



Well positioned through the cycle

Vedanta Resources plc
Interim Report 2010



Our vision

To create a world class, diversified resources company with high quality assets, low cost production, providing superior returns to our shareholders.

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Highlights

Financial Performance

- Group Revenue of US\$3.0 billion
- EBITDA of US\$746 million with an EBITDA margin of 25%
- Basic EPS at 68.5 US cents supporting Interim dividend proposed at 17.5 US cents per share
- ROCE (excluding project capital work in progress) continues to be strong at 19% (annualised)
- Raised US\$3.35 billion year to date, capex well funded
- Strong balance sheet with net debt of US\$969 million and cash, cash equivalents and liquid investments of US\$6 billion (further US\$1 billion raised in October 2009)

Operational Highlights

- Production growth across all metals
- Reduction in operating costs before by-product credits
- 500 ktpa aluminium smelter commissioned and ramping up as per schedule
- Record silver production of 2.63mn ounces
- Revived Talwandi commercial power plant 1,980 MW
- Announced a 400 ktpa smelter expansion project at Tuticorin along with 160 MW CPP

Consolidated Group Results

(in US\$ million, except as stated)

	HI 2010	HI 2009	% Change
Revenue	2,978.6	3,973.2	(25.0)
EBITDA	746.3	1,272.4	(41.3)
EBITDA margin	25.0%	32.0%	-
Operating special items	(6.8)	-	-
Operating profit	490.2	1,015.9	(51.7)
Attributable Profit	188.2	350.0	(46.2)
Basic Earnings per share (US cents)	68.5	121.4	(43.6)
Earnings per Share on Underlying Profit (US cents)	41.8	121.4	(65.0)
ROCE (excluding project capital work in progress)	18.8%	39.3%	-
Interim Dividend (US cents per share)	17.5	16.5	6.1

Chairman's Statement



Our financial results in the first half demonstrate the resilience of our business in very challenging market conditions. Our low cost, diversified operations generated solid returns and cash flows in a period of lower commodity prices. Furthermore, our strong balance sheet and liquidity position has facilitated continued investment in our organic growth programme. Where appropriate, we have responded quickly and decisively to lower our costs. Crucially, in a period when many of our peers were cutting back production and investments in growth, I am pleased to report continuing investment and volume growth across all commodities. Whilst we appear to be witnessing the early signs of economic recovery globally, I believe that our company remains very well placed to grow throughout the commodity cycle.

Financial Performance

We have delivered revenues of close to US\$3.0 billion and EBITDA of US\$746 million in the first half of this year. Higher volumes were offset by lower realisations across all our operations compared to a year ago. Our operating profit was US\$490 million and attributable profit was US\$188.2 million, a 37.5% share of net income.

We generated US\$233.2 million of free cash flow, reflecting the continued investment in working capital to support the growth in the business. Expansionary capital expenditure in the period was US\$1.79 billion in what we anticipate will be the peak year for the current organic growth programme. To support our growth initiatives, we successfully raised US\$3.35 billion during the 2010 financial year to date by issuing equity and convertible bonds.

Net debt at the period end was US\$969 million and our group cash position, including liquid investments, at the end of the half year was US\$6.0 billion. We remain committed to a strong and liquid balance sheet and investment grade credit metrics.

Operational Performance

I have great pleasure in reporting excellent operational performance in our Aluminium, Zinc and Iron Ore businesses. Higher operational efficiencies, higher plant availability and improved mine

management at our Zinc and Iron Ore businesses, together with the closure of our high cost aluminium smelters has reduced overall costs of production. In the Copper-India business strong operational performance has partially offset much lower prices for by-products. In our Copper-Zambia Operations, we have made steady progress in reducing costs and are on course to deliver further cost reductions in the second half of this year.

Organic Growth

We continue to make excellent progress with our organic growth programme. It is, however, with great sadness that I have to report the tragic collapse of a power plant chimney that was under construction at BALCO through our subcontractor SEPCO. My sincerest condolences are offered to families of those affected. A full investigation is under way to ascertain the exact cause of this incident.

Ensuring the safety of all our employees is a key priority for us, and your board remains focused on improving our performance in this crucial area.

We recently announced a 400 ktpa expansion of our copper smelting capacity at Tuticorin, a pig iron expansion by 375 ktpa, and the revival of the 1980 MW Talwandi Sabo power projects. Estimated capex for these projects amount to US\$2.8 billion.

Acquisitions

We were pleased with the opportunity to expand and consolidate our Iron Ore business by acquiring VS Dempo (VSD), one of the largest exporters of iron ore in Goa. VSD owns or has the rights to mineable reserves and resources estimated at 70 million tonnes of iron ore in Goa. VSD's Goa mining assets include processing plants, barges, jetties, transhippers and loading capacities at Mormugoa port. These facilities offer the potential for significant synergies with our existing Sesa Goa operations.

In March 2009, we entered into a revised agreement with Asarco LLC, an integrated copper producer in Arizona, USA to purchase substantially all of its operating assets for US\$1.7 billion. We offered a renegotiated purchase consideration of US\$2.6 billion in September. We are awaiting a US District Court Judge to rule on the transaction, where Grupo Mexico is the other bidder for these assets.

Group Structure

Share buybacks and purchases have increased holdings in some of our major subsidiaries during the period. Total investment in the period was US\$219.5 million, taking our holding in both Sterlite and Sesa to 57%. During the period the group issued convertible bonds to fund its organic growth program and for general corporate purposes. Vedanta raised US\$1.25 billion from a convertible bond issue in July 2009. Sterlite raised US\$1.1

billion by issue of ADS in July, Sterlite and Sesa Goa each raised US\$500 million from the issue of convertible bonds in October 2009. All bonds were issued at attractive coupons and are five year in tenure.

Corporate Social Responsibility

Sustainable development is a key part of our strategy and philosophy. It reflects in the way we operate and represents a core commitment of our management and employees. Consequently, we are continuously improving on our environmental and social performance.

Our health, safety and environment initiatives reflect this long term commitment. The result is a steady stream of operational and organisational initiatives over the near, medium and long-term.

Our sustainable development efforts have positively impacted 427 villages that include 2.5 million people. We follow the 4P model of Public-Private-People-Partnership in our work with the communities, involving the Government, NGO's and beneficiaries. These initiatives include: Integrated Village Development Programmes in villages in Goa; preschool education, health and nutrition supplementation; Midday Meal Program in government schools providing a daily hot nutritious meal for children; women empowerment program through Self-Help Groups; and working closely with the Dongri Kondh Development

Agency for the social-economic development of indigenous people.

We remain committed to working with all our stakeholders to ensure that Vedanta has a net positive effect on the communities and the environment in which we work.

Dividend

We remain committed to our progressive dividend policy. An interim dividend of 17.5 US cents will be payable to shareholders on the share register on 11 December 2009.

Outlook

We have seen some recovery in metal prices and the fundamentals remain highly attractive. We expect that the economic and industrial growth in India will help underpin the demand for our products.

Our focus is to pursue operational excellence, preserving and strengthening our cost positions, and value creating growth. I look forward to reporting on further positive progress at the end of the year.

Anil Agarwal

Chairman
4 November 2009

Operational Review

Summary

Global economic conditions are showing early signs of improvement and we have seen a partial recovery in most commodity prices. In the first half of 2009, the Indian economy has shown tremendous resilience with metal consumption growing at annualised growth rates of ~20% for Aluminium, ~25% for Zinc and ~20% for Copper. Despite these early positive signs in the economic environment we continue to remain focused on our core strengths of high operational efficiency and low cost of production, while developing high value accretive projects.

We are pleased to report strong results in the six months ended 30 September 2009 ('H1 2010') as a result of increased volumes, better operational efficiencies, higher plant availability and improved mine management. In a challenging operating environment, we proactively shut-down our high cost aluminium production and reduced unit cash costs in our Copper-Australia, Aluminium and our Iron Ore businesses. Underlying unit costs were also lower in our Zinc and Copper-India operations, although efficiency gains were more than offset by significantly lower by-product credits. At KCM, we continue to make steady progress to reduce unit costs in line with our year end target.

We spent US\$1,786 million on our expansion programme during H1 2010 and have made excellent progress. The 500 ktpa aluminium expansion project at Jharsuguda is under commissioning

for completion by end FY 2010. We have also significantly increased our capacity in the Iron Ore business by debottlenecking of mining operations and logistics.

We regret to report that construction at the 1,200 MW captive power plant project site was temporarily disrupted following the collapse of a chimney under construction, in September 2009, which led to the tragic loss of lives. Independent investigations by the Contractor, Vedanta and the state Government are currently underway and we are absolutely committed to take all necessary actions to ensure the safety of our employees and contractors. In this business and across the whole group we are reviewing our safety procedures, conducting inter-unit audits and engaging more experienced safety professionals and independent consultants to ensure that our approach to safety is in line with the best in the industry. At this stage we do not anticipate a material delay in the progressive commissioning of the power plant. All our other projects are progressing well and we expect to commission them on time.

With the improved market conditions and significant Indian GDP growth, we have reviewed our capital expenditure plan and have decided to reactivate the 1,980 MW power plant at Talwandi commercial power project, which was put on hold last year. The Talwandi project will be fully completed within the earlier estimated capex of US\$2.15 billion and is expected to be commissioned by Q2 FY 2014. In view of rapidly growing

copper consumption in India and to significantly reduce the power cost in existing smelting operations, we announced the expansion of our copper smelter at Tuticorin, with a capacity of 400 ktpa along with a captive power plant of 160 MW with an estimated capex of US\$500 million. The project is expected to be commissioned by mid CY2011. We are expanding our pig iron production capacity by 375 ktpa with an estimated capex of US\$150 million to be commissioned by mid 2011. We continue to follow our established policy of stringent and conservative project appraisal.

On 11 June, we also acquired V S Dempo's iron ore assets based at Goa. The Dempo acquisition offers significant growth opportunity and is expected to bring synergies through sharing of infrastructure with Sesa Goa thereby acting as a catalyst for further debottlenecking in logistics.

We made substantial progress in the period progressively securing all the funding required for our organic growth program. Our subsidiary Sterlite Industries raised US\$1.1 billion of fresh equity during the half year 2010 by issue of Sterlite ADS. In addition, Vedanta raised US\$1.25 billion through the issue of convertible bonds due 2016 in July 2009. Post the half year end we also announced US\$500 million convertible bonds at both Sesa Goa and Sterlite and an IPO in Indian bourses for Sterlite Energy, a 100% subsidiary of Sterlite.

We are committed to ensure that our growth is funded conservatively through a mixture of internally generated cashflows, equity raising and long dated debt issued at the most advantageous cost to us. This reflects our commitment to achieving investment grade ratings from internationally recognised agencies by delivering our capital expenditure program on time and on budget while maintaining investment grade financial metrics.

We retain our focus on efficiency in an operating environment that has witnessed high volatility in both realisation and input costs. Unit cash costs were lower in our Copper–Australia, Aluminium and Iron Ore businesses, primarily due to better operational efficiencies and the shut-down of high cost aluminium production i.e., Malco and Balco Plant 1. At our Zinc business and Copper–India operations, better operating efficiencies and increased volumes, partially reduced the impact of lower by-product credits. At our Copper Zambia operations, costs were lower when compared with the corresponding period but a little higher than our expectations on account of operational issues at the Nchanga smelter. Following the scheduled shutdown, we expect costs to go down on the back of increased volumes.

On the Corporate Social Responsibility front we aim to work with communities and demonstrate through our actions the importance of local communities to the Group. We have developed the 4P model



of Public-Private-People-Partnership as an integrated strategy in our work with communities. We recognize that only through collective efforts can we bring about a long term sustainable change in the socio economic condition of the communities in and around our plants.

We work in partnerships with the government (disbursing finds, enhance outreach and quality of services) Civil Society (work with 80 NGOs either as technical or implementation partners) and People.

We always recognise that our performance can be improved and we are committed to working together with all our stakeholders to ensure that our projects achieve the highest standards in terms of community and environmental impact.

Group Results

Group revenues in H1 2010 were US\$2,978.6 million, a decrease of 25.0% compared with the six months ended 30 September 2008 ('H1 2009'). EBITDA was US\$746.3 million in H1 2010, lower by 41.3% compared with H1 2009. Despite increased contribution from

higher volumes in the Aluminium, Zinc and Iron Ore businesses, these gains were more than offset by lower commodity prices and by-product realisations across all operations.

