



DELIVERING THROUGH THE CYCLE

# 2010 Interim Results

5 November 2009

# Cautionary Statement and Disclaimer

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Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by Vedanta Resources plc ('Vedanta').

This presentation may contain 'forward-looking statements' – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' or 'will.' Forward-looking statements by their nature address matters that are, to different degrees, uncertain.

For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of an environmental, climatic, natural, political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

# Anil Agarwal

## Executive Chairman

# Overview

**Navin Agarwal**

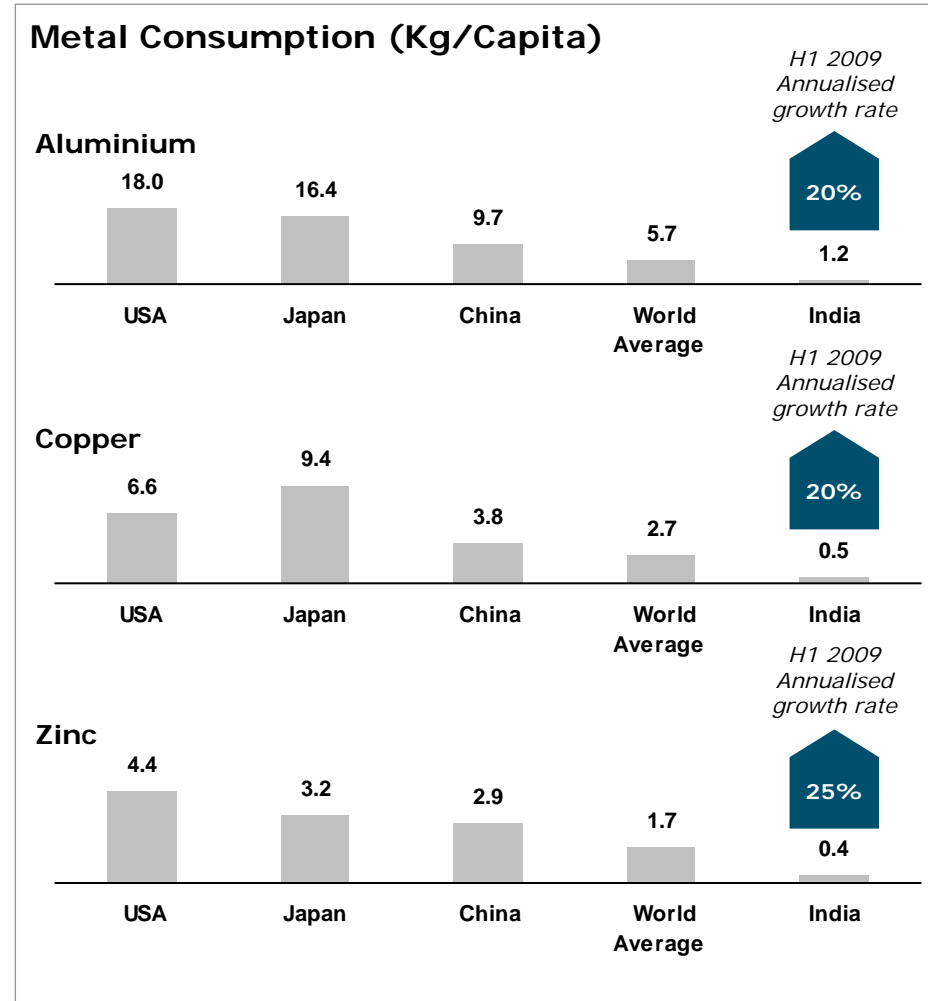
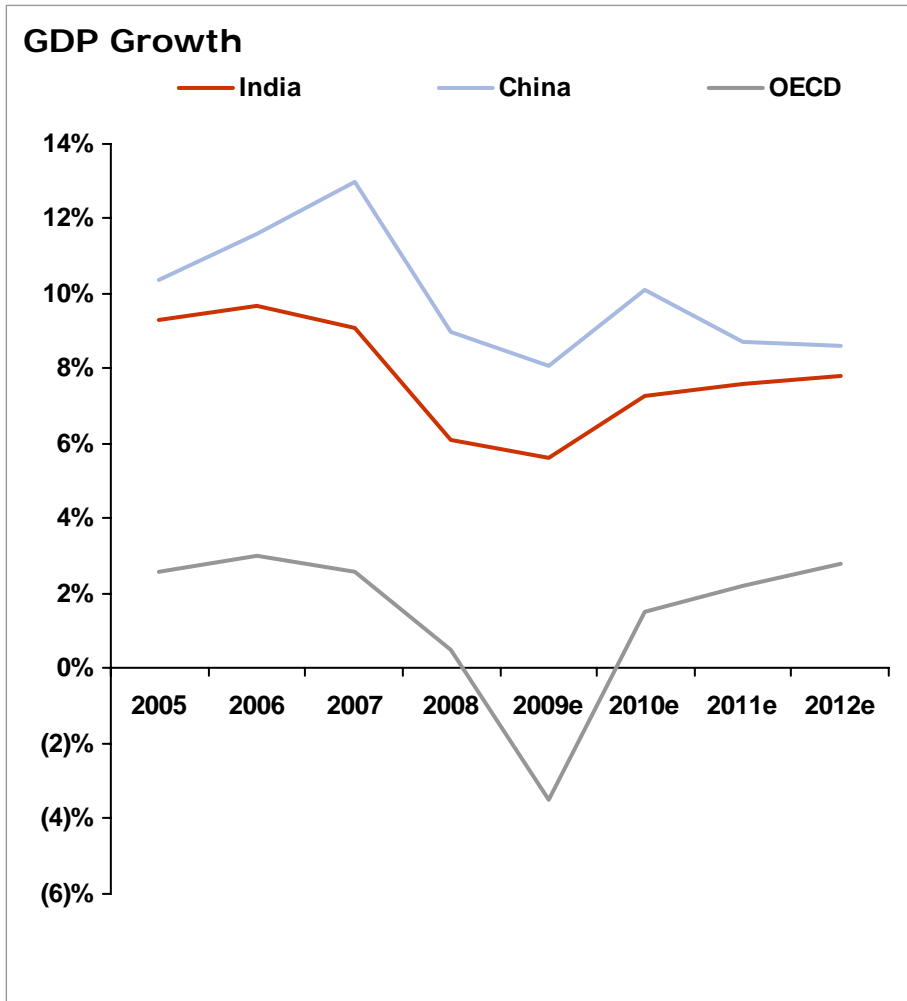
**Deputy Chairman**

# Overview

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- Excellent results in challenging market conditions
- Volume growth across all metals
- Continued to deliver on our strategy
  - Increased operational efficiency
  - Organic growth programme on track
  - Completed Dempo acquisition
- Maintained strong balance sheet and liquidity
- Well positioned to deliver throughout the cycle
  - Sustainable low cost operations
  - Strong Indian economic growth continues

# Strong Indian Growth Continues



Source: Global Insight, October 2009

# Delivering on Our Strategy

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## Recent Developments

- Production growth across all metals
- Tuticorin expansion announced
- Talwandi IPP revived; VAL CPP under review
- US\$3.35bn raised YTD: capex programme now pre-funded
- Dempo acquisition completed

## Near Term Priorities

- Minority buyouts of BALCO and HZL
- Continue to deliver projects on track and within budget
- Driving operational efficiencies
- Sterlite Energy Limited IPO

# Diversified, Low Risk Organic Growth

	FY2009 production		Target		
			Exit capacity	Sustainable cost	Date
<b>Zinc-Lead</b>	617 kpa	▶	1,065 ktpa	Lowest quartile	2011
<b>Silver</b>	3.38 m oz	▶	16 moz	Co-product	2013
<b>Copper India</b>	313 ktpa	▶	800 ktpa	Lowest quartile	2012
<b>Copper Zambia</b>	133 ktpa	▶	435 ktpa	Lower half	2012
<b>Aluminium</b>	462 ktpa	▶	2,500 ktpa	Lowest quartile	2013
<b>Iron Ore</b>	16 mtpa	▶	40-50 mtpa	Lowest quartile	2013
<b>Commercial Energy<sup>1</sup></b>	376 mu	▶	4,900 MW		2014

