others	16.68	–
Total	372.43	342.12
Assets		
Provision for Doubtful Advances	4.17	4.42
Others	4.45	4.05
Total	8.62	8.47
Deferred Tax Liability (Net)	363.81	333.65

38 The figures of previous year have been recasted, rearranged and regrouped wherever considered necessary.

For and on behalf of the Board of Directors

Navin Agarwal
Executive Vice Chairman

D.D. Jalan
Whole Time Director

Kishore Kumar
Chief Executive Officer

Vinod Bhandawat
Chief Financial Officer

Rajiv Choubey
Company Secretary

Place: Mumbai
Dated: 26 April 2010