Higher volumes in most of our businesses contributed around US\$120 million to EBITDA, and lower cost of production (COP) contributed around US\$110 million in H1 2010. These were more than offset by a US\$670 million impact from lower LME and iron ore prices and US\$90 million from lower profits in phosphoric acid, pig iron, and others. Our EBITDA margin was 25.0% in H1 2010 compared with 32.0% in H1 2009, reflecting these factors.

Conversion of EBITDA to free cash flow for H1 2010 was 31.2% compared with 62.6% in H1 2009, primarily on account of increased working capital in our copper-India operations where working capital is directly linked to LME prices. The impact of the Copper-India working capital increase was around US\$123 million and we also invested US\$149 million in additional working capital at our new aluminium operations at Jharsuguda. Excluding these the free cash flow conversion was 67.6% of EBITDA.

Operational Review

continued

We have retained our strong balance sheet and funding position, with cash and liquid investments totalling US\$5.95 billion as at 30 September 2009.

Furthermore, we generated free cash flows pre-expansion capex in H1 2010 of US\$233 million. Net debt was US\$969 million. Our gearing ratio remains strong at 9.0%, despite spending US\$1.79 billion on project expansions and the acquisition of Dempo for US\$361.3 million.

Segmental revenue and EBITDA are presented in the table below.

In US\$ million, except as stated	H1 2010	H1 2009	% Change
Revenue			
Aluminium	253.8	592.1	(57.1%)
Copper	1,629.6	2,086.0	(21.9%)
- India/ Australia	1,207.2	1,571.7	(23.2%)
- Zambia	422.4	514.3	(17.9%)
Zinc	659.9	777.3	(15.1%)
Iron ore	316.2	503.3	(36.9%)
Power	119.1	14.5	721.2%
	2,978.6	3,973.2	(25.0%)

EBITDA			
Aluminium	45.9	179.7	(74.4%)
Copper	138.2	302.3	(54.3%)
- India/ Australia	70.0	231.4	(69.8%)
- Zambia	68.3	70.9	(3.7%)
Zinc	373.4	451.2	(17.2%)
Iron ore	130.5	322.9	(59.6%)
Power	59.0	7.1	731.5%
Others*	(0.8)	9.2	-
	746.3	1,272.4	(41.3%)

* Unallocable corporate expenses.

Aluminium

In US\$ million, except as stated	H1 2010	H1 2009	Change	H2 2009	FY 2009
Production volumes (kt)					
- Alumina - Lanjigarh	378	250	51.2%	336	586
- Alumina - Korba and Mettur	40	143	(72.0%)	98	241
- Aluminium - Jharsuguda	109	7	1,457.1%	75	82
- Aluminium - Korba	136	180	(24.4%)	177	357
- Aluminium - Mettur	-	19	(100.0%)	4	23
Average LME cash settlement prices (US\$ per tonne)	1,652	2,865	(42.3%)	1,597	2,234
Average Exchange Rate (INR per US\$)	48.54	42.77	13.5%	49.26	45.91
Unit costs					
- Aluminium Business - US\$ per tonne ¹	1,421	1,960	(27.5%)	1,460	1,702
- Aluminium Business - INR per tonne ¹	68,974	83,820	(17.7%)	71,893	78,139
- BALCO Plant 2 - Production Cost (US\$ per tonne)	1,347	1,796	(25.0%)	1,452	1,623
- BALCO Plant 2 - Production Cost (INR per tonne)	65,384	76,806	(14.9%)	72,237	74,517
- BALCO Plant 2 - Smelting Cost ² (US\$ per tonne)	762	958	(20.5%)	752	859
- BALCO Plant 2 - Smelting Cost ² (INR per tonne)	36,993	40,957	(9.7%)	37,041	39,436
Revenue	253.8	592.1	(57.1%)	345.0	937.1
EBITDA	45.9	179.7	(74.0%)	16.4	196.1
EBITDA Margin	18.1%	30.3%	-	4.75%	20.9%
Operating (Loss)/profit	(2.1)	142.9	-	(25.7)	117.2

¹ Excluding Jharsuguda operations production cost as smelter is under trial runs.

² Smelting cost comprises production cost excluding alumina cost.

Production Performance

Production of 245,000 tonnes of aluminium in H1 2010 was the highest ever achieved in any H1 reporting period and an increase of 18.9% compared with the production in H1 2009. This increase is primarily attributable to the production of 109,000 tonnes from the new Jharsuguda aluminium

smelter. Production from BALCO Plant 1 was 13,000 tonnes in H1 2010 against 55,000 tonnes in H1 2009 while Mettur production was NIL in H1 2010 against 19,000 tonnes in H1 2009 consequent to shut down of Balco Plant 1 and Malco. BALCO Plant 2 continues to operate at its rated capacity.

The Lanjigarh alumina refinery produced 378,000 tonnes of calcined alumina H1 2010, significantly higher than 250,000 tonnes in H1 2009. Current production levels largely meet our captive requirements of alumina. The Korba alumina refinery was ramped down consequent to the shut-down of the BALCO Plant 1 smelter.

Sales in the domestic Indian market increased 14.0% to 187,000 tonnes in H1 2010, compared with 164,000 tonnes in H1 2009, in line with the increase in aluminium consumption in India. Sales realisation in domestic markets are higher than exports.

Unit Costs

Better operational efficiencies, lower alumina and input prices, and the closure of high cost operations helped in reducing the overall cost of production. Unit costs of production in Indian rupee terms, the currency in which a majority of costs are incurred, decreased by 17.7% to INR 68,974 per tonne (or US\$1,421 per tonne) in H1 2010 compared with H1 2009 primarily on account of lower caustic and carbon costs; in dollar terms, the unit cost per tonne was lower by 27.5% in H1 2010 compared with H1 2009. The Aluminium business continues to focus on managing its overall cost of production by continuous improvements



Operational Review

continued



Financial Performance

Revenue in H1 2010 was US\$253.8 million, down 57.1% compared with US\$592.1 million in H1 2009. Accordingly, EBITDA in the period was also lower compared to H1 2009 at US\$45.9 million.

Projects

Jharsuguda I Aluminium Smelter

Work on the first phase of the 500 ktpa aluminium smelter and associated captive power plant at Jharsuguda, Orissa is progressing well. 50% of the pots have been brought on line supported by five units of the captive power plant. Work is ongoing and we

expect to complete commissioning of the aluminium smelter by end FY 2010.

Jharsuguda II Aluminium Smelter

The 1.25 mtpa aluminium smelter project in Jharsuguda is progressing well with more than 70% of civil work completed. About 40% of equipment and materials are at site and are in various stages of installation. The project is on schedule for first metal tapping from March 2010.

Lanjigarh Alumina Refinery

We are in a state of preparedness to commence the mining of Niyamgiri bauxite on receipt of final government clearances, expected in the current financial year. Progress

on the 3 mtpa alumina refinery expansion project and the 0.6 mtpa debottlenecking project at Lanjigarh is on schedule for commissioning.

Korba Aluminium Smelter

325 ktpa aluminium smelter project together with an associated 1,200 MW captive thermal power plant in Korba, Chattisgarh (the 'Korba III Project') is also progressing well. As mentioned earlier the construction at the 1,200 MW captive power plant site has been disrupted but at this stage we do not anticipate a material delay in the progressive commissioning of the power plant, expected to generate power from October 2010.



Production and Sales

Production of cathodes at Copper-India was 169,000 tonnes in H1 2010, an increase of 13.4% compared with H1 2009. This was primarily due to a 26 day bi-annual maintenance shutdown during H1 2009.

Mined metal production at our Australian mine was 12,000 tonnes during H1 2010, same as compared with the corresponding period in the previous year. The production during the period has been impacted due to a mud rush in the mine resulting from heavy rainfall at the end of August 2009. The production has resumed as scheduled from end October 2009.

Sales in the domestic Indian market increased substantially to 96,000 tonnes in H1 2010, a significant increase of 41.2% compared with H1 2009, reflecting robust growth in Indian power sector, giving us better contribution vis-à-vis exports.

Copper Copper-India/Australia

(in US\$ million, except as stated)	H1 2010	H1 2009	Change	H2 2009	FY 2009
Production volumes (kt)					
– Cathode	169	149	13.4%	164	313
– Rod	105	110	(4.6%)	110	220
– Mined metal content	12	12	–	15	27
Average LME cash settlement prices (US\$ per tonne)	5,276	8,064	(34.6%)	3,689	5,585
Average Exchange Rate (INR per US\$)	48.54	42.77	13.5%	49.26	45.91
Unit conversion costs					
– US cents per lb	10.9	(4.9)	–	10.0	3.1
– INR per tonne	11,696	(4,574)	–	10,859	3,138
Realised TC/RCS (US cents per lb)	13.2	12.4	6.5%	11.2	11.7
Revenue	1,207.2	1,571.7	(23.2%)	966.2	2,537.9
EBITDA	70.0	231.4	(69.8%)	62.3	293.7
EBITDA Margin	5.8%	14.6%	–	6.5%	11.6%
Operating Profit	49.2	209.3	(76.5%)	33.6	242.9

Operational Review

continued

Unit Costs

Net unit conversion cost, which comprises of the cost of smelting and refining after netting off by-product credits was 10.9 US cents per lb in H1 2010, as compared to a negative 4.9 US cents per lb in H1 2009, primarily on account of extreme fluctuation in the sulphuric acid credit. Average sulphuric acid prices were below US\$10/MT in H1 2010 compared to US\$135/MT in H1 2009, which partly neutralised the positive impact of reduction in gross cost by 6.4 US cents per lb.

TC/RCs

TC/RCs received in H1 2010 were marginally better at 13.2 US cents per lb compared with 12.4 US cents per lb in H1 2009. We expect TC/RC's to remain close to current levels through the second half of FY 2010.

Financial Performance

EBITDA for H1 2010 was US\$70.0 million as compared with US\$231.4 million in H1 2009 primarily due to lower copper LME, and very low by-product credit, the impact of which were to some extent offset by lower gross costs of production.

Projects

We announced the expansion of our copper smelting capacity at Tuticorin by 400 kt per annum supported by a captive power plant of 160 MW. The project will cost an estimated US\$500 million and is expected to be commissioned by mid CY 2011.

Copper – Zambia

(in US\$ million, except as stated)	H1 2010	H1 2009	Change	H2 2009	FY 2009
Production volumes (kt)					
– Mined metal content	38	42	(9.5%)	39	81
– Cathode	78	73	6.9%	60	133
Average LME cash settlement prices (US\$ per tonne)	5,276	8,064	(34.6%)	3,689	5,585
Unit costs (US cents per lb)	169.1	288.5	(41.4%)	222.3	258.3
Revenue	422.4	514.3	(17.6%)	258.8	773.1
EBITDA	68.3	70.9	(1.7%)	(141.7)	(70.8)
EBITDA Margin	16.2%	13.8%	–	(54.8%)	(9.2%)
Operating Profit	10.6	19.1	(44.5%)	(185.0)	(165.9)

Production Performance

Production of 78,000 tonnes of copper cathode in H1 2010 was about 6.9% higher than H1 2009, due to a 10% increase in production from tail leaching plant of 25,000 MT for H1 2010 and better production from the new Nchanga smelter. The one month planned maintenance shutdown in September 2009 of the Nchanga smelter is now complete and the smelter is ramping up well.

Unit Costs

Unit costs of integrated production in H1 2010 were 169.1 US cents per lb, a significant 41.4% reduction compared with H1 2009 on account of better cost control, decrease in the input prices, recovery of sulphuric acid and cobalt in the new Nchanga smelter and lower manpower costs subsequent to the reduction in manpower.

Financial Performance

EBITDA in H1 2010 of US\$68.3 million was only marginally lower than EBITDA of US\$70.9 million in H1 2009, despite the 34.6% fall in LME and one month shut-down of the Nchanga smelter for repair. This was primarily due to the cost reduction programme by which unit costs reduced by 41.4%.

Project

Work on the KDMP expansion project is progressing well, with the shaft sinking from surface to the depth of 1,065 m out of the 1,140 m required for commissioning of the mid shaft loading station (MSL). A Crushing Chamber EOT crane at 985 m was commissioned on load at the end of September 2009, which is a major milestone. We expect to commission the MSL by end FY 2010 and full project completion by end 2011.