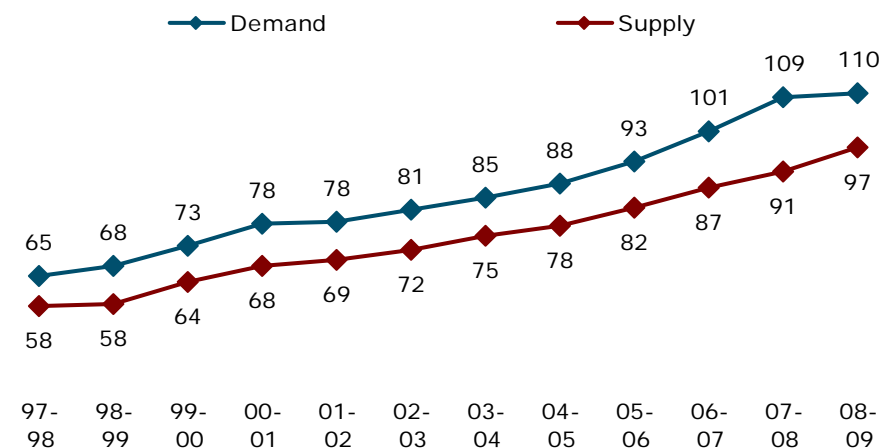
Note: 1. Including SEL



# Commercial Energy: A Significant Growth Sector

## India: consistent power shortage

India energy deficit – peak capacity (000 MW)



## Vedanta's competitive advantage

- Experienced management with project track record and mining expertise
  - One of India's major energy producers
  - Procurement expertise
  - Access to capital
- Strategically located projects
- Secured fuel linkages
- Reduced risk through long-term off-take agreements

## Why India?

- Supply-demand deficit of power in India
- Significant additional capacity requirement in the next few years
- Policy changes transforming the Indian power sector
- Trend towards rise in traded volumes and tariffs
- Abundant domestic coal

## SEL: Attractive Portfolio Of Coal Based Projects

- 4,380Mw under construction
  - SEL Jharsuguda 2,400 MW (4 x 600 MW)
  - SEL Talwandi Sabo 1,980 MW
- Project finance secured

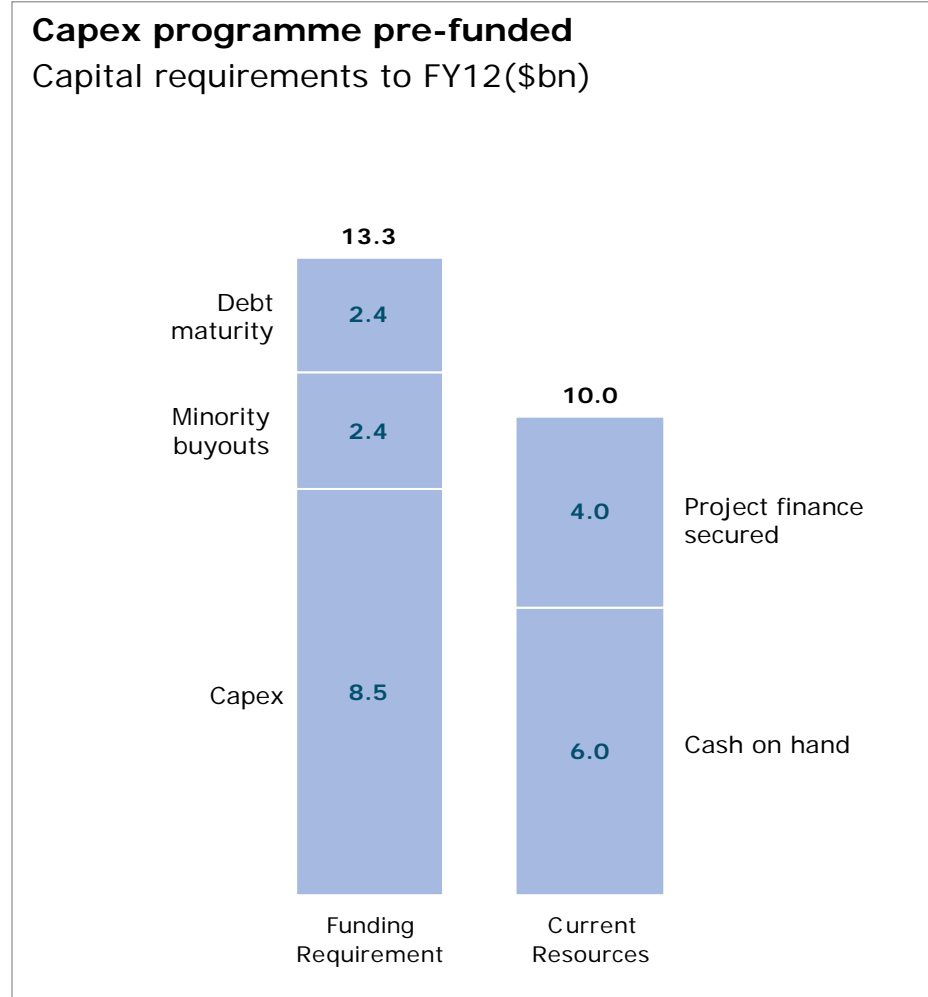
# Differentiated growth proposition

## Volume driven growth

- Industry leading organic growth profile
- Fully integrated, low cost projects
- Track record of delivery
- Capex programme pre-funded

## Well positioned through the cycle

- Pursuing profitable growth
- Preserving and strengthening low cost positions to drive cash flow
- Increasing diversification



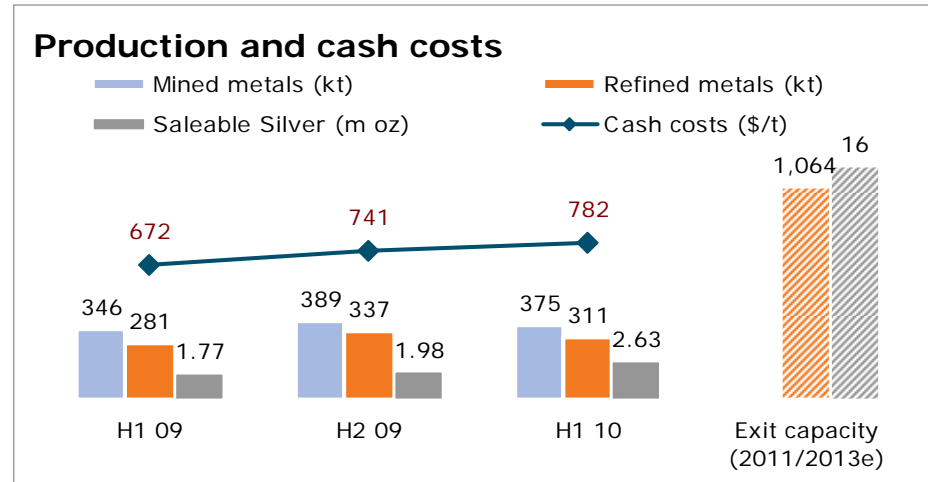
# Operations Review

MS Mehta

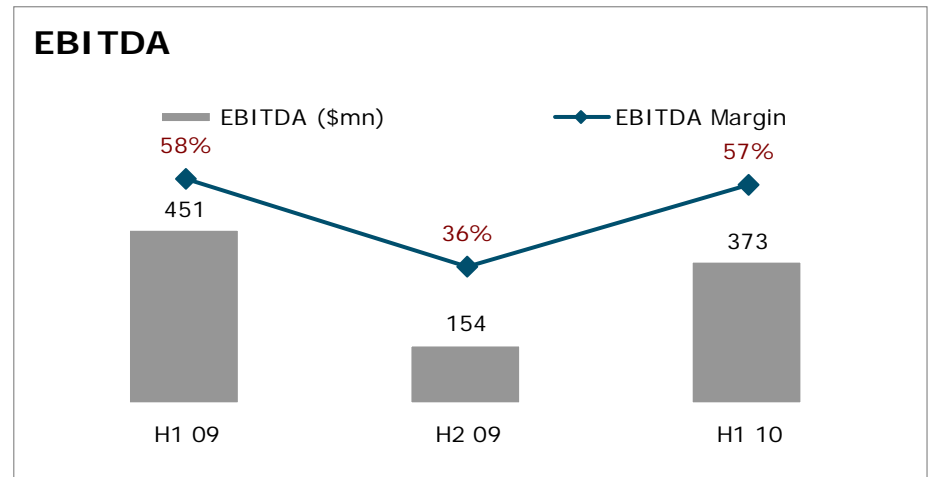
Chief Executive Officer

# Zinc-Lead-Silver Operations

- Excellent operational performance
  - 8.4% increase in mined metal production
  - Refined zinc-lead production up 10.7%
  
- Silver co-product up 48.4% at 2.6m oz
  
- Underlying operative costs reduced by US\$90/t
  - Negatively impacted by steep fall in acid prices
  - Royalty rates increased from 6.6% to 8.4% with effect from 13 August 2009
  