Zinc

(in US\$ million, except as stated)	H1 2010	H1 2009	Change	H2 2009	FY 2009
Production volumes – zinc (kt)					
– Mined metal content	335	305	9.8%	346	651
– Refined metal	280	249	12.5%	303	552
Production volumes – lead (kt)					
– Mined metal content	40	41	(2.4%)	43	84
– Refined metal ¹	31	32	(3.1%)	34	65
– Silver (in m oz) ²	2.63	1.77	48.5%	1.98	4.24
Average Zinc LME cash settlement prices (US\$ per tonne)	1,621	1,941	(16.5%)	1,182	1,563
Average Exchange Rate (INR per US\$)	48.54	42.77	13.5%	49.26	45.61
Unit costs					
– Zinc – US\$ per tonne	782	672	16.4%	741	710
– INR per tonne	37,970	28,739	32.1%	35,811	32,621
– Zinc (other than royalty)					
– US\$ per tonne	666	544	22.5%	662	609
– INR per tonne	32,347	23,274	39.0%	31,835	27,973
Revenue	659.9	777.3	(15.1%)	431.8	1,209.1
EBITDA	373.4	451.2	(17.2%)	154.2	605.4
EBITDA Margin	56.6%	58.0%	–	35.7%	50.1%
Operating Profit	345.1	418.7	(17.6%)	129.60	548.3

1 Including captive consumption of 4kt vs 2kt in H1 FY 10 vs H1 FY 09.

2 Including captive consumption of 710,000 oz vs 323,000 oz in H1 FY 10 vs H1 FY 09.



Production and Sales

The operational performance of our Zinc business was excellent with increased production of mined metal and finished metal. This increase in mined and refined metal production was due to higher productivity and better plant performance.

Zinc refined metal production in H1 2010 was a record 280,000 tonnes, an increase of 12.5% over H1 2009, due to improved operational efficiencies. Production of refined lead in H1 2010 was 31,000 tonnes compared to 32,000 tonnes in H1 2009. We sold 96,000 dmt and 21,000 dmt of surplus zinc and lead concentrate in H1 2010.

The production of silver during H1 2010 was also significantly higher at 2.63 million troy ounces, up 48.5% compared with 1.77 million troy ounces in H1 2009. This increase was primarily due to improvement in silver recoveries and higher production from our Pyro plant.

Unit Costs

The Zinc business continues to have improving trend in reduction of gross cost of production (excluding royalty) by around INR 3,700 per MT in H1 FY2010 when compared with H1 FY2009. However, negated by sharp fall in the acid credit, equivalent to around INR 12,500 per MT of Zinc. The royalty cost which is linked with LME, was increased from 6.6% to 8.4% for Zinc and from 5.0% to 12.7% for lead, with effect from 13 August 2009.

Operational Review

continued

Financial Performance

EBITDA for H1 2010 was US\$373.4 million, 17.2% lower compared with US\$451.2 million in H1 2009. This was largely due to a 16.5% fall in LME and sharp decline in by-product prices offset by better volumes in zinc and silver and depreciation of the Indian rupee.

Projects

The Rampura Agucha mine expansion from 5 mtpa to 6 mtpa is progressing on schedule, with detailed engineering completed, orders placed for major equipment and equipment delivery started at site. Work at the 1.5 million tonne Sindesar Khurd mine expansion project is on schedule for progressive commissioning from mid 2010. Initial steps for opening Kayar mine are well on schedule.

Construction at the 210 ktpa zinc smelter and 100 ktpa lead smelter at Rajpura Dariba are progressing well, equipment erection at the roaster section is completed and piping and cabling works are in progress. Equipment erection in leaching, purification and the cell house areas of the zinc smelter are progressing well and the anode and cathode placement in cell house has started. Structural erection for the lead smelter has started and equipment has started arriving at site. The projects are on schedule for completion by mid 2010.

Iron Ore

(in US\$ million, except as stated)	H1 2010	H1 2009	Change	H2 2009	FY 2009
Production volumes (kt)*					
– Saleable ore	8,204	7,127	15.1%	8,859	15,986
– Pig iron	139	123	13.0%	94	217
Sales volumes (kt)*					
– Iron ore	6,354	4,639	37.0%	10,464	15,103
– Pig iron	137	117	17.1%	107	224
Revenue	316.2	503.3	(37.2%)	567	1070.4
EBITDA	130.5	322.9	(59.6%)	234	557.1
EBITDA Margin	41.1%	64.1%	–	41.3%	52.1%
Operating Profit	40.8	216.6	(81.6%)	131	348

* Production and sales of iron ore in H1 2010, includes 246 kt and 160 kt from Dempo

Production and Sales

Saleable iron ore produced during H1 2010 was over 8.20 million tonnes, the highest ever iron ore production so far in any H1. This was achieved through debottlenecking of mining operations and logistics. Production also includes 0.25 million tonnes production from Dempo, acquired in June 2009.

Iron Ore sales were at a record 6.35 million tonnes, despite the seasonal monsoon, substantially higher than in H1 2009. Spot sales were at 5.95 million tonnes while LTC sales were at 0.40mt in H1 2010.

In line with benchmark price settlements, most of the long-term contracts for the current year have been settled with a decrease of c33% and c45% for fines

and lumps, respectively over last year's prices. After a sharp fall in October to December 08 and wide fluctuations thereafter, global iron ore prices seem to have stabilised at current levels and we expect the prices to remain at similar levels in second half of the year.

Financial Performance

Revenues in H1 2010 were US\$316.2 million and EBITDA was US\$130.5 million. Revenues and EBITDA were lower primarily due to a sharp fall in international iron ore prices the impact of which to some extent was reduced by increased volumes.

Power

Our current operations in the power business include 270 MW and 100 MW of thermal power at Korba and Mettur,

respectively and also 123 MW of wind power generators in the State of Gujarat and Karnataka. We sold 981 million units of power H1 2010 as compared with 141 million units in H1 2009 at an average realisation of INR 4.9 per unit ie 10 US cents per unit. The average Plant Load Factor (PLF) for the thermal power plants was 96.1% and wind power generators operated at a PLF of 25.4%, which was in line with our expectations.

Financial Performance

Revenue in H1 2010 was US\$119.1 million, significantly higher from US\$14.5 million in H1 2009. Accordingly, EBITDA in the period was also higher at US\$59.0 million compared to US\$7.1 million in H1 2009.

Projects

Work on the 2,400 MW (600 MW x 4) green field coal-based independent thermal power plant at Jharsuguda, Orissa is progressing well. The construction activities are in full swing and the first unit of 600MW is expected to get commissioned in Q4 FY 2010. The remaining units are expected to be progressively commissioned by the end of the calendar year 2010.

Following the improved economic environment, we have revived the 1,980 MW thermal power plant project at Talwandi Sabo, in the State of Punjab in India.



Finance Review

Key Financial Highlights

- EBITDA of US\$746.3 million, despite lower commodity prices.
- Free cash flow of US\$233.2 million, lower on account of increased working capital.
- Successfully raised US\$1.25 billion in convertible bond and US\$1.1 billion ADS by Sterlite.
- Cash and liquid investments at US\$5,950.8 million and net debt of US\$969.4 million at 30 September 2009 after investing US\$1,786.3 million in capacity expansion projects and US\$361 million for Dempo acquisition.
- ROCE (adjusted for project capital work in progress) continues to be strong at 18.8% (annualised).
- Raised US\$500 million convertible bonds each by way of convertible bonds at Sesa and Sterlite post Balance Sheet.

We posted an EBITDA of US\$746.3 million on the back of volume growth and cost reduction despite low commodity prices. We have a robust balance sheet with US\$6.0 billion of cash and liquid investments which together with committed funding arrangements in place is amply sufficient to fund our growth projects.

Background

Our interim financial report is prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted for use in the European Union. Our reporting currency is the US dollar.

Our balance sheet continues to remain strong with cash and liquid investments of US\$5.95 billion. Despite one of the worst recessions, we have maintained our dividends and remain committed to our progressive dividend policy. Our gearing ratio remains low at 9.0% and our interest cover ratio (including capitalised interest) to EBITDA was 3.6 times. In the last couple of years we have successfully raised around US\$5 billion of which US\$3.9 billion was raised through long-term debt and convertibles and around US\$1.1 billion through equity. This has ensured a strong balance sheet and has enabled us to continue our growth projects consistently through the downturn, thereby ensuring proper balance between debt and equity, in our capital management programme.

Key Financial Performance Indicators

(in US\$ million, except as stated)	H1 2010	H1 2009	FY2009
EBITDA	746.3	1,272.4	1,612.2
Underlying EPS (US cents per share)	41.8	121.4	119.7
Free cash flows	233.2	815.6	1,733.8
ROCE* (excluding project capital WIP) (%)	18.8	39.3	24.4
Net (Debt)/Cash	969.4	(788.7)	200.8

* Annualised basis.

Income Statement

(in US\$ million, except as stated)	H1 2010	H1 2009	% change
Revenue	2,978.6	3,973.2	(25.0%)
EBITDA	746.3	1,272.4	(41.3%)
EBITDA margin (%)	25.0%	32.0%	-
Operating special items	(6.8)	-	-
Depreciation and amortisation	(249.3)	(256.5)	(2.8%)
Operating profit	490.2	1,015.9	(51.7%)
Net interest income	114.4	126.8	(9.8%)
Profit before tax	604.6	1,142.7	(47.1%)
Income tax expense	(103.4)	(266.3)	(61.2%)
Tax rate	17.1%	23.3%	-
Minority Interest	(313.0)	(526.4)	(40.5%)
Minority Interest rate	62.5%	60.1%	-
Attributable to equity shareholders in parent	188.2	350.0	(46.2%)
Basic earnings per share (US cents per share)	68.5	121.4	(43.3%)

Our conservative policy of pre-funding capex has also supported us in the times when debt was relatively scarce and expensive.

Revenue

We had higher volumes in most of our businesses in H1 2010 compared with H1 2009, despite which our revenues in H1 2010 were US\$2,978.6 million, down 25.0% from US\$3,973.2 million in

H1 2009, primarily on account of lower commodity prices in current period.

EBITDA and Operating Profit

We posted EBITDA of US\$ 746.3 million in H1 2010, when compared with US\$1,272.4 million in H1 2009 despite sharp falls in commodity and by-product prices across the board (i.e. 50% fall in iron ore prices, 42% fall in aluminium prices, 35% fall in copper prices and 18% fall in

zinc and lead prices). Furthermore, by product prices also fell sharply. We were able to reduce the impact of such sharp falls through higher volumes mainly in our Zinc, Iron Ore and copper-India operations, and lower gross costs of production achieved in all our businesses. Overall, this resulted in lower EBITDA margin in H1 2010 at 25.0% when compared with 32.0% in H1 2009.

In the overall EBITDA pie, Zinc continues to contribute the majority of EBITDA at 50.7% of total EBITDA followed by Iron Ore and Copper each contributing around 18% and power contributing around 8%.

Group operating profit in H1 2010 was US\$ 490.2 million, lower than the US\$1,015.9 million achieved in H1 2009, as a result of lower EBITDA. The depreciation charge in H1 2010 was at US\$249.3 million in line with depreciation charge of US\$256.5 million in H1 2009.

The Jharsuguda plant is under trial run, and accordingly the profit/loss arising from the operations has been capitalised as part of the project cost.

Net Interest Income

Net interest income was US\$114.4 million in H1 2010 compared with US\$126.8 million in H1 2009.

Investment income decreased significantly to US\$123.4 million in H1 2010, down from US\$235.8 million in H1 2009, on account of a drop in investment

Finance Review

continued

returns and translation forex loss on US dollar deposits at CMT of US\$35.1 million, compared to a forex gain of US\$30.7 million in H1 previous year.

Our cash position has increased since 31 March 2009 on account of the recent US\$1.25 billion convertible bond issue in July 2009 and US\$1.1 billion ADS issued by Sterlite, both of which were oversubscribed.

Finance costs have decreased to US\$9.0 million in H1 2010 sharply down from US\$109.0 million in H1 2009, primarily on account of the exchange gains on foreign currency loans due to appreciation of Indian rupee against US dollar and also on account of reduced interest rates.

The average debt in H1 2010 was US\$6,018.4 million, compared with H1 2009 levels of US\$3,779 million. We raised new convertible debt of US\$1.25 billion during H1 2009 mainly to meet our capex requirements and raised debt in some of our project companies to fund their expansion projects. The average debt maturity at 30 September 2009 was 3.8 years.

Taxation

The effective tax rate for H1 2010 is 17.1%, lower than the effective tax rate of 23.3% in H1 2009. As reported in previous periods, we have taken several steps to improve our tax management efficiency and many of these have started yielding results. This reduced the cash tax rate to 23.3% in H1 2010 from 23.8% in H1

Balance Sheet

(in US\$ million, except as stated)	30 September 2009	30 September 2008	31 March 2009
Goodwill	12.2	11.4	12.2
Tangible assets	12,019.1	8,495.2	9,348.4
Other non-current assets	343.3	108.6	177.0
Cash and liquid investments	5,950.8	5,383.1	4,912.6
Other current assets	2,232.5	2,604.3	1,726.3
Debt	(6,921.7)	(4,594.4)	(5,114.9)
Other current and non-current liabilities	(3,844.7)	(3,576.0)	(3,490.3)
Net assets	9,791.5	8,432.2	7,571.3
Shareholders' equity	4,074.0	3,695.7	3,112.6
Minority interests	5,717.5	4,736.5	4,458.7
Total equity	9,791.5	8,432.2	7,571.3

2009, despite the increase in Minimum Alternate Tax (MAT) rate in the current financial year from 11.3% to 17.0%.

The deferred tax rate was a credit of 6.2% in H1 2010 compared to a credit of 0.5% in H1 2009, primarily on account of higher deferred tax credits on increased depreciation of mining reserves (fair value uplift at acquisition) at Sesa and deferred tax credits on tax losses at CMT which arose on translation of dollar deposits. The overall tax rate differs from subsidiary to subsidiary, due to differing tax rates in India, Australia and Zambia and also due to changes in the profit mix among subsidiaries.

Attributable Profit

Attributable profit in H1 2010 was US\$188.2 million, lower compared with US\$350.0 million in H1 2009. The profit attributable to equity shareholders reduced from 39.9% to 37.5%, primarily due to the impact of the additional

issue of shares by Sterlite in July 2009 as well as a change in the profit mix with higher profit contributions from Sesa Goa, HZL and BALCO which have higher minority interests.

Earnings Per Share ('EPS') and Dividend

Basic EPS in H1 2010 was 68.5 US cents per share compared with 121.4 US cents per share in H1 2009, primarily due to the decrease in attributable profits.

Dilutive elements to EPS include adjustments for the convertible bond of 62.1 million shares and also include 4.0 million shares to be issued under the LTIP. On this basis, the fully diluted EPS in H1 2010 was 61.4 US cents per share against 111.4 US cents per share in H1 2009.

In line with our progressive dividend policy, the Board proposes an interim dividend of 17.5 US cents per share.

Projects Projects Under Execution

(in US\$ million, except as stated)

Sector	Project	Capacity	Country	Completion date	Project cost	Spent to 30 September 2009
Alumina	Lanjigarh I Alumina Refinery	1.4 mtpa	India	FY 2010	1,015.3	874.6
	Debottlenecking Lanjigarh I	0.6 mtpa	India	March 2010	150.0	35.6
	Lanjigarh II Alumina Refinery	3.0 mtpa	India	Mid 2011	1,570.0	411.5
Aluminium	Korba III Smelter	325 KT	India	September 2011	1,820.0	483.5
	Jharsuguda I Smelter	0.5 mtpa				
		1,215 MW CPP	India	FY 2010	2,112.8	2,103.0
	Jharsuguda II Smelter	1.25 mtpa	India	September 2012	2,920.0	960.4
Zinc	Smelting	2.1 ltpa Zinc	India	Mid 2010	720.0	432.0
		1.0 ltpa Lead	India	Mid 2010		
		160 MW CPP	India	Mid 2010		
	Mining	RA 5 to 6 mtpa	India	Mid 2010		
		SK – 1.5 mtpa	India	Progressive from mid 2010		
	Kayar – 1 mtpa	India	End 2013			
Copper	KCM KDMP Project	7.5 mtpa	Zambia	End 2011	674.0	577.8
	KCM Nchanga Smelter	2.5 LTPA	Zambia	Q4 FY 2009	470.0	438.4
	SIL Expansion Project	4.0 LTPA	India	Mid 2011	500.0	5.8
Power	Talwandi Saboo Power Project	1,980 MW	India	Q3 2014	2,150.0	77.9
	SEL IPP	2,400 MW	India	Q3 FY 2011	1,900.0	1,215.5
Iron Ore	Pig Iron Expansion	375 ktpa	India	Mid 2011	150.0	–
Total					16,152.1	7,616.0

Shareholders' equity at 30 September 2010 was US\$4,074.0 million compared with US\$3,112.6 million at 31 March 2009. The increase is primarily on account of US\$188.2 million profit generated, US\$331.9 from convertible bond proceeds raised (equity portion), US\$298.2 million from the ADS issue at Sterlite and appreciation of the Indian rupee against the US dollar from INR 50.95/US\$1 at 31 March 2009 to INR 48.04/US\$1 at 30 September 2009.

The positive impact of such exchange movement on shareholders' equity is approximately US\$290.0 million.

Minority interests increased to US\$5,717.5 million at 30 September 2009 from US\$4,458.7 million as at 31 March 2009, primarily due to subscription to the Sterlite ADS by minorities of US\$783.6 million, US\$313.1 million from profit generated and appreciation of the Indian rupee against the US dollar.

Tangible Fixed Assets

During H1 2010, we added approximately US\$1.92 billion (excluding Dempo acquisition) to property, plant and equipment, which was primarily spent on our expansion projects amounting to US\$1.79 billion and on maintenance and semi-expansion capex amounting to US\$136.6 million. Details of expenditure on expansion projects are set out in the table above.

Finance Review

continued

Commitments towards expansion projects at 30 September 2009 were US\$4.31 billion. Our cash and liquid investments position at 30 September 2009 was approximately US\$ 5.95 billion and we expect to further add to this by converting a large part of our EBITDA to cash in the coming quarters.

With recovery in market conditions we have restarted Talwandi Sabo 1980 MW independent power projects which were temporarily deferred in previous year.

Net Debt

At 30 September 2009, net debt was US\$969.4 million, up from net debt of US\$200.8 million at 31 March 2009. Net debt comprises US\$5,950.8 million cash and liquid investments offset by debt of US\$6,921.8 million and debt-related derivatives of US\$1.5 million. The net debt position has increased by US\$768.6 million in H1 2010, due to US\$1.8 billion spent on funding our project expansions, US\$361.3 million spent on the acquisition of the VS Dempo and US\$ 208.4 million on purchasing an additional 4.4% stake in Sesa. Our cash and liquid investments portfolio is conservatively invested with debt mutual funds and in cash and fixed deposits with the banks. Additionally, the investments portfolio is independently reviewed by CRISIL and our investment portfolio has been rated as 'Very Good'.

We raised convertible debt of US\$1.25 billion during H1 2010 and US\$ 1.60 billion through the Sterlite ADS of which Vedanta subscribed to US\$0.50 billion.

Cash Flows

(in US\$ million, except as stated)	H1 2010	H1 2009	FY 2009
EBITDA	746.3	1,272.4	1,612.2
Special items	(6.8)	–	(31.9)
Working capital movements	(436.0)	(151.8)	620.6
Changes in long-term creditors and non-cash items	37.2	1.8	104.7
Sustaining capital expenditure*	(78.4)	(143.9)	(282.1)
Sale of tangible fixed assets	–	4.3	7.9
Net interest received including gains on liquid investments	73.7	66.9	(208.7)
Dividend received	58.2	54.5	241.9
Tax paid	(161.0)	(288.6)	(330.8)
Free Cash Flow	233.2	815.6	1,733.8
Expansion capital expenditure*	(1,786.3)	(1,415.6)	(3,021.3)
Semi-expansion capital expenditure**	(58.2)	(19.4)	(24.2)
Purchase of fixed asset investments	(0.7)	–	(85.4)
Acquisition of minorities	(108.1)	–	(316.8)
Acquisitions, net of cash and liquid investments acquired	(300.5)	(217.2)	–
Buy-back of shares of Vedanta Resources plc	(146.5)	–	(80.3)
ADS Sterlite	1,081.8	–	–
Dividends paid to equity shareholders	(70.2)	(71.8)	(118.8)
Dividends paid to minority shareholders	(65.8)	(60.2)	(56.1)
Other movements***	452.5	(385.4)	(374.4)
Movement in net cash	(710.6)	(1,354.6)	(2,319.3)

* On an accruals basis.

** Non-project capital expenditure.

*** Includes foreign exchange movements.

During October we raised US\$500 million each in Sterlite and Sesa Goa by issue of convertible bonds with maturity in the year 2014. We are also looking at an opportunity to raise equity funds in our subsidiary Sterlite Energy which currently has 4,380 MW of power projects under construction.

External debt held by operating subsidiaries was US\$2,469.8 million as at 30 September 2009 compared with US\$1,713.0 million at 31 March 2009, primarily due to additional

non-recourse project finance in some of our subsidiaries, which are engaged in large capacity expansions. Of the US\$6.9 billion total debt, US\$1.5 billion consist of convertible bonds, which on conversion will reduce the debt.

We have amended a US\$1 billion loan facility via an amendment dated 2 November 2009 with the lenders of the facility. The amendment changes one of the covenants i.e. the consolidated EBITDA to gross interest expense (including capitalised interest) ratio

from 4 times to 2.25 times for the covenant computation on 30 September 2009 and 3.75 times for the covenant computation on 31 March 2010. The Company's ongoing borrowing costs under the facility remains the same. Due to the timing of the amendment being post 30 September 2009 we were required under IFRS to classify both this loan, and certain other loans 'related' by virtue of cross-default clauses, as due in less than one year. However, based on the group's latest projections, the directors expect to comply with the revised covenant requirements for the foreseeable future. Accordingly, these loans are expected to be classified as non-current in the next reporting period and will not fall due prior to their original maturity. Note 9 to the interim consolidated financial statements provides more detail on this matter, including how our balance sheet would have looked if the said amendment had been reflected at 30 September 2009.

Free cash flow in H1 2010 was US\$233.2 million lower primarily on account of increased working capital at our copper-India operations, which arose due to increase in LME prices from US\$4,035 per tonne to US\$6,136 per tonne, with the impact of such increase on working capital being around US\$122.7 million. We have invested US\$148.7 million in additional working capital at our new aluminium operations at Jharsuguda. We have invested US\$78.4 million in sustaining capital expenditure during H1 2010 to modernise our plants

and refurbish equipment, achieve operational efficiencies and to meet our HSE commitments. Sustaining capital expenditure at some of our locations such as KCM is high and is expected to yield better performance from mining equipment and improve plant efficiencies going forward.

Gross debt was US\$6,921.8 million at 30 September 2009 up from US\$5,114.9 million at 31 March 2009, primarily due to the new convertible debt of US\$1,250.0 million raised in July 2009 and other smaller debts raised at our subsidiaries primarily to fund the capex requirements. Cash and cash equivalents together with liquid investments were US\$5,950.8 million at 30 September 2009.

Other matters **Off-Balance Sheet Arrangements and Transactions, Contingent Liabilities and Commitments**

We have no off-balance sheet entities. In the normal course of business, we enter into certain commitments for capital and other expenditure and certain performance guarantees. The aggregate amount of indemnities and other guarantees was US\$636.6 million at 30 September 2009. Details of related party transactions, contingent liabilities and commitments are set out in note 10 of the accompanying interim financial statements.

Risks and Uncertainties

Our businesses are subject to a variety of risks and uncertainties which are no

different from any other company in general and our competitors in particular. Such risks are the result of not only the business environment in which we operate but also of other factors over which we have little or no control. These risks may be categorised as operational, financial, environmental, health and safety, political, market-related and strategic. Details of the principal risks affecting our business and our actions to mitigate them have been detailed in our most recent Annual Report for the year ended 31 March 2009 and include: internal controls, treasury, commodity, political, legal, economic and regulatory, reserves and resources, delivery of expansion projects, asset use and continuity insurance, safety, health and environment, operational, liquidity, foreign currency, interest rate, counterparty and employee risk.

Currently there are general concerns about the quality of investments and other exposures which may negatively impact the quality of our financial assets. Vedanta's treasury policy revolves around three pillars – protect capital, maintain liquidity and maximise yields.