- Remain committed to increase resource base by continuous exploration



Note: Capacities in 2010e and beyond refer to exit rates

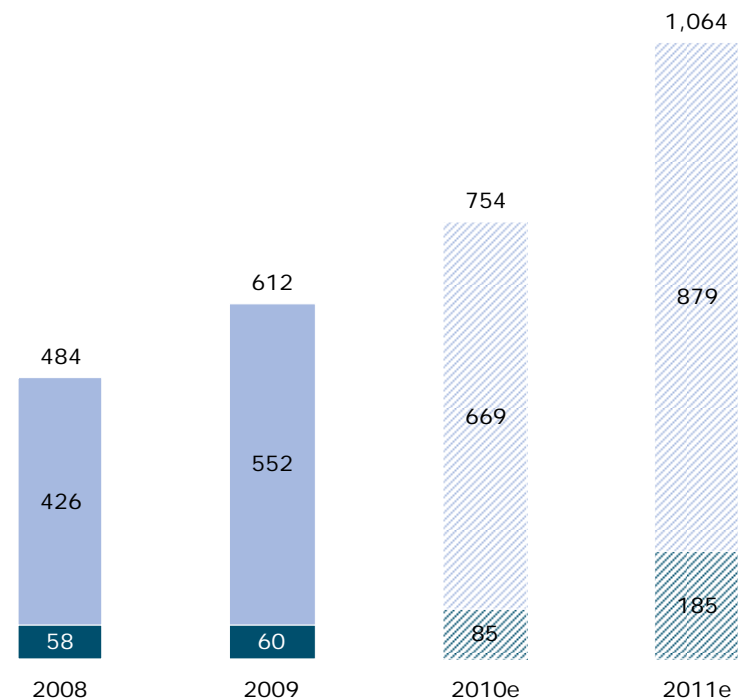


# Zinc-Lead-Silver Expansion Projects

- Existing Capacity 754kt Zinc-Lead, 4.8m oz Silver
- Post expansions 1064kt Zinc-Lead, 16m oz Silver
- Mine expansions
  - Rampura Agucha on track
  - Rajpura Dariba smelter and power plant construction on track
  - SK Mine expansion
    - Ramp portal completed
    - Mine development in full swing

**Zinc-Lead-Silver  
Production and proposed capacity**

■ Production Lead (kt)      ■ Production Zinc (kt)  
▨ Capacity Lead (kt)      ▨ Capacity Zinc (kt)



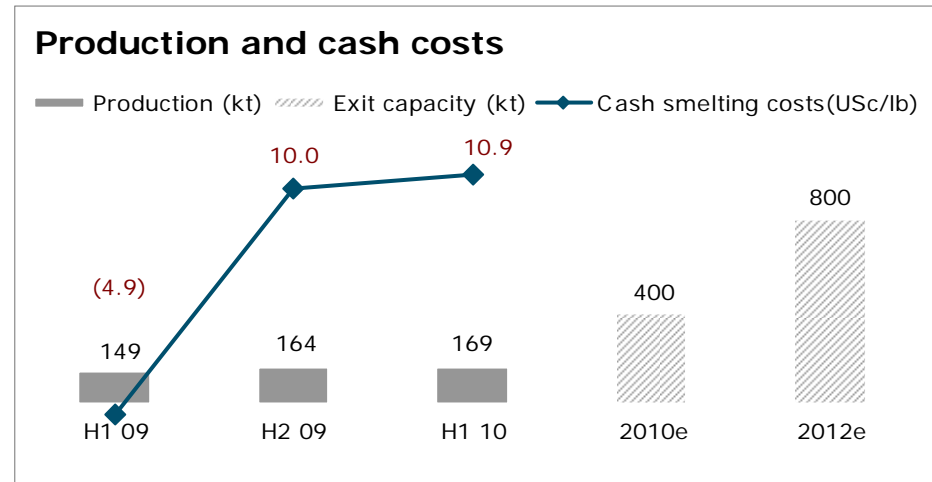
Note: Capacities in 2010e and beyond refer to exit rates

	Completion
<b>Mine Expansions</b>	
Rampura Agucha (5 to 6mtpa)	Mid 2010
Sindesar Khurd (0.3 to 1.5mtpa)	2012 <sup>1</sup>
Kayar Mine	2013
<b>Smelter Expansions</b>	
210ktpa zinc smelter	Mid 2010
100ktpa lead smelter	Mid 2010
160MW CPP	Mid 2010
Silver refinery	Mid 2010

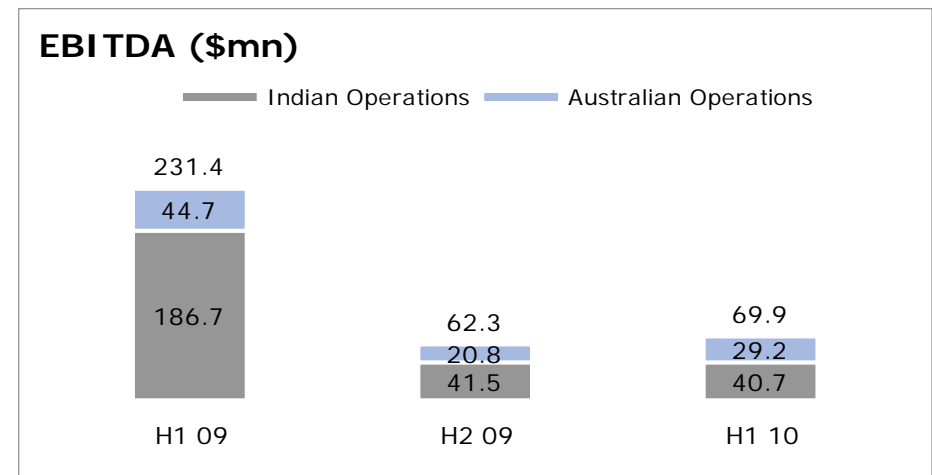
Note: 1. First production from mid 2010

# Copper-India and Australia Operations

- 13% increase in production in H1; operating near capacity in Q2
- TcRc's stable at 13.2c; expected to continue in H2
- Gross CoP reduced by 6.4c/lb, impacted by 22.2c/lb fall in credits, largely net CoP acid credit
- Mined metal production stable
  - Production resumed post disruption due to mud rush
- Constructing 400ktpa smelter and associated 160 MW CPP expansion project
  - Structurally competitive low cost, port based operations
  - Benchmark capex costs
  - Will reduce costs by ~5c<sup>1</sup> on account of captive energy



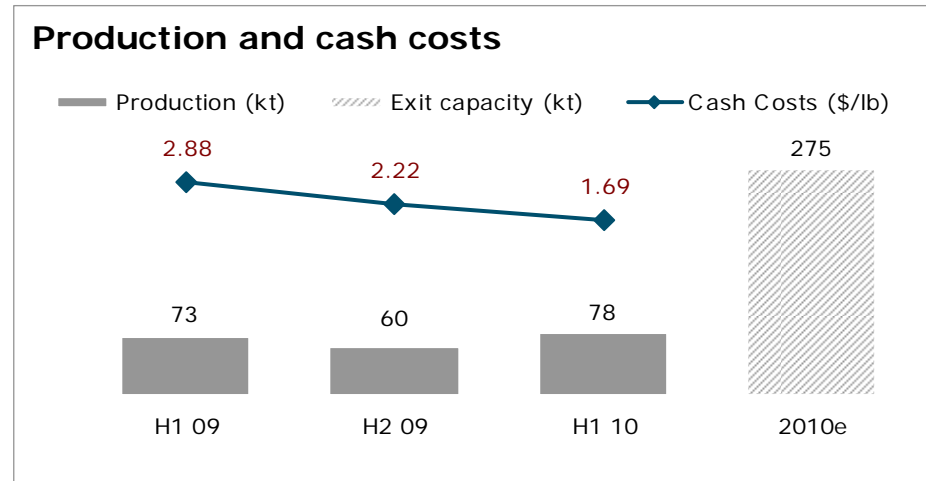
Note: Capacities in 2010e and beyond refer to exit rates



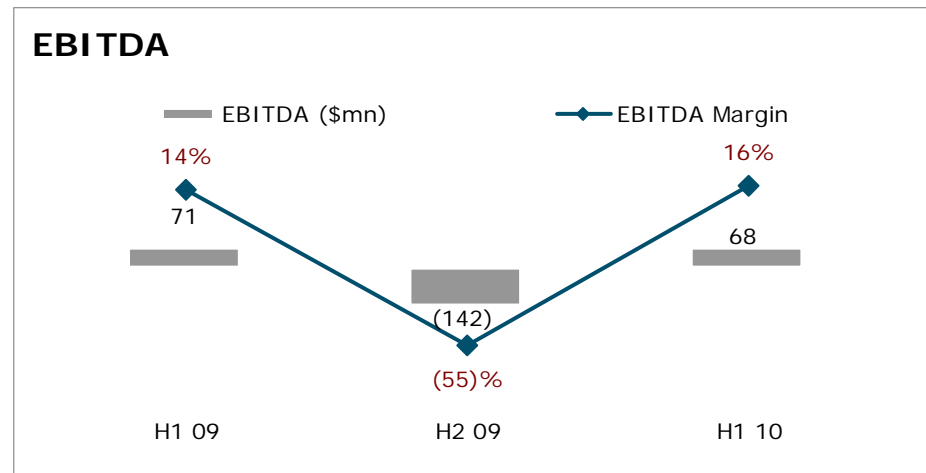
Notes: 1. Based on current fuel prices

# Copper-Zambia Operations

- 7% increase in production in H1
  - 10% increase in TLP production
- Nchanga smelter ramping up well post planned maintenance
  - Smelter operating at design efficiency post restart in late September
- H1 costs reduced 42% to 169c
  - Manpower cost reduction
  - Repair maintenance power, fuel cost reduction
  - Increased by-product credit by recovery of Cobalt and acid in Nchanga
  - Nkana Closure
- On course to achieve CoP of 125-135c/lb by the end of FY10, key drivers include volume growth, and stable operating conditions
- On track for ~110kt refined Copper production in H2 FY10
- Continued commitment to resource addition. 31,000 meter drilling planned in FY10