In addition to regular controls, we have introduced additional controls to monitor the quality of investments which are primarily in highly rated instruments issued by mutual funds. We do not foresee any specific risk on our investments. We regularly monitor our financial assets for exposures and believe they are not subject to any major risk.

Finance Review

continued

More specifically for the second half of FY 2010, the risks which our Directors believe could have material impact on the financial performance and position of our businesses include: a decline in LME prices of copper, zinc, aluminium and lead; a decline in iron ore prices, a strengthening of Indian rupee against US dollar; a reduction in treatment and refining charges received in our Indian copper operations; as well as unexpected delays in the completion of our expansion projects and slow ramping up of production in newly expanded capacities.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in Operational Review in our last annual report on pages 8 to 31. These activities and factors have not materially changed since the issue of the last annual report.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from its current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide liquidity both in the short term as well as in the long term. Anticipated

future cash flows and undrawn committed facilities of US\$4,100 million, together with cash and liquid investments of US\$5,950.8 million as at 30 September 2009, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the foreseeable future. The Group has a strong Balance Sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's and Moody's are BB and Ba1 respectively. These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms, taking into consideration current market conditions. The Group generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, we have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the Interim Financial Report.

Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34;
- b) the interim management report includes a fair view of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair view of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

MS Mehta

Chief Executive Officer

DD Jalan

Chief Financial Officer

4 November 2009

Condensed Consolidated Income Statement

For the period ended 30 September 2009

(US\$ million except as stated)	Note	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Revenue	3	2,978.6	3,973.2	6,578.9
Cost of sales		(2,346.8)	(2,768.3)	(5,136.1)
Gross profit		631.8	1,204.9	1,442.8
Other operating income		43.1	30.3	115.9
Distribution costs		(59.0)	(101.0)	(163.0)
Administrative expenses		(118.9)	(118.3)	(256.8)
Special items	4	(6.8)	–	(31.9)
Operating profit	3	490.2	1,015.9	1,107.0
Investment revenues		123.4	235.8	456.2
Finance costs		(104.7)	(109.0)	(250.2)
Net exchange gains/(losses) on borrowings and capital creditors		95.7	–	(132.0)
Profit before taxation	3	604.6	1,142.7	1,181.0
Income tax expense	5	(103.4)	(266.3)	(280.5)
Profit for the period/year from continuing activities		501.2	876.4	900.5
Attributable to:				
Equity holders of the parent		188.2	350.0	219.4
Minority interests		313.0	526.4	681.1
		501.2	876.4	900.5
Earnings per share				
Basic (US cents) – Continuing operations	6a	68.5	121.4	76.4
Diluted (US cents) – Continuing operations	6a	61.4	111.4	75.8

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2009

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
(US\$ million except as stated)			
Profit for the period/year	501.2	876.4	900.5
Income and expenses recognised directly in equity:			
Exchange differences arising on translation of foreign operations	564.7	(1,488.8)	(2,195.3)
Gains/(losses) in fair value of available-for-sale financial assets	99.0	-	(12.8)
Gains/(losses) in fair value of cash flow hedges deferred in reserves	14.2	(104.2)	22.5
Tax effects arising on cash flow hedges deferred in reserves	(5.0)	35.4	(5.5)
Total income/(expense) recognised in equity	672.9	(1,557.6)	(2,191.1)
Losses/(gains) in fair value of cash flow hedges transferred to income statement	34.3	(23.3)	(67.0)
Tax effects arising on cash flow hedges transferred to income statement	(12.0)	7.9	20.9
Total transferred to the income statement	22.3	(15.4)	(46.1)
Total comprehensive income for the period/year	1,196.4	(696.6)	(1,336.7)
Attributable to:			
Equity holders of the parent	600.4	(365.8)	(847.7)
Minority interests	596.0	(330.8)	(489.0)

Condensed Consolidated Balance Sheet

At 30 September 2009

(US\$ million except as stated)	Note	At 30 September 2009	At 30 September 2008	At 31 March 2009
Assets				
Non-current assets				
Goodwill		12.2	11.4	12.2
Property, plant and equipment		12,019.1	8,495.2	9,348.4
Financial asset investments		197.8	24.1	91.6
Other non-current assets		18.8	23.7	21.4
Other financial assets (derivatives)		118.0	45.1	52.8
Deferred tax assets		8.7	15.7	11.2
		12,374.6	8,615.2	9,537.6
Current assets				
Inventories		1,275.6	1,433.4	909.3
Trade and other receivables		848.1	1,122.1	735.0
Other current financial assets (derivatives)		108.8	48.8	82.0
Liquid investments	9	5,595.8	4,824.2	4,532.1
Cash and cash equivalents	9	355.0	558.9	380.5
		8,183.3	7,987.4	6,638.9
Total assets		20,557.9	16,602.6	16,176.5
Liabilities				
Current liabilities				
Short-term borrowings	9	(4,043.9)	(419.2)	(1,298.5)
Convertible loan notes	9	(1,515.6)	-	-
Trade and other payables		(2,091.5)	(1,925.2)	(1,967.7)
Other current financial liabilities (derivatives)		(128.5)	(127.6)	(114.7)
Provisions		(14.4)	(20.0)	(6.9)
Current tax liabilities		(26.2)	(35.1)	(47.6)
		(7,820.1)	(2,527.1)	(3,435.4)
Net current assets		363.2	5,460.3	3,203.5
Non-current liabilities				
Medium and long-term borrowings	9	(1,362.2)	(3,565.3)	(3,212.3)
Convertible loan notes	9	-	(602.1)	(604.1)
Trade and other payables		(76.3)	(31.2)	(76.4)
Other financial liabilities (derivatives)		(117.1)	(49.4)	(59.7)
Deferred tax liabilities		(1,192.5)	(1,174.6)	(1,010.6)
Retirement benefits		(20.9)	(39.5)	(29.3)
Provisions		(165.4)	(169.3)	(165.5)
Non-equity minority interests		(11.9)	(11.9)	(11.9)
		(2,946.3)	(5,643.3)	(5,169.8)
Total liabilities		(10,766.4)	(8,170.4)	(8,605.2)
Net assets		9,791.5	8,432.2	7,571.3
Equity				
(US\$ million except as stated)				
Share capital		28.9	28.8	28.9
Share premium account		21.3	21.1	21.1
Share-based payment reserves		19.0	24.4	14.0
Convertible bond reserve		432.5	113.5	111.5
Hedging reserve		(18.6)	(49.6)	(39.6)
Other reserves		2,040.8	1,510.3	1,168.9
Treasury shares		(226.8)	-	(80.3)
Retained earnings		1,776.9	2,047.2	1,888.1
Equity attributable to equity holders of the parent		4,074.0	3,695.7	3,112.6
Minority interests		5,717.5	4,736.5	4,458.7
Total equity		9,791.5	8,432.2	7,571.3

Condensed Consolidated Cash Flow Statement

(US\$ million except as stated)	Note	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Operating activities				
Profit before taxation		604.6	1,142.7	1,181.0
Adjustments for:				
Depreciation		249.3	256.5	473.2
Investment revenues		(123.4)	(235.8)	(456.2)
Finance costs, including foreign exchange		9.0	109.0	382.2
Share-based payment charge		5.0	8.8	13.1
Inventory net realisable value write down		–	–	79.0
Other non-cash items		32.3	(6.9)	12.6
Operating cash flows before movements in working capital		776.8	1,274.3	1,684.9
(Increase)/decrease in inventories		(303.5)	(315.3)	69.9
(Increase)/decrease in receivables		(36.8)	(141.8)	167.9
(Decrease)/Increase in payables		(95.6)	305.3	383.9
Cash generated from operations		340.9	1,122.5	2,306.6
Dividend received		58.2	54.5	241.9
Interest income received		91.7	164.5	130.2
Interest paid		(136.8)	(127.0)	(399.9)
Income taxes paid		(161.0)	(288.6)	(330.8)
Dividends paid		(70.2)	(71.8)	(118.8)
Net cash from operating activities		122.8	854.1	1,829.2
Cash flows from investing activities				
Acquisition of subsidiary	8	(335.1)	–	–
Cash acquired with subsidiary	8	34.6	–	–
Purchases of property, plant and equipment		(1,332.7)	(1,461.4)	(2,799.6)
Proceeds on disposal of property, plant and equipment		–	4.3	7.9
Dividends paid to minority interests of subsidiaries		(65.8)	(60.2)	(56.1)
Purchases of liquid investments	9	(780.2)	(856.8)	(961.9)
Purchases of treasury shares		(146.5)	–	(80.3)
Buyout of minority interest		(108.1)	(217.2)	(316.8)
Purchase of financial asset investments		(0.7)	–	(85.4)
Net cash used in investing activities		(2,734.5)	(2,591.3)	(4,292.2)
Cash flows from financing activities				
Issue of ordinary shares		–	–	0.1
Issue of depository receipts by subsidiary		1,081.8	–	–
Increase/(decrease) in short-term borrowings	9	454.2	(807.9)	209.0
Increase/(decrease) in long-term borrowings	9	1,226.8	2,614.6	1,999.1
Net cash from financing activities		2,762.8	1,806.7	2,208.2
Net increase/(decrease) in cash and cash equivalents	9	151.1	69.5	(254.8)
Effect of foreign exchange rate changes	9	(176.6)	31.2	177.1
Cash and cash equivalents at beginning of period/year	9	380.5	458.2	458.2
Cash and cash equivalents at end of period/year	9	355.0	558.9	380.5

Condensed Consolidated Statement of Changes in Equity

US\$ million	Attributable to equity holders of the Company								Total	Minority interests	Total equity
	Share capital	Share premium	Treasury shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings			
At 1 April 2008	28.8	20.0	–	15.6	115.7	(9.1)	1,932.6	1,743.5	3,847.1	5,360.6	9,207.7
Total comprehensive loss for the period	–	–	–	–	–	(40.5)	(675.3)	350.0	(365.8)	(330.8)	(696.6)
Conversion of convertible bond	–	1.1	–	–	(0.2)	–	–	–	0.9	–	0.9
Convertible bond transfer	–	–	–	–	(2.0)	–	–	2.0	–	–	–
KCM call option	–	–	–	–	–	–	213.2	63.3	276.5	(233.1)	43.4
Transfers **	–	–	–	–	–	–	39.8	(39.8)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(71.8)	(71.8)	(60.2)	(132.0)
Recognition of share-based payment	–	–	–	8.8	–	–	–	–	8.8	–	8.8
At 30 September 2008	28.8	21.1	–	24.4	113.5	(49.6)	1,510.3	2,047.2	3,695.7	4,736.5	8,432.2

* Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve and the general reserves established in the statutory accounts of the Group's Indian subsidiaries.

** Under Indian law, a general reserve is created through a year-on-year transfer from the income statement. The purpose of these transfers is to ensure that distributions in a year are less than the total distributable results for that year. This general reserve becomes fully distributable in future periods.

Condensed Consolidated Statement of Changes in Equity

Continued

US\$ million	Attributable to equity holders of the Company									Minority interests	Total equity
	Share capital	Share premium	Treasury shares	Share based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total		
At 1 April 2008	28.8	20.0	–	15.6	115.7	(9.1)	1,932.6	1,743.5	3,847.1	5,360.6	9,207.7
Total comprehensive (loss)/income for the period	–	–	–	–	–	(30.5)	(1,036.6)	219.4	(847.7)	(489.0)	(1,336.7)
Conversion of convertible bond	–	1.1	–	–	(0.2)	–	–	–	0.9	–	0.9
Convertible bond transfer	–	–	–	–	(4.0)	–	–	4.0	–	–	–
KCM call option	–	–	–	–	–	–	213.2	63.8	277.0	(233.1)	43.9
Transfers**	–	–	–	–	–	–	59.7	(59.7)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(118.8)	(118.8)	(56.1)	(174.9)
Exercise of LTIP/STIP awards	0.1	–	–	(14.7)	–	–	–	14.7	0.1	–	0.1
Purchase of Treasury Shares	–	–	(80.3)	–	–	–	–	–	(80.3)	–	(80.3)
Additional Investment in Subsidiaries	–	–	–	–	–	–	–	21.2	21.2	(123.7)	(102.5)
Recognition of share-based payment	–	–	–	13.1	–	–	–	–	13.1	–	13.1
At 31 March 2009	28.9	21.1	(80.3)	14.0	111.5	(39.6)	1,168.9	1,888.1	3,112.6	4,458.7	7,571.3

* Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve and the general reserves established in the statutory accounts of the Group's Indian subsidiaries.