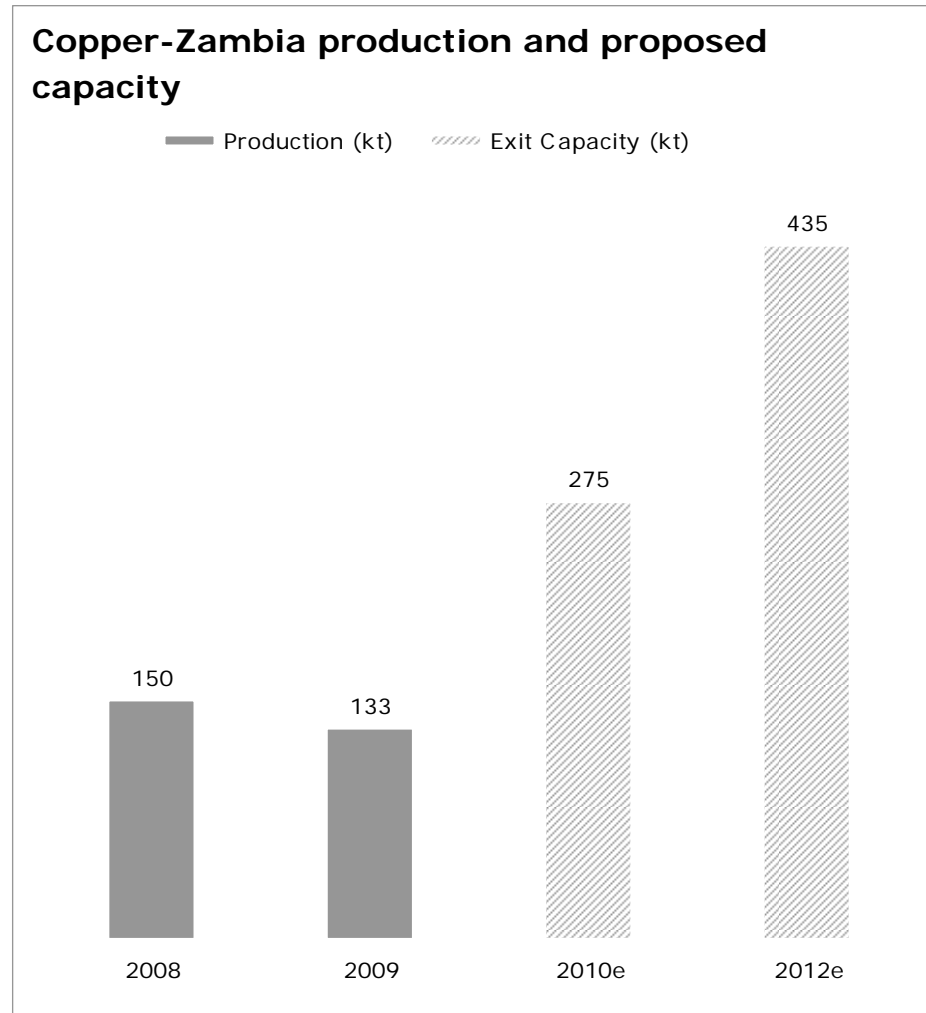


Note: Capacities in 2010e and beyond refer to exit rates



# Copper-Zambia Expansion Projects

- KDMP on schedule to reach milestone of mid-shaft loading by end FY2010
  - Will increase mine hoisting capacity to speed up mine development
  - Will support production from existing mining operations
  - Completion of shaft by end 2011

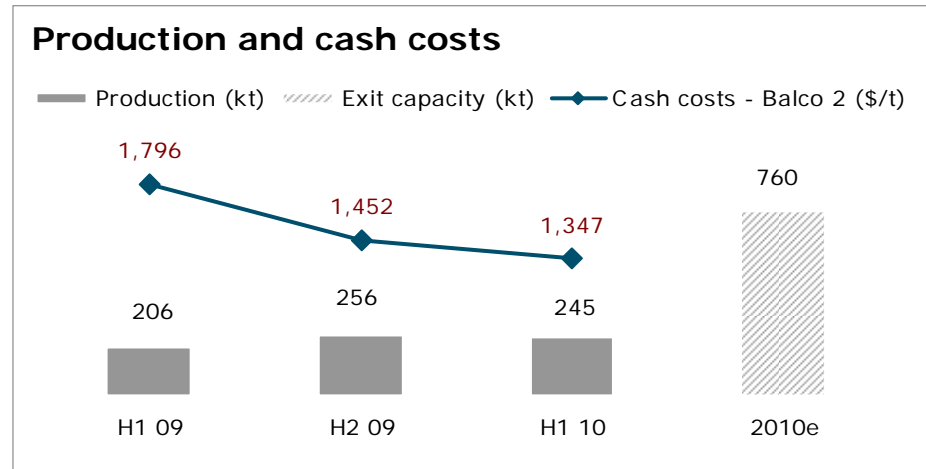


*Note: Capacities in 2010e and beyond refer to exit rates*

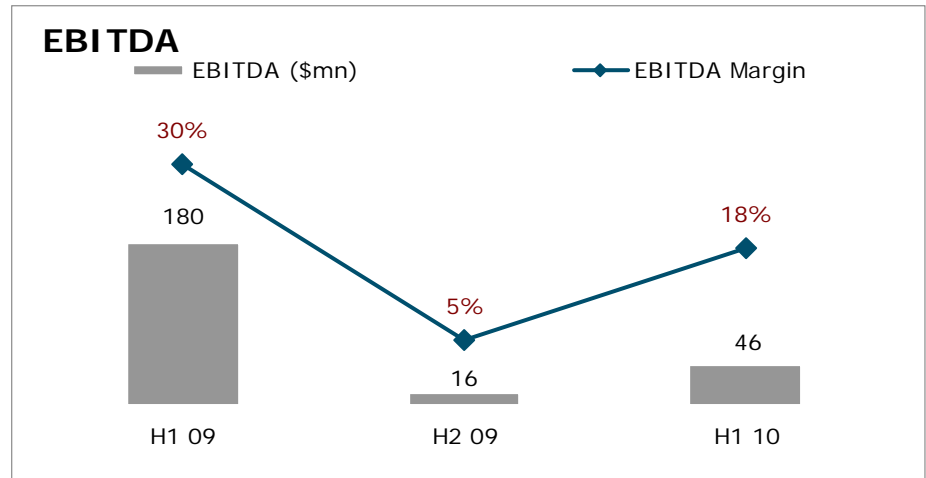


# Aluminium Operations

- Record production
  - BALCO II continue to deliver higher than rated capacity
  - 51% increase in Lanjigarh Alumina Production
  - 109kt production at Jharsuguda Smelter
  
- Shut down high cost smelters – BALCO I and MALCO
  - Opportunity to sell power at attractive prices
  
- Reduction in BALCO II CoP to \$1,347 per tonne
  - Reduction in input costs like caustic soda and carbon
  - Ongoing focus on further reducing CoP
  