** Under Indian law, a general reserve is created through a year-on-year transfer from the income statement. The purpose of these transfers is to ensure that distributions in a year are less than the total distributable results for the year. The general reserve becomes fully distributable in future periods.

Condensed Consolidated Statement of Changes in Equity

continued

US\$ million	Attributable to equity holders of the Company									Minority interests	Total equity
	Share capital	Share premium	Treasury shares	Share based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total		
At 1 April 2009	28.9	21.1	(80.3)	14.0	111.5	(39.6)	1,168.9	1,888.1	3,112.6	4,458.7	7,571.3
Total comprehensive income for the period	-	-	-	-	-	21.0	391.2	188.2	600.4	596.0	1,196.4
Issue of depository receipts by subsidiary***	-	-	-	-	-	-	-	298.2	298.2	783.6	1,081.8
Issue of Convertible Bond (note 9)	-	0.2	-	-	327.6	-	-	-	327.8	-	327.8
Conversion of convertible bond	-	-	-	-	(0.2)	-	-	-	(0.2)	-	(0.2)
Convertible bond transfer	-	-	-	-	(6.4)	-	-	6.4	-	-	-
Transfers **	-	-	-	-	-	-	480.7	(480.7)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(70.2)	(70.2)	(65.8)	(136.0)
Purchase of Treasury Shares	-	-	(146.5)	-	-	-	-	-	(146.5)	-	(146.5)
Additional Investment in Subsidiaries	-	-	-	-	-	-	-	(53.1)	(53.1)	(55.0)	(108.1)
Recognition of share-based payment	-	-	-	5.0	-	-	-	-	5.0	-	5.0
At 30 September 2009	28.9	21.3	(226.8)	19.0	432.5	(18.6)	2,040.8	1,776.9	4,074.0	5,717.5	9,791.5

* Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve and the general reserves established in the statutory accounts of the Group's Indian subsidiaries.

** Under Indian law, a general reserve is created through a year-on-year transfer from the income statement. The purpose of these transfers is to ensure that distributions in a year are less than the total distributable results for that year. This general reserve becomes fully distributable in future periods.

*** In June 2009, Sterlite raised US\$1081.8 million via the issuance of American Depository Receipts. This resulted in a reduction of Vedanta's shareholding in Sterlite from 61.35% to 56.62%. This reduction has not resulted in any change in control and hence Sterlite continues to be consolidated in Vedanta's consolidated financial statements. This reduction has been accounted in Vedanta's consolidated financial statement as an equity transaction. The carrying amount of the minority interest has been adjusted to reflect the change in Vedanta's interest in Sterlite's net assets. The difference between the amount by which the minority interest is adjusted and the net consideration received of US\$298.2 million is recognised directly in equity and attributed to equity holders of Vedanta.

Notes to the financial information

1. Basis of Preparation

The financial information in this interim financial report is prepared under International Financial Reporting Standards ('IFRS') as adopted by the European Union. The interim condensed consolidated financial information for the period ended 30 September 2009 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The financial information for the full preceding financial year has been derived from the statutory accounts for the financial year ended 31 March 2009 as filed with the Registrar of Companies. The auditors' report on the statutory accounts for the year ended 31 March 2009 was unqualified, did not draw attention by way of emphasis of matter and did not contain statements under section 237(2) of the Companies Act 1985 (regarding adequacy of accounting records and returns) or under section 237(3) (regarding provision of necessary information and explanations).

The financial information prepared under IFRS in respect of the six months ended 30 September 2009 and 30 September 2008 is unaudited but has been reviewed by the auditors and their report is set out on page 46.

This general purpose financial report for the half-year ended 30 September 2009 is unaudited and has been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the EU.

The half-year financial statements represent a 'condensed set of financial statements' as referred to in the UK Disclosure and Transparency Rules issued by the Financial Services Authority. Accordingly, they do not include all of the information required for a full annual report and are to be read in conjunction with the most recent annual financial report.

The Company published full financial statements that comply with IFRS as adopted by the European Union for the year ended 31 March 2009.

The condensed set of financial statements included in the interim financial report has been prepared using the going concern basis of accounting for the reasons set out in the Going Concern section of the Financial Review.

2. Accounting policies

This interim financial report, including all comparatives, has been prepared using the same accounting policies and methods of computation as followed in the annual financial statements for the period ended 31 March 2009 as published by the Company.

IFRS and International Financial Reporting Interpretations Committee ('IFRIC') interpretations are subject to ongoing review and possible amendment or interpretative guidance which may affect the financial statements for the year ending 31 March 2010.

Adoption of New Standards

In the current financial period the Group has adopted the following new standards:

IFRS 8 'Operating Segments': IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance. The adoption of IFRS 8 has resulted in the disclosure of a new power segment which represents the sale of commercial power and the Copper segment has been split into Copper-India & Australia and Copper-Zambia. The introduction of IFRS 8 has resulted in further disclosures on each of these segments and these are set out in note 3. The comparatives have been restated accordingly.

IAS 1 'Presentation of Financial Statements' (revised 2007): Requires the presentation of a statement of comprehensive income.

IAS 23 'Borrowing Costs (revised)': IAS 23 (revised) requires that all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset must be capitalised. The Group's existing accounting policy is to capitalise such amounts, and so the adoption of the standard has not had an impact on the Group's financial results.

Foreign Exchange Rates

The following exchange rates to US dollar (US\$) have been applied:

	Average rate to six months ended 30 September 2009	Average rate to six months ended 30 September 2008	Average rate to year ended 31 March 2009	As at 30 September 2009	As at 30 September 2008	As at 31 March 2009
Indian rupee	48.54	42.77	45.91	48.04	46.94	50.95
Australian dollar	1.25	1.09	1.27	1.14	1.21	1.45

Notes to the financial information

continued

3. Segmental Reporting continued

EBITDA¹ by Operating Segment

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Aluminium	45.9	179.7	196.1
Copper	138.3	302.3	222.9
– India/Australia	70.0	231.4	293.7
– Zambia	68.3	70.9	(70.8)
Zinc	373.4	451.2	605.4
Iron Ore	130.4	322.9	557.1
Power	59.1	14.2	32.5
Other	(0.8)	2.1	(1.8)
Group EBITDA	746.3	1,272.4	1,612.2
Depreciation	(249.3)	(256.5)	(473.2)
Operating special items	(6.8)	–	(31.9)
Group operating profit	490.2	1,015.9	1,107.0

1 EBITDA being Earnings before interest, taxation, depreciation and amortisation, and special items (note 4).

4. Special Items

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Voluntary retirement schemes	(6.8)	–	–
Losses in respect of obligation of associates	–	–	(3.0)
Impairment of mining reserves*	–	–	(28.9)
	(6.8)	–	(31.9)

* The impairment of mining reserves relates to mines at Sesa Goa operated on a lease basis which have expired and have not been renewed.

5. Income tax expense

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Current tax:			
Foreign tax:			
– India	129.4	216.7	323.0
– Zambia	–	29.9	30.1
– Australia	10.4	20.3	20.5
– Others	1.2	4.6	5.7
	141.0	271.5	379.3
Deferred tax:			
Current year movement in deferred tax	(37.6)	(5.2)	(98.8)
	(37.6)	(5.2)	(98.8)
Total income tax expense	103.4	266.3	280.5
Effective tax rate	17.1%	23.3%	23.8%

6. Earnings Per Share

(a) Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options and convertible loan notes).

The following reflects the income and share data used in the basic and diluted earning per share computations:

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Net profit attributable to equity holders of the parent	188.2	350.0	219.4

Notes to the financial information

continued

6. Earnings Per Share continued

(million)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Weighted average number of ordinary shares for basic earnings per share	274.9	288.4	287.2
Effect of dilution:			
Convertible loan notes	62.1	27.8	–
Share options	4.0	3.5	2.2
Adjusted weighted average number of ordinary shares for diluted earnings per share	341.0	319.7	289.4

Basic earnings per share on the profit for the period/year

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Profit for the period/year attributable to equity holders of the parent (US\$ million)	188.2	350.0	219.4
Weighted average number of ordinary shares of the Company in issue (million)	274.9	288.4	287.2
Earnings per share on profit for the period/year (US cents per share)	68.5	121.4	76.4

Diluted earnings per share on the profit for the period/year

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Profit for the period/year attributable to equity holders of the parent (US\$ million)	188.2	350.0	219.4
Adjustment in respect of convertible bonds of Vedanta (US\$ million)	21.2	6.2	–
Profit for the period/year after dilutive adjustment	209.4	356.2	219.4
Adjusted weighted average number of ordinary shares of the Company in issue for basic EPS (million)	341.0	319.7	289.4
Diluted earnings per share on profit for the period/year (US cents per share)	61.4	111.4	75.8

6. Earnings Per Share continued

Profit for the period would be diluted if holders of the convertible bonds in Vedanta exercised their right to convert their bond holdings into Vedanta equity. The impact on profit for the period of this conversion would be the interest payable on the convertible bond.

The outstanding awards under the Long-Term Incentive Plan ('LTIP') are reflected in the diluted EPS figure through an increased number of weighted average shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of this financial information.

(b) Earnings Per Share Based on Underlying Profit for the Period/Year

The Group's Underlying Profit is the attributable profit for the period/year after adding back special items, exchange (gains)/losses on borrowings and capital creditors and their resultant tax and minority interest effects:

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Profit for the period/year attributable to equity holders of the parent	188.2	350.0	219.4
Special items	6.8	–	31.9
Exchange (gains)/losses on borrowings and capital creditors	(95.7)	–	132.0
Minority interest effect of special items and exchange (losses)/gains	15.6	–	(39.5)
Underlying Profit for the period/year	114.9	350.0	343.8

Basic earnings per share on Underlying Profit for the period/year

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Underlying profit for the period/year (US\$ million)	114.8	350.0	343.8
Weighted average number of ordinary shares of the Company in issue (million)	274.9	288.4	287.2
Earnings per share on Underlying Profit for the period/year (US cents per share)	41.8	121.4	119.7

Notes to the financial information

continued

6. Earnings Per Share continued

Diluted earnings per share on Underlying Profit for the period/year

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Underlying profit for the period/year for diluted underlying EPS (\$ million)*	120.9	350.0	343.8
Adjusted weighted average number of Ordinary Shares of the Company in issue for diluted underlying EPS (million)*	306.7	288.4	289.4
Diluted earnings per share on Underlying Profit for the period/year (US cents per share)	39.4	121.4	118.8

* These amounts may differ from those used for diluted earnings per share purposes as certain adjustments may be anti-dilutive on an underlying earnings basis.

7. Dividends

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Amounts paid as distributions to equity holders:			
Final dividend paid for 2008–2009 : 25 US cents per share (2007–2008 : 25 US cents per share)	70.2	71.8	71.8
Interim dividend paid for 2008–2009 : 16.5 US cents per share	–	–	47.0
Total	70.2	71.8	118.8

The proposed interim dividend for the six months ended 30 September 2009 was 17.5 US cents per share.

8. Business Combination

On 11 June 2009, Sesa Goa signed a Share Purchase Agreement under which Sesa acquired all the outstanding common shares of V S Dempo & Co. Private Limited ('Dempo'), which in turn, also holds 100% of the equity shares of Dempo Mining Corporation Private Limited and 50% of the equity shares of Goa Maritime Private Limited for a total consideration of US\$361 million, after a working capital adjustment of US\$38.9 million. The operating and financial results of Dempo have been consolidated effective from 11 June 2009, which was the date of acquisition. Dempo is mainly involved in iron ore mining.