- Niyamgiri mining will transform CoP
  - Final permit expected by end of FY2010

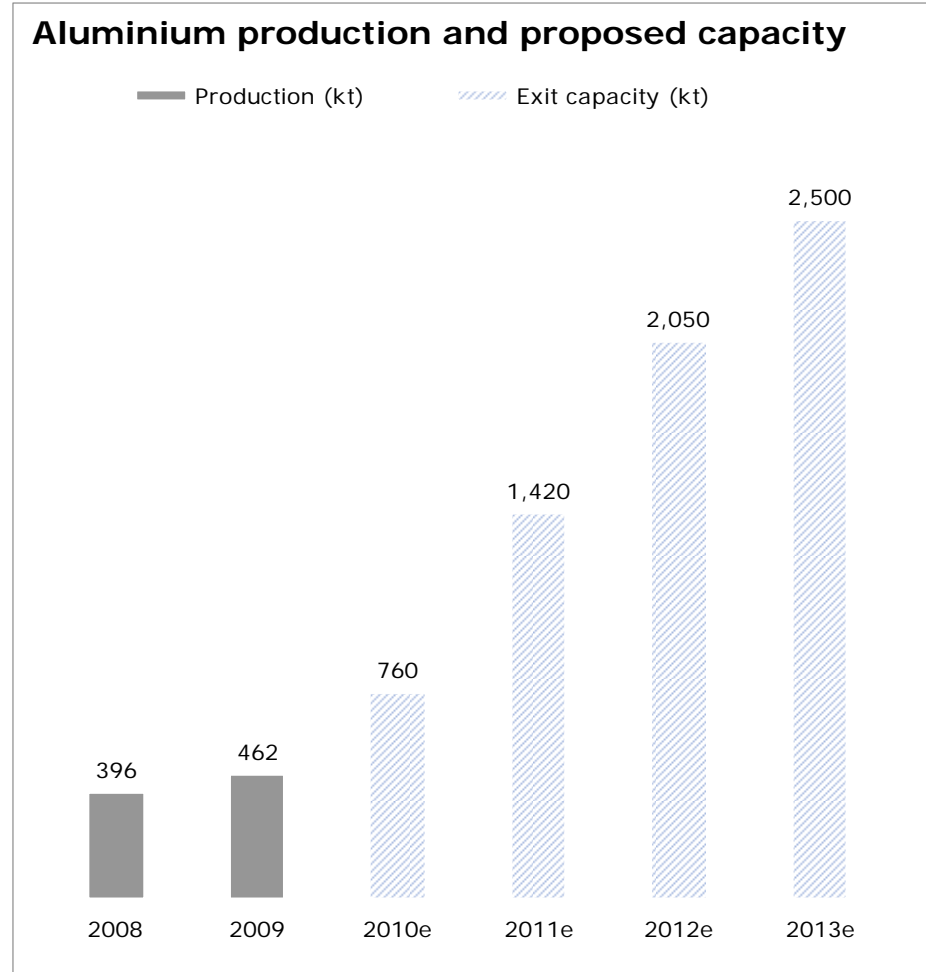


Notes: Production includes contribution from ramp-up of Jharsuguda smelter  
Capacities in 2010e and beyond refer to exit rates



# Aluminium Expansion Projects

- Lanjigarh 1.4mtpa alumina refinery Stream II commissioned in Q4 FY2009
- Niyamgiri Bauxite Mining to start within 3-4 months from receipt of final permit
- Commissioning of Phase 2 of Jharsuguda smelter on schedule
- BALCO 325ktpa Aluminium Project
  - Smelter: progressive commissioning from October 2010
  - CPP 1200MW: commissioning from October 2010

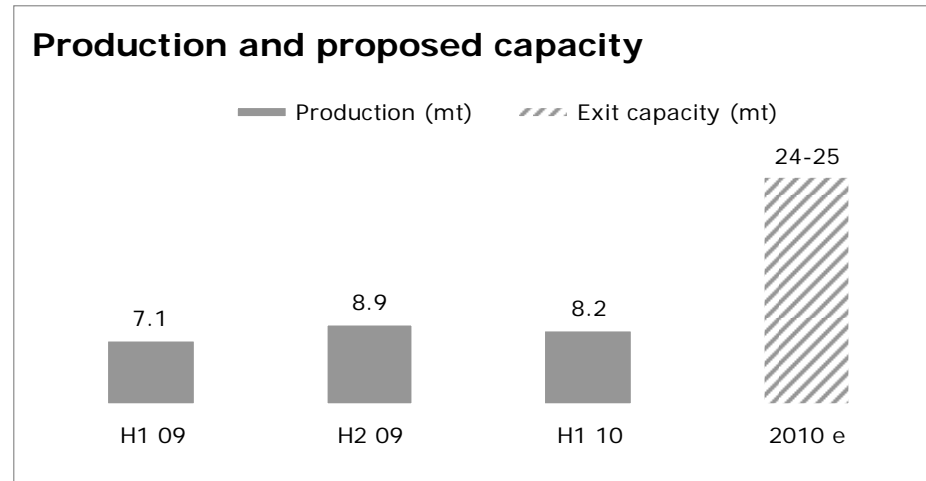


Notes: Capacities in 2010e and beyond refer to exit rates  
Includes debottlenecking of 80kt at BALCO

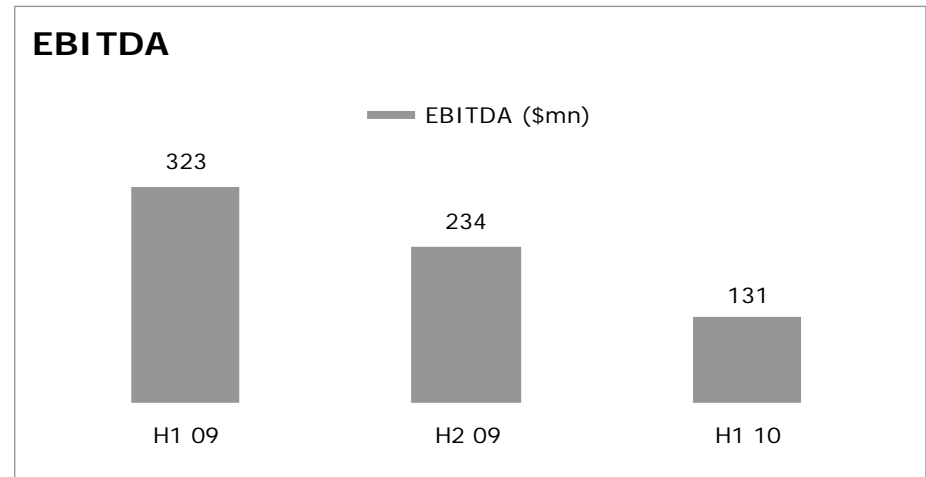
	First Production	Completion
<b>Lanjigarh</b>		
1.4mtpa alumina refinery	NA	Q4 FY2009
0.6mtpa debottlenecking	NA	Q4 FY2010
3.0mtpa expansion	Mid 2010	Mid 2011
<b>Jharsuguda</b>		
500ktpa smelter	NA	Q4 FY2010
1,215 MW CPP	NA	Q4 FY2010
1.25mtpa smelter	Q4 FY2010	Q2 FY2013
<b>BALCO</b>		
325ktpa smelter	Q3 FY2011	Q2 FY2012
1,200 MW CPP	Q3 FY2011	Q2 FY2012

# Iron Ore Operations

- Record production in H1
  - De-bottlenecking of logistics
- ~90% sales on spot market
- Acquired Goa Mining Assets of V.S. Dempo and Company in June 2009
  - Integration in progress
  - To contribute to the production in H2
- Exploration
  - Continued focus on augmentation of resource base, inspired by success of 57.8mt addition in very first year
- Ongoing debottlenecking to drive continued production growth
- Near term vision to achieve capacity of 50mt



*Note: Capacities in 2010e refer to exit rates*



# Dempo Acquisition

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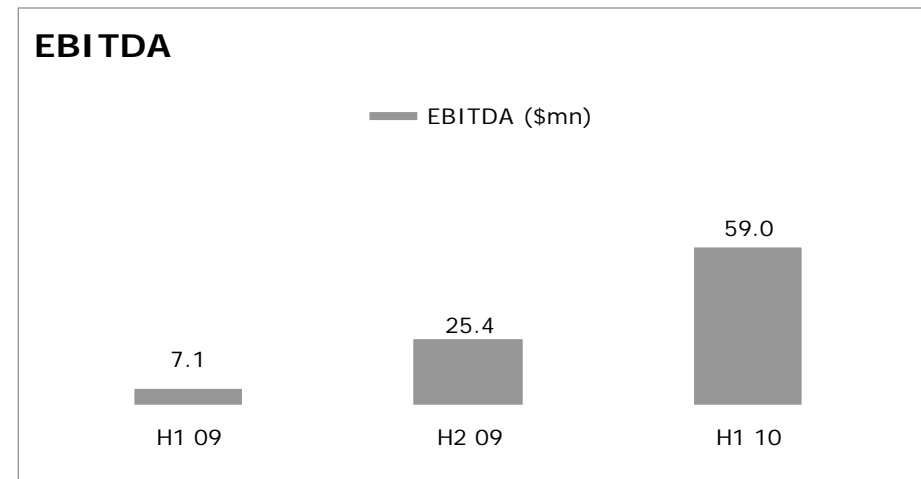
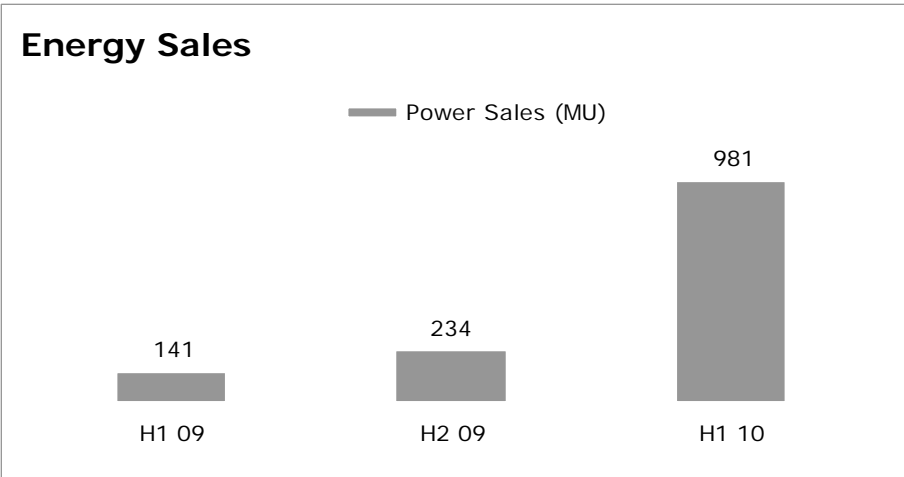
- \$368m acquisition completed in June 2009
- Assets include mining leases, mining rights and related infrastructure in Goa
  - Reserves and resources of 70 million tonnes
  - Processing plants
  - Barges, jetties, transhippers and loading capacities at Marmugao port