8. Business Combination continued

The net assets of Dempo as acquired have been included in the interim results at fair value, as detailed in the table below:

(US\$ million except as stated)	Book value	Fair value adjustments	Fair value
Assets			
Non-current assets			
Property, plant and equipment	24.2	472.6	496.8
	24.2	472.6	496.8
Current assets			
Inventories	16.0	–	16.0
Trade and other receivables	10.0	–	10.0
Deferred tax assets	0.1	(0.1)	–
Cash and cash equivalents	34.6	–	34.6
	60.7	(0.1)	60.6
Liabilities			
Current liabilities			
Trade and other payables	(18.4)	–	(18.4)
Current tax liabilities	(3.2)	–	(3.2)
	(21.6)	–	(21.6)
Non-current liabilities			
Medium-term borrowing	(12.4)	–	(12.4)
Deferred tax liabilities	–	(160.7)	(160.7)
Provisions	(0.2)	(1.2)	(1.4)
	(12.6)	(161.9)	(174.5)
Net assets	50.7	310.6	361.3
Satisfied by :			
Cash consideration paid			335.1
Deferred Consideration			26.2

The Company has carried out a fair value assessment of the assets acquired during acquisition. Since the date of acquisition, Dempo has contributed US\$8.3 million to the revenue and US\$(1.2) million to the net profit of the Group for the period ended 30 September 2009. If Dempo had been acquired at the beginning of the period, the revenue of the Group would have been US\$45.0 million higher and the net profit of the Group would have been US\$5.2 million higher. Overall production and consequent shipments are significantly lower than average during the period, due to seasonal monsoon conditions in the region.

Notes to the financial information

continued

9. Movement in net debt¹

US\$ million	Debt due within one year			Debt due after one year			
	Cash and cash equivalents	Debt carrying value	Debt related derivatives ²	Debt carrying value	Debt related derivatives ²	Liquid investments	Total net (debt)/cash
At 1 April 2008	458.2	(1,417.2)	(1.2)	(1,556.9)	11.3	4,648.5	2,142.7
Cash flow	69.5	807.9	–	(2,614.6)	–	856.8	(880.4)
Other non-cash changes ³	–	63.5	1.5	(80.5)	(19.4)	19.3	(15.6)
Foreign exchange differences	31.2	126.6	–	84.6	–	(700.4)	(458.0)
As at 30 September 2008	558.9	(419.2)	0.3	(4,167.4)	(8.1)	4,824.2	788.7

US\$ million	Debt due within one year			Debt due after one year			
	Cash and cash equivalents	Debt carrying value	Debt related derivatives ²	Debt carrying value	Debt related derivatives ²	Liquid investments	Total net (debt)/cash
At 1 April 2008	458.2	(1,417.2)	(1.2)	(1,556.9)	11.3	4,648.5	2,142.7
Cash flow	(254.8)	(209.0)	–	(1,999.1)	–	961.9	(1,501.0)
Other non-cash changes ³	–	–	9.6	(341.3)	(18.2)	33.3	(316.6)
Foreign exchange differences	177.1	327.7	–	80.9	–	(1,111.6)	(525.9)
At 31 March 2009	380.5	(1,298.5)	8.4	(3,816.4)	(6.9)	4,532.1	(200.8)

9. Movement in net debt¹ continued

US\$ million	Debt due within one year			Debt due after one year			
	Cash and cash equivalents	Debt carrying value	Debt related derivatives ²	Debt carrying value	Debt related derivatives ²	Liquid investments	Total net (debt)/cash
At 1 April 2009	380.5	(1,298.5)	8.4	(3,816.4)	(6.9)	4,532.1	(200.8)
Cash flow	151.1	(454.2)	–	(1,226.8)	–	780.2	(749.7)
Acquisition of Subsidiaries	–	(12.4)	–	–	–	–	(12.4)
Reclassification due to covenant test**	–	(3,741.6)	–	3,741.6	–	–	–
Other non-cash changes ³	–	(13.7)	–	(4.7)	–	10.6	(7.8)
Foreign exchange differences	(176.6)	(39.1)	–	(55.9)	–	272.9	1.3
As at 30 September 2009	355.0	(5,559.5)	8.4	(1,362.2)	(6.9)	5,595.8	(969.4)

1 Net debt being total debt after fair value adjustments under IAS 32 and 39 as reduced by cash and cash equivalents and liquid investments.

2 Debt-related derivatives exclude commodity-related derivative financial assets and liabilities.

3 Other non-cash changes comprised US\$(351.0) million (September 2008 US\$29.3 million) of project buyers credit obtained from banks, for which there is no cash movement as it represents the re-financing of amounts previously owed to suppliers. It also includes US\$327.6 million of non cash movement relating to the equity portion of the US\$1.25 billion convertible bond. It also includes US\$10.6 million of fair value movement in liquid investments.

* During the current six months the Group has raised US\$1.25 billion as a convertible bond with a coupon rate of 5.5% and a maturity period of 7 years. The said amount has been accounted as per IAS 39 and the amount split between a debt portion of US\$906.6 million and an equity portion of US\$327.6 million. At a corporate level we have obtained a term loan for US\$200 million at 4.98% maturing in 2010. Sterlite has issued commercial paper of US\$156 million for a period of one year. Sterlite Energy has obtained a syndicated rupee term loan facility of US\$1,280 million (INR 6,150 million borrowed at SBI PLR less 50 basis points, presently 11.5% p.a.) of which US\$260 million has been drawn down. There is an increase in Project Buyers Credit of US\$283 million at VAL and US\$68 million at Sterlite Energy.

** One of the group's term loans includes a rolling 12 month interest cover ratio covenant computed on a gross interest basis (ie including amounts capitalised). Due to the unprecedented economic slow-down and low commodity prices in the second half of calendar year 2008 coupled with proactive steps taken by the group to prefund its capital expenditure plans by way of raising additional funds in advance of their need, the group was concerned that the ratio test on September 30, 2009 would be lower than the minimum cover required by the original terms of the loan agreement. Accordingly, prior to 30 September 2009, the group commenced discussions with the relevant lenders to reset its interest cover ratio covenant. As required under the terms of the loan agreement, the requisite majority of the lenders have, subsequent to 30 September 2009 but prior to the approval of the interim report and the submission of the relevant covenant certification, agreed to reset the relevant covenant for the period ended September 30, 2009. Certain other loan agreements of the group include cross-default clauses. Even though these have not been triggered, in accordance with IFRS both the original loan and these additional loans have been classified as current liabilities in these financial statements, as the Group did not have an unconditional right at 30 September 2009, to defer settlement beyond twelve months. The amendment agreed by the relevant lenders also relaxed the above ratio for future periods. Based on the group's latest projections, the directors expect to comply with the revised covenant requirements for the foreseeable future. Accordingly, these loans are expected to be classified as non-current in the next reporting period and will not fall due prior to their original maturity.

Notes to the financial information

continued

9. Movement in net debt¹ continued

The table below discloses the classification of the Group's borrowings and convertible loan notes as if the covenant amendment referred to above had been in place at 30 September 2009:

(US\$ million except as stated)	As at 30 September 2009 Under IFRS	Impact of covenant amendment	Illustrative balance sheet at 30 September 2009 incorporating impact of covenant amendment
Current liabilities			
Short-term borrowings	4,043.9	(2,226.0)	1,817.9
Convertible loan note	1,515.6	(1,515.6)	–
Other current liabilities	2,260.8	–	2,260.8
Total current liabilities	7,820.1	(3,741.6)	4,078.7
Net current assets	363.2	3,741.6	4,104.8
Non-current liabilities			
Medium and long-term borrowings	1,362.2	2226.0	3,588.2
Convertible loan notes	–	1,515.6	1,515.6
Other non-current liabilities	1,584.1	–	1,584.1
Total non-current liabilities	2,946.3	3,741.6	6,687.9

10. Other disclosures

Capital commitments

Contractual commitments to acquire fixed assets were US\$4,387.2 million at 30 September 2009 (31 March 2009: US\$3,674.0 million, 30 September 2008: US\$4,404.7).

Contingent liabilities and guarantees

A summary of the most significant matters is set out below:

Guarantees

As at 30 September 2009, US\$515.1 million of guarantees had been issued to banks in normal course of business (31 March 2009: US\$252.7 million, 30 September 2008: US\$132.9 million). The Group has also entered into guarantees advanced to the customs authorities in India of US\$121.5 million (31 March 2009: US\$283.5 million, 30 September 2008: US\$163.4 million) relating to payment of import duty.

10. Other disclosures continued**Export Obligations**

The Indian entities of the Group have export obligations of US\$4,874.7 million (31 March 2009: US\$3,909.0 million, 30 September 2008: US\$3,937.5 million) over eight years, on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme laid down by the Government of India. In the event of the Group's inability to meet its obligations, the Group's liability would be US\$691.9 million (31 March 2009: US\$556.5 million, 30 September 2008: US\$566.0 million) reduced in proportion to actual exports.

This liability is backed by a bond executed in favour of the customs department amounting to US\$664.5 million (31 March 2009: US\$515.5 million, 30 September 2008: US\$496.7 million).

Guarantees to Suppliers

The Group has given corporate guarantees to certain suppliers of concentrate. The value of these guarantees was US\$120.0 million at 30 September 2009 (31 March 2009: US\$120.0 million, 30 September 2008: US\$170 million).

Miscellaneous Disputes

The Indian excise and related indirect tax authorities have made several claims against the Group companies for additional excise and indirect duties. The claims mostly relate either to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns.

The approximate value of claims against these companies total US\$306.1 million (31 March 2009: US\$221.3 million, 30 September 2008: US\$221.1 million) of which US\$5.2 million (31 March 2009: US\$15.5 million, 30 September 2008: US\$27.6 million) is included as a provision in the balance sheet as at 30 September 2009. In the view of the Directors, there are no significant unprovided liabilities arising from these claims.

Related party transactions

The information below sets out transactions and balances between the Group and various related parties for the period. These related parties include Sterlite Technologies Limited ('STL'), which is related by virtue of having the same controlling party as the Group, namely Volcan.

The tables below set out transactions with related parties that occurred in the normal course of trading.

STL

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
(US\$ million except as stated)			
Sales to STL	64.6	77.2	140.7
Reimbursement of expenses	0.1	-	0.2
Purchases from STL	-	0.1	0.1
Amounts receivable at period/year end	7.7	27.5	8.1

Notes to the financial information

continued

10. Other disclosures continued

Transactions with STL

Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and STL, the Company and Sterlite provided various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the half year ended 30 September 2009, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL during the six months ended 30 September 2009 amounted to US\$14,386 (31 March 2009: US\$ 25,047, 30 September 2008: US\$13,948).

Twin Star Infrastructure Limited

Sterlite Energy had issued cumulative convertible preference shares to Twin Star Infrastructure Limited prior to its acquisition by the Group and an amount of US\$nil million was outstanding as at 30 September 2009 (31 March 2009: US\$5.5 million, 30 September 2008: US\$6.0 million).

Sterlite Foundation

During the period ended 30 September 2009, US\$0.3 million was paid to Sterlite Foundation (30 September 2008: US\$0.6 million, 31 March 2009: US\$0.9 million).

The Sterlite Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Sterlite Foundation is providing computer education for disadvantaged students. The Sterlite Foundation is a related party as it is controlled by members of the Agarwal family.

Sesa Community Foundation Limited

During the period, US\$0.3 million (30 September 2008: US\$0.2 million, 31 March 2009: US\$1.1 million) was paid to the Sesa Community Foundation Limited. The Sesa Community Foundation Limited is controlled by the directors of Sesa Goa.

The Anil Agarwal Foundation (formerly the Vedanta Foundation)

During the period, US\$0.2 million was received from the Anil Agarwal Foundation towards reimbursement of expenses (30 September 2008: US\$nil million; 31 March 2009: US\$0.5 million). The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

Henry Davis York

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
(US\$ million except as stated)			
Consultancy services	0.12	–	0.70
Amounts receivable/(payable) at period end	–	–	(0.04)

10. Other disclosures continued

Henry Davis York provides consultancy services to a subsidiary of the Group. The executive management of Henry Davis York hold office at CMT & TCM.

IFL

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Sales to IFL	–	12.9	11.9
Guarantees	1.3	38.7	–
Trade receivables and advances	–	7.6	–
Loans receivable at period end	–	7.7	–

IFL was an associate of the Group. In November 2008, the Group completed the disposal of its interest in IFL, and it ceased to be a related party from that date.

Volcan

(US\$ million except as stated)	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
Reimbursement of bank charges	(0.2)	(0.1)	(0.3)

In relation to the shares of Sterlite held by Twin Star, MALCO issued guarantees to the Income Tax Department of India, at the request of Volcan.

In addition, a limited number of employees are seconded from Sterlite to STL and similarly from STL to Sterlite. The company which benefits from the seconded employee bears their employment costs.