## **Dempo and Sesa operate in close vicinity, offering excellent strategic fit and significant opportunities for synergies**

- Logistics Synergies – land, river and port operations
  - Mines and river jetties in close vicinity, allowing rationalization of transport
  - Dynamic allocation of barges considering congestion at jetties and unloading points at port
  - Maximum utilization of own fleet of Sesa and Dempo – flexibility of loading and unloading points
  - Rationalize use of transhippers
- Exploration
  - Sesa’s approach on exploration can bring impetus to understanding the resources at Dempo
- Mine Planning and Operations
- Processing & Grade Optimization
- Centralization of common services such as marketing, HR, etc.

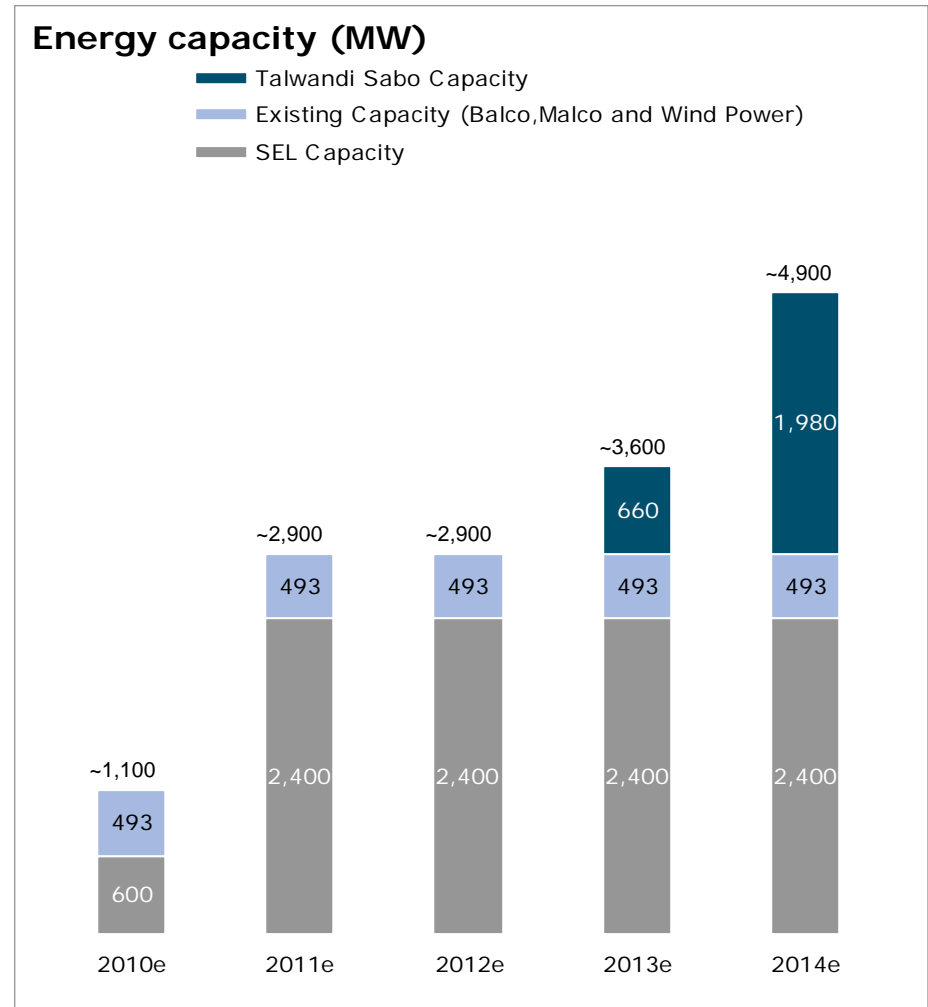
# Commercial Energy Operations

- Existing capacity
  - BALCO 270MW
  - MALCO 100MW
  - Wind power 123MW
- Energy sales of 981MU in H1
- Average realisation of ~10c/unit
- All our thermal plants operating at 96% PLF
- Advantages
  - BALCO – low coal cost
  - MALCO – located in energy deficit state
- CPP 270MW Cost of generation ~3.3c/kwh
- Expansions (SEL-IPP)
  - Jharsuguda 2,400MW
  - Talwandi Sabo 1,980MW



# Commercial Energy Projects

- 2400MW Jharsuguda IPP
  - Construction progressing well
  - Unit 1 (600 MW) to be commissioned in Q4 FY2010
  - Balance three units to be progressively commissioned by Q3 FY2011
  
- 1,980 MW Talwandi Sabo IPP
  - Earlier deferred, now revived
  - Orders places, advance paid
  - 660 x 3, super critical
  - Commercial PPA signed



Note: Capacities in 2010e and beyond refer to exit rates

	First Production	Completion
<b>Jharsuguda</b>		
2,400 MW Thermal IPP	Q4 FY2010	Q3 FY2011
<b>Talwandi Sabo</b>		
1,980 MW Thermal IPP	Q4 FY2013	Q2 FY2014

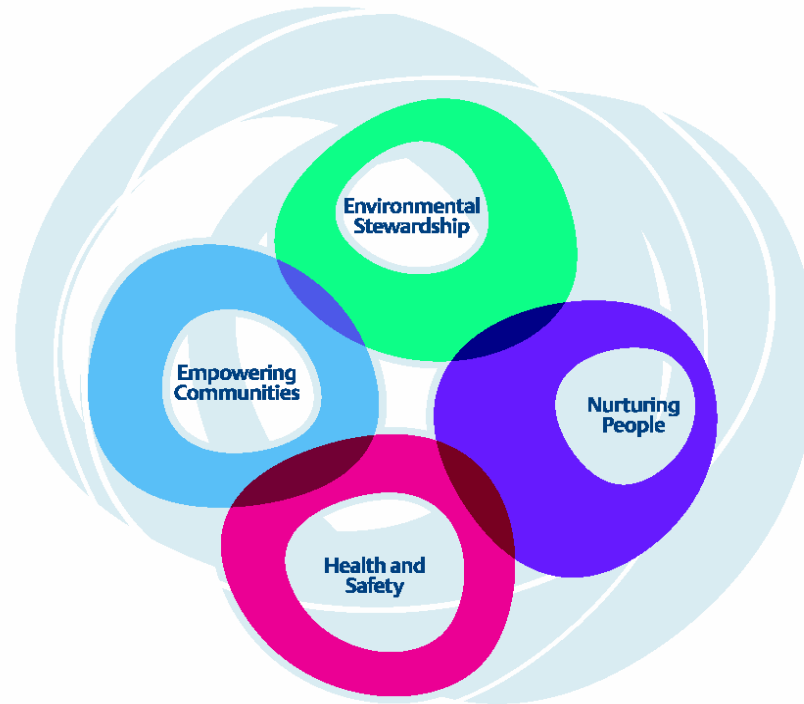
# Sustainable Development – Our Approach

## **Environmental Stewardship**

Respect for nature, enhanced resource conservation and use of environment friendly technology are embodied in our working

## **Empowering Communities**

Communities are integral to our business. Committed to enhancing the quality of life of the communities near our operations and creating self sustaining communities. We work to gain and nurture our social license to operate in the host communities



## **Nurturing People**

People are our key assets. We are committed to build a flexible, flat and learning organization with an engaged and high performing work force. We believe in nurturing and mentoring leaders from within. Growth based on meritocracy, performance and integrity

## **Health and Safety**

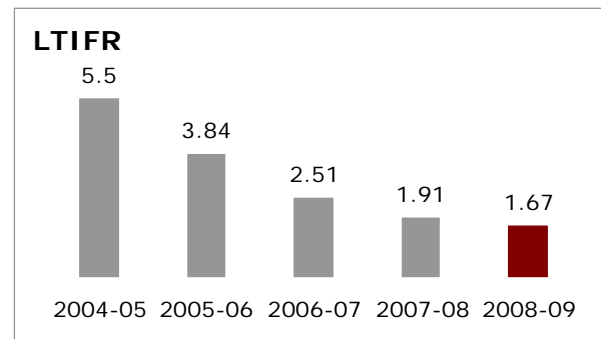
We are committed to providing a safe, secure and healthy workplace by using the best technology and practices

# Sustainable Development – HSE Performance



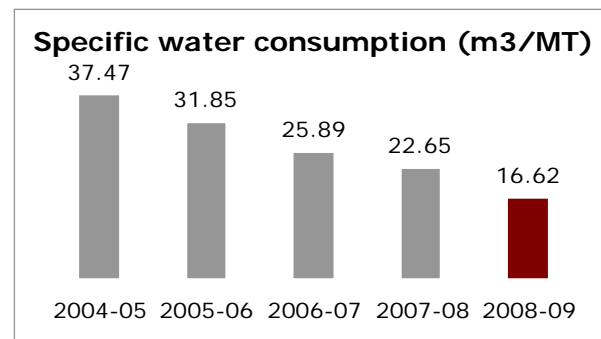
## Safety

- LTIFR for 2008-09 at 1.67 viz 5.5 during 2004-05 a reduction of 70% during 4 years
- Tragic accident at BALCO–SEPCO CPP Project site in September 2009
- Association with safety consultant / auditors
  - British Safety, DuPont, Chilworth, IRCA, E&Y, KPMG



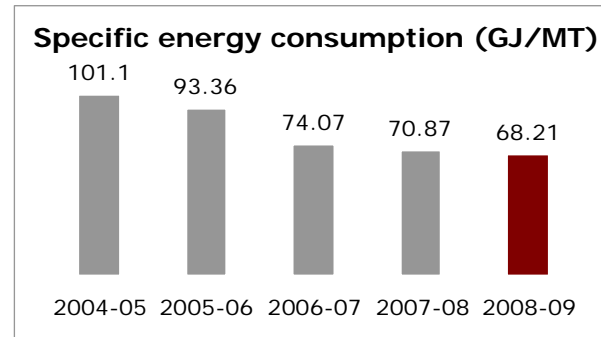
## Water

- Continuous reduction in specific water consumption across businesses since 2004-05. Reduction over last 4 years
  - HZL 50%
  - BALCO 47%
  - SIIL 12%



## Energy

- Continuous reduction in specific energy consumption across businesses since 2004-05. Reduction over last 4 years
  - HZL 44%
  - BALCO 36%
  - SIIL 20%
- 123 MW Wind Power Project
- 65 MW of Waste heat based energy generation capacity





# Sustainable Development – CSR Performance

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## Key outcome /Impact

- 427 villages, 2.5 million people positively impacted
- 75 villages under the integrated Village Development Program
- 1,700 Child care centre benefiting over 100,000 children (upto 6 years)
- 2 million vocational training hours for the unemployed rural youth
- 45,000 persons enrolled for computer education and adult literacy
- 1,337 Self Help Groups, 19,000 members, earnings supplemented
- 180,000 children covered under the Mid-Day meal programme
- 3,360 farmers trained in agricultural improvement program
- Health care services outreach to 1,500,000 people
- 82 NGO partners, 96 CSR personnel and 454 extension workers

# Summary

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- Demand growth underpinned by strong infrastructure spend in our home market
  
- Expansion Projects
  - Delivered growth projects as scheduled in H1
  - On track to deliver projects in H2
  
- Focus on volumes and cost continues
  
- Next 6-9 months, we will deliver
  - HZL 310ktpa zinc and lead smelter
  - 500ktpa Jharsuguda Aluminium Smelter
  - Progressive commissioning of 2400MW SEL IPP
  - Lanjigarh mining
  
- Continuous focus on health, safety and the environment, and social development

# Financial Review

DD Jalan

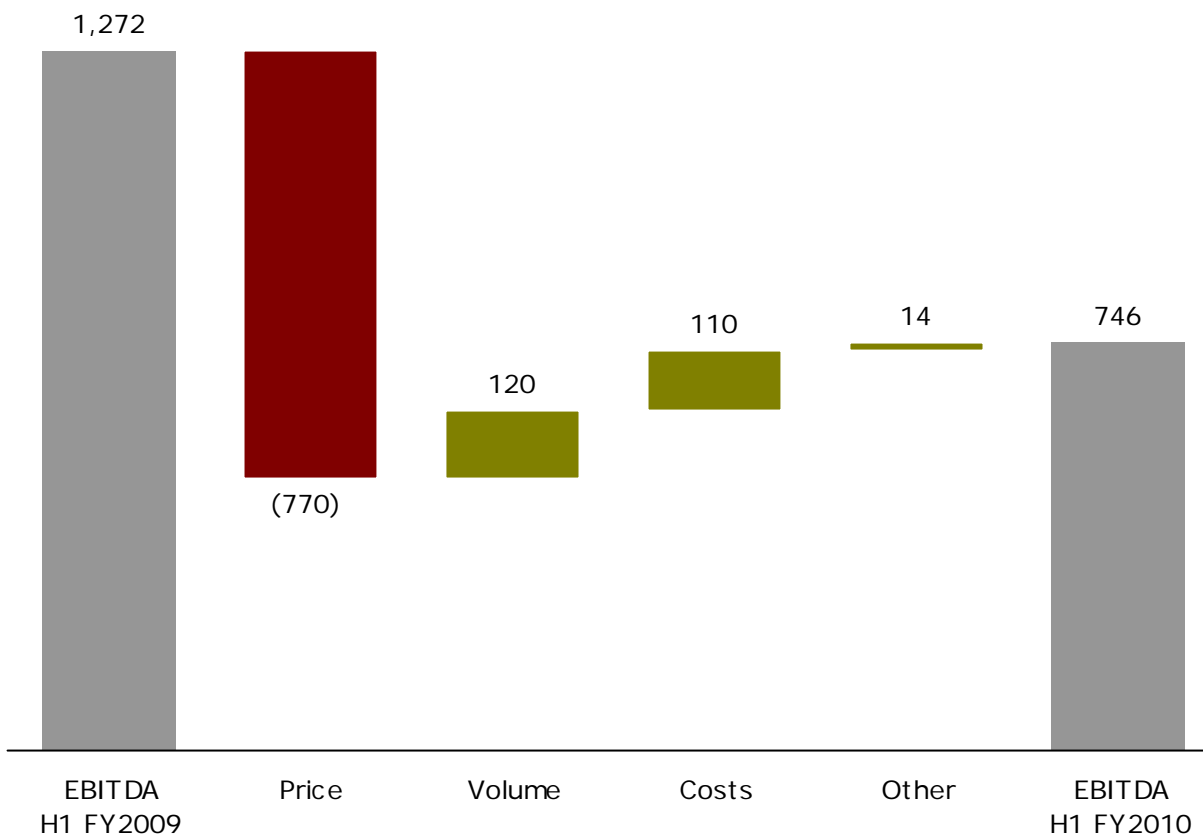
Chief Financial Officer

# Financial Highlights

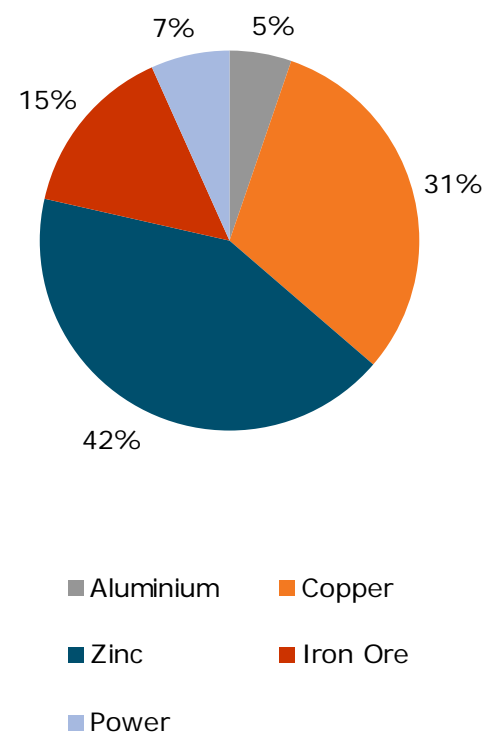
<i>(\$million)</i>	<b>H1 2010</b>	H1 2009	Change
Revenue	<b>2,978.6</b>	3,973.2	(25.0%)
EBITDA	<b>746.3</b>	1,272.4	(41.3%)
<i>EBITDA Margin</i>	<b>25.0%</b>	32.0%	–
Profit After Tax	<b>501.2</b>	876.4	(42.8%)
<i>Minority interest rate</i>	<b>62.5%</b>	60.1%	-
Attributable Profit	<b>188.2</b>	350.0	(46.2%)
Attributable EPS (USc)	<b>68.5</b>	121.4	(43.3%)
DPS (USc)	<b>17.5</b>	16.5	6.1%
Free Cash Flow	<b>233.2</b>	815.6	(71.4%)
<i>ROCE</i>	<b>18.8%</b>	39.3%	–
Net (Debt) / Cash	<b>(969.4)</b>	788.7	–