Notes to the financial information

continued

11. Share Transactions

Call option — BALCO

The Company purchased a 51.0% holding in BALCO from the Government of India on 2 March, 2001. Under the terms of this shareholder's agreement ("SHA") for BALCO, the Company has a call option that allows it to purchase the Government of India's remaining ownership interest in BALCO at any point from 2 March, 2004. The Company exercised this option on 19 March, 2004. However, the Government of India has contested the purchase price and validity of the option. The Company sought an interim order from the High Court of Delhi to restrain the Government of India from transferring or disposing of its shareholding pending resolution of the dispute. The High Court directed on 7 August, 2006 that the parties attempt to settle the dispute by way of a mediation process as provided for in the SHA. However, as the dispute could not be settled through mediation, it has been referred to arbitration as provided for in the SHA. Arbitration proceedings commenced on 16 February, 2009. The Company has filed its claim statement with the Arbitration Tribunal. The Government of India filed its reply on 10 July, 2009. The next date for Arbitration Tribunal hearing is on 2 December, 2009.

Call option — HZL

The Company's wholly-owned subsidiary, Sterlite Opportunities and Ventures Limited ("SOVL"), has two call options to purchase all of the Government of India's shares in HZL at fair market value. SOVL exercised the first call option on 29 August, 2003 and acquired an additional 18.9% of HZL's issued share capital, increasing its shareholding to 64.9%. As of 31 March, 2009 and 30 June, 2009, the Government of India's holding in HZL was 29.5%. The second call option provides SOVL the right to acquire the Government of India's remaining 29.5% share in HZL. This call option is subject to the right of the Government of India to sell 3.5% of HZL to HZL employees. This call option is also subject to the Government of India's right, prior to the exercise of this call option, to sell its shares in HZL through a public offer. From 11 April, 2007, SOVL has the right to exercise the second call option. The option has no expiry date. The Company exercised the second call option on 21 July, 2009. The Government has stated that they are maintaining the same stand as in Balco on the validity of the call option. However, the company has requested the Government to reconsider their stand and appoint a valuer to determine the fair value of the shares.

Asarco Acquisition

On 6 March 2009, Vedanta signed a revised agreement with Asarco LLC ("Asarco") for the purchase of substantially all its operating assets for approximately US\$1.7 billion.

On 23 August, 2009, Vedanta increased its bid to approximately US\$2.14 billion. This amendment proposed to support a plan of reorganisation that would pay Asarco's creditors in full their allowed amount of claims and full post-petition interest. The amendment would provide the Group with a 73% interest in a litigation trust which would enable it to pursue a judgement against Americas Mining Corporation, an affiliate of Grupo Mexico, awarded by the US District Court of Texas, Brownsville Division.

11. Share Transactions *continued*

On 10 September 2009, the Group further revised its offer to US\$2.6 billion payable fully in cash. In the revised offer, the Group would be the beneficiary of 100% of the proceeds from the litigation trust thereby eliminating the put option granted to a trust for Asarco's asbestos creditors and instead provide for full cash settlement of Asarco's asbestos creditors and other specified claims. It would also provide surplus cash after closing for the smooth continued operations of acquired assets. Vedanta also agreed that maximum recovery to the Group from creditors interest in Brownsville judgment would be approximately US\$900 million.

On 31 August 2009, the US Bankruptcy Court recommended to the US District Court to confirm the Parent Plan (proposed by Asarco's parent companies), and to reject Vedanta's offer of 23 August 2009. On 24 September 2009 the Bankruptcy Court recommended to the District Court that it reject Vedanta's amended offer of 10 September 2009. It further recommended that, should the District Court consider Vedanta's amended offer, then despite this, the parent plan should remain confirmed.

Share Purchases

During financial year 2010, the Group increased its holding in certain of its subsidiaries through open market purchases. The details of such purchases are as follows:

- a) 1,437,965 shares of Sterlite Industries India Limited accounting for 0.20% of SIIIL's total equity.
- b) 53,534,457 shares of Sesa Goa accounting for 4.39% of Sesa's total equity.
- c) 1,005,583 shares of Malco accounting for 0.90% of Malco's total equity.
- d) 6,632,890 shares of Vedanta Resources Plc purchased as treasury shares for 2.43% of total equity.

The aggregate loss arising on these transactions of US\$53.1 million was recorded within equity.

12. Post-balance sheet events

Sesa Goa raised Foreign Currency Convertible Bonds (FCCB) of US\$500 million with a coupon interest of 5% on 30 October 2009. The tenure of the bonds are 5 years and proceeds from the offering will be used to expand the Company's mining operations, for exploration for new resources, and to further develop its pig iron and metallurgical coke operations and for other purposes in line with Reserve Bank of India's ECB regulation

Sterlite raised 4% convertible senior notes of US\$500 million on 15 October 2009 for a tenure of 5 years. The company intends to utilise the proceeds for the new 400ktpa brownfield copper smelter expansion project at Tuticorin in India, together with an associated 160 MW (2x 80 MW) captive power plant and for other purposes in line with Reserve Bank of India's ECB regulation

Independent review report to Vedanta Resources plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity, and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

Deloitte LLP

Chartered Accountants and Registered Auditor
London, UK
4 November 2009

Notice of Interim Dividend

Notice is hereby given that an Interim dividend on the Company's ordinary share capital in respect of the year to 31 March 2010 will be payable as follows:

Amount	17.5 US cents per ordinary share
Currency Election date	Friday, 11 December 2009
Ex-dividend on the London Exchange from the commencement of trading on	
Record Date	Friday, 11 December 2009
Dividend warrants posted	Tuesday, 5 January 2010
Payment date of dividend	Thursday, 7 January 2010

Shareholders may elect to receive the dividend in UK pounds sterling if they wish. The Board has determined that the exchange rate to be applied to convert the dividend into UK pounds will be £0.607 to the US dollar, equating to 10.62 pence per Ordinary Share. This exchange rate is based on the average exchange rate for the five business days prior to the announcement of the Company's interim results on 5 November 2009.

Shareholders wishing to receive their dividends in UK pounds sterling should notify the Company's Registrars by 11 December 2009. The Company's Registrars can also arrange for dividends to be paid direct into shareholders' UK bank accounts. This arrangement will only be available in respect of dividends paid in UK pounds sterling.

The Company's Registrars are Computershare Investor Services PLC and can be contacted at, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or on telephone number +44 (0) 870 707 1388.

By order of the Board

Deepak Kumar
Company Secretary
5 November 2009

Glossary and definitions

ADR

American Depository Receipts

Aluminium Business

The aluminium business of the Group comprising its fully-integrated bauxite mining, alumina refining and aluminium smelting operations in India, and trading through the Bharat Aluminium Company Limited, Vedanta Aluminium Limited and The Madras Aluminium Company Limited, companies incorporated in India

Attributable Profit

Profit for the financial year before dividends attributable to the equity shareholders of Vedanta Resources plc

BALCO

Bharat Aluminium Company Limited, a company incorporated in India

Board or Vedanta Board

The board of directors of the Company

Businesses

The Aluminium Business, the Copper Business the Zinc Business, the Iron Ore Business and the Power Business together

Capital Employed

Net assets before net (debt)/cash

Cash Tax Rate

Current taxation as a percentage of profit before taxation

CMT

Copper Mines of Tasmania Pty Ltd, a company incorporated in Australia

Company or Vedanta

Vedanta Resources plc

Copper Business

The copper business of the Group, comprising:

- a copper smelter, two refineries and two copper rod plants in India, trading through Sterlite Industries (India) Limited, a company incorporated in India;
- a copper mine in Australia, trading through Copper Mines of Tasmania Pty Limited, a company incorporated in Australia; and
- an integrated operation in Zambia consisting of three mines, a leaching plant and a smelter, trading through Konkola Copper Mines PLC, a company incorporated in Zambia

CSR

Corporate social responsibility

CY

Calendar Year

Directors

The directors of the Company

DMCL

Dempo Maritime Corporation Limited

Dollar or \$

US dollars, the currency of the United States of America

EBITDA

Earnings before interest, taxation, depreciation, goodwill amortisation/impairment and special items (see note 3)

EBITDA Margin

EBITDA as a percentage of turnover

Economic Holdings or Economic Interest

The economic holdings/interest are derived by combining the Group's direct and indirect shareholdings in the operating companies. The Group's Economic Holdings/Interest is the basis on which the Attributable Profit and net assets are determined in the consolidated accounts

EPS

Earnings per Ordinary Share

Executive Directors

The executive directors of the Company

Expansion Capital Expenditure

Capital expenditure that increases the Group's operating capacity

Free Cash Flow

Cash flow arising from EBITDA after net interest (including gains on liquid investments and adjusted for net interest capitalised), taxation, Sustaining Capital Expenditure and working capital movements (see Financial Review)

FY

Financial year

GAAP, including UK GAAP and Indian GAAP

Generally Accepted Accounting Principles, the common set of accounting principles, standards and procedures that companies use to compile their financial statements in their respective local territories

Gearing

Net debt as a percentage of Capital Employed

Government or Indian Government

The Government of the Republic of India

Group

The Company and its subsidiary undertakings and, where appropriate, its associate undertaking

HSE

Health, safety and environment

HZL

Hindustan Zinc Limited, a company incorporated in India

IFRS

International Financial Reporting Standards

Interest Cover

EBITDA divided by finance cost

KCM or Konkola Copper Mines

Konkola Copper Mines PLC, a company incorporated in Zambia

KT

Thousand tonnes

LIBOR

London Inter Bank Offered Rate

Listing or IPO (INITIAL PUBLIC OFFERING)

The listing of the Company's Ordinary Shares on the London Stock Exchange on 10 December 2003

Listing Particulars

The listing particulars dated 5 December 2003 issued by the Company in connection with its Listing

LME

London Metals Exchange

London Stock Exchange

London Stock Exchange plc

Glossary and definitions

continued

LTIP

The Vedanta Resources Long- Term Incentive Plan or Long-Term Incentive Plan

MALCO

The Madras Aluminium Company Limited, a company incorporated in India

MT OR TONNES

Metric tonnes

MW

Megawatts of electrical power

Non-executive Directors

The non-executive directors of the Company

NYSE

New York Stock Exchange

Ordinary Shares

Ordinary shares of 10 US cents each in the Company

Return on Capital Employed or ROCE

Profit before interest, taxation, special items, tax effected at the Group's effective tax rate as a percentage of Capital Employed

Reward Plan

Vedanta Resources Share Reward Plan, a closed plan approved by shareholders on listing in December 2003 and adopted for the purpose of rewarding employees who contributed to the company's development and growth over the period leading up to listing in December 2003

Sesa Goa

Sesa Goa Limited, a company incorporated in India engaged in the business of mining iron ore

SEWT

Sterlite Employee Welfare Trust, a long-term investment plan for Sterlite senior management

STL

Sterlite Technologies Limited, a company incorporated in India

SOVL

Sterlite Opportunities and Ventures Limited, a company incorporated in India

SOX

Sarbanes-Oxley Act

Special items

Items which derive from events and transactions that need to be disclosed separately by virtue of their size or nature

Sterlite

Sterlite Industries (India) Limited, a company incorporated in India

Sustaining Capital Expenditure

Capital expenditure to maintain the Group's operating capacity

TC/RC

Treatment charge/refining charge being the terms used to set the smelting and refining costs

TPA

Metric tonnes per annum

TCM

Thalanga Copper Mines Pty Limited, a company incorporated in Australia

TSPL

Talwandi Saboo Power Limited

Twin Star

Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group

Twin Star and its subsidiaries and associated undertaking

Underlying EPS

Underlying earnings per ordinary share on underlying profit

Underlying profit

Profit for the year after adding back special items, exchange (gains)/losses on borrowings and capital creditors, and their resultant tax and minority interest effects

VAL

Vedanta Aluminium Limited, a company incorporated in India

Volcan

Volcan Investments Limited, a company incorporated in the Bahamas

VRHL

Vedanta Resources Holdings Limited, a company incorporated in the United Kingdom

VSD

V S Dempo Limited

ZCI

Zambia Copper Investment Limited, a company incorporated in Bermuda

ZCCM

ZCCM Investments Holdings plc, a company incorporated in Zambia

Zinc Business

The zinc-lead business of the Group comprising its fully integrated zinc-lead mining and smelting operations in India, and trading through the Hindustan Zinc limited, a company incorporated in India

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