# EBITDA

**EBITDA reconciliation (US\$ million)**



**EBITDA by business (H1 FY2010)**



# Summary Cash Flow Statement

US\$ million	H1 2010	H1 2009
EBITDA	746.3	1,272.4
Special items	(6.8)	-
Working capital movements	(436.0)	(151.8)
Changes in long term creditors and non-cash items	37.2	1.8
Sustaining capital expenditure <sup>1</sup>	(78.4)	(143.9)
Sale of tangible fixed assets	-	4.3
Net interest received including gains on liquid investments	73.7	66.9
Dividend received	58.2	54.5
Tax paid	(161.0)	(288.6)
<b>Free Cash Flow</b>	<b>233.2</b>	<b>815.6</b>
Expansion capital expenditure <sup>1</sup>	(1,786.3)	(1,415.6)
Semi-expansion capital expenditure	(58.2)	(19.4)
Acquisition of minorities	(108.1)	-
Acquisitions, net of cash and liquid investments acquired	(300.5)	(217.2)
Buy-back of shares of Vedanta Resources plc	(146.5)	-
ADS Sterlite	1,081.8	-
Dividends paid to equity shareholders	(70.2)	(71.8)
Dividends paid to minority shareholders	(65.8)	(60.2)
Other movements <sup>2</sup>	451.8	(385.4)
<b>Movement in net cash</b>	<b>(768.8)</b>	<b>(1,354.0)</b>
<b>Net (Debt) / Cash</b>	<b>(969.4)</b>	<b>788.7</b>

- Increased working capital in our Copper-India and Aluminium operations
- Reduction in tax rate to 17.1%
- Successful fund raising of US\$3.35bn YTD from various capital market transactions
- Gearing ratio remains low at 9.0%, despite major spending on project expansions and the acquisition of Dempo

Notes: 1. On an accruals basis.  
2. Includes foreign exchange movements.

# Financial Discipline

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<b>Project</b>	<ul style="list-style-type: none"><li>■ Benchmark capital costs and timeframes</li><li>■ Conservative approach to capital allocation</li></ul>
<b>Acquisition</b>	<ul style="list-style-type: none"><li>■ Selective acquisitions in the same line of Business</li><li>■ Underperforming assets with transformational opportunity</li></ul>
<b>Response to Downturn</b>	<ul style="list-style-type: none"><li>■ Project Deferral/cost reduction of US\$5.3bn</li><li>■ Closed down high cost operations at BALCO and MALCO</li><li>■ Sale of surplus energy at attractive merchant tariff</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>■ Pre-funding of capex</li><li>■ Retain access to diverse capital markets</li></ul>
<b>Liquidity</b>	<ul style="list-style-type: none"><li>■ US\$5.9bn of Group cash</li><li>■ Well balanced debt maturity profile</li></ul>
<b>Conservative Financial Metrics</b>	<ul style="list-style-type: none"><li>■ Net debt to EBITDA <math>\leq 2.5x</math></li><li>■ Gearing ratio of not more than 40%</li></ul>

# Delivering Through The Cycle

## Q&A



# Appendices

# Summary Income Statement and Balance Sheet



## Summary Income Statement

(\$m, except as stated)	H1 2010	H1 2009
Revenues	2,978.6	3,973.2
EBITDA	746.3	1,272.4
<i>EBITDA margin</i>	<i>25.0%</i>	<i>32.0%</i>
Profit before tax	604.6	1,142.7
Depreciation and amortisation	249.3	(256.5)
Profit for the period	188.2	350.0
Base EPS (USc)	68.5	121.4
Underlying EPS (USc)	41.8	121.4
<i>Effective tax rate</i>	<i>17.1%</i>	<i>23.3%</i>
Minority interests	313.0	526.4
Dividend per share (USc) <sup>1</sup>	17.5	16.5

Note: 1. Proposed for H1 2010

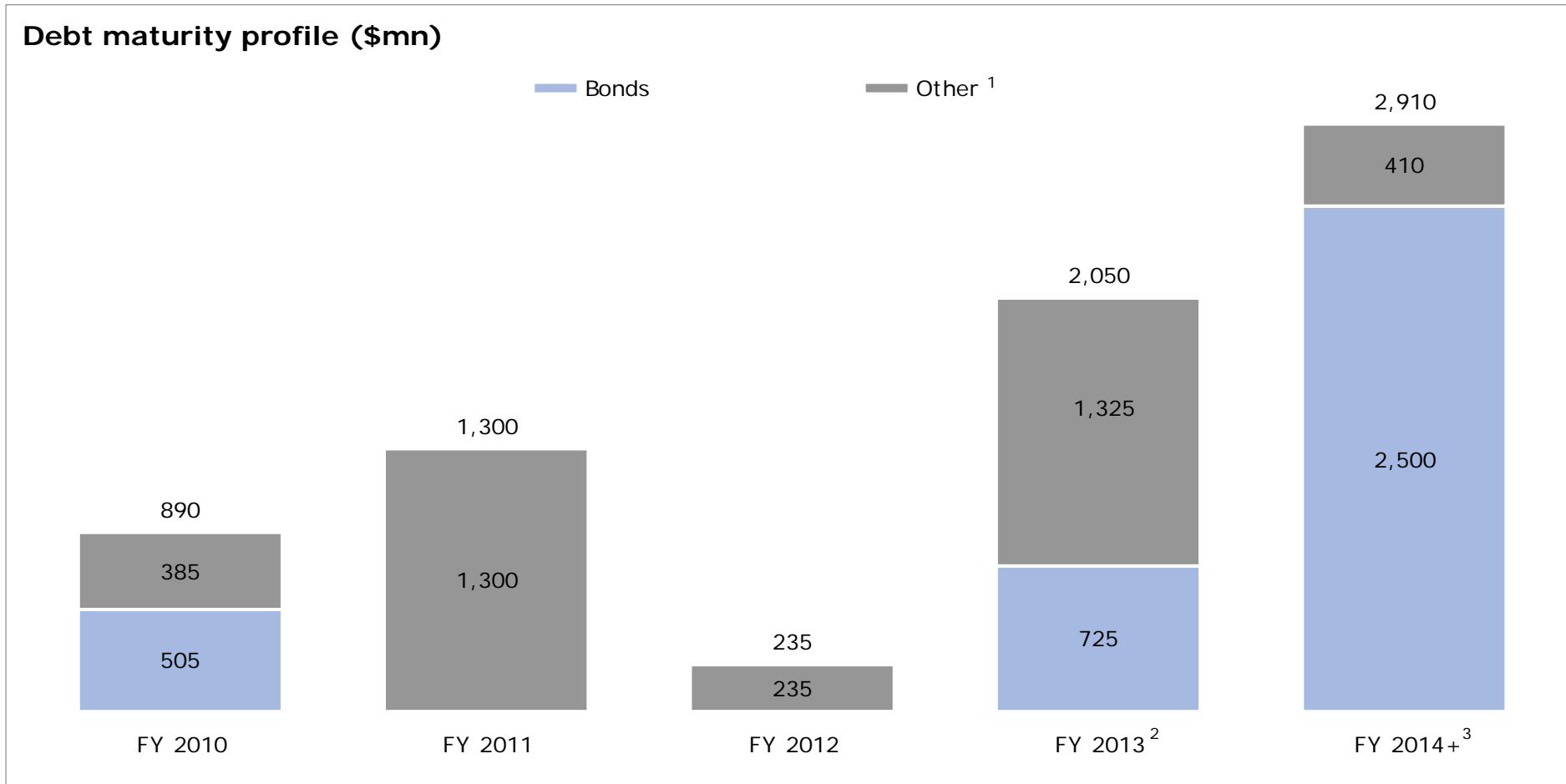
## Balance sheet

(\$m, except as stated)	H1 2010	H1 2009
Property, plant and equipment	12,019.2	8,495.2
Net assets	9,791.5	8,432.2
Net debt/(cash)	969.4	(788.7)
<i>Gearing</i>	<i>9.0%</i>	<i>NA</i>
<i>ROCE (excluding CWIP)</i>	<i>18.8%</i>	<i>39.3%</i>

- Tax rate reduced from 23.3% in H1 2009 to 17.1% in H1 2010 by improved tax management systems

- US\$1.79 billion spent on expansion projects and US\$78.4 million on maintenance capex during the period

# Debt Maturity Profile



Notes: Amounts represent face value of debt

1. Includes non-recourse project debt and working capital facilities at subsidiaries
2. Others in FY 2013 includes maturity of \$1bn loan taken to acquire Sesa Goa
3. Bonds in FY2014+ mature in FY 2014, FY 2017 and FY 2019