vedanta

DELIVERING PROFITABLE GROWTH

2009 Preliminary Results

7 May 2009

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Overview

Five years of profitable growth

- Successfully delivering organic growth projects
- Improving low cost positions
- Consolidating minorities
- Selective acquisitions
- Socially responsible developer and operator

Delivering prudent, profitable growth & returns

Robust financial results	■ EBITDA of $1.6bn, a 25% margin ■ Attributable EPS of 76.4 USc per share ■ Strong Free Cash Flow of $1.7bn
Strong operational performance	■ Record production in aluminium, iron ore, zinc and silver ■ Successful project commissioning; Aluminium, Zinc, and Copper-Zambia ■ Achieved significant cost savings, further improving low cost position
Increasing returns to shareholders	■ ROCE of 24.4% despite major capital investment programme ■ $250mn share buyback programme; $80mn / 3.3% bought in FY2009 ■ Progressive dividend policy maintained; FY2009 dividend 41.5c
Strong financial position	■ Strong balance sheet: Gross Cash of $4.9bn and Net Debt of $200mn ■ Secured $3.7bn of project financing ■ Strong cash flow from structurally low cost operations

Decisive response to market conditions

- Cost saving initiatives delivered across all operations
  - Working capital management
  - Supplier contracts renegotiated
- Cost reduction in all operations, including most significantly at KCM
  - Exit CoP of $1.4/lb vs guidance of $1.5-1.6/lb
  - Target CoP of $1.25/lb by end of FY2010
- Net reduction/deferral of $5.3bn in expansion projects
- Re-negotiated ASARCO purchase consideration
- Marginal aluminium production shut down
  - MALCO smelter and part of BALCO I smelter
  - Selling surplus power

Well positioned through the cycle

Delivering on our strategy

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Pursuing organic growth	■ Delivering 2.5mtpa (Al), 1mtpa (Cu, Zn), 25mtpa (Fe), and 6,500Mw (power) ■ $7.6bn capex to spend, secured $3.7bn funding ■ Will further reduce CoP
Substantial exploration success	■ Significant resource upgrade at Sesa Goa, +57.8mt ■ Significant resource upgrade at HZL, +46.3mt ■ Promising exploration potential at KCM
Optimising returns	■ Silver production up 31% to 3.4moz; EBITDA of $45mn ■ 880mn kwh of surplus power sales; EBITDA of $45mn ■ Phosphoric acid by product sales up; EBITDA of $63mn ■ Opportunities in cobalt production to reduce KCM costs further
Consolidating minorities	■ MALCO minority buy-out completed and delisting in progress ■ Increased holding in Sterlite and Sesa Goa ■ Acquired 28.4% stake in KCM ■ BALCO arbitration progressing; HZL call option exercise to follow
Leveraging existing skills	■ Proposed acquisition of Asarco assets – Adds scale in copper, diversification and operational opportunities

Well funded growth programme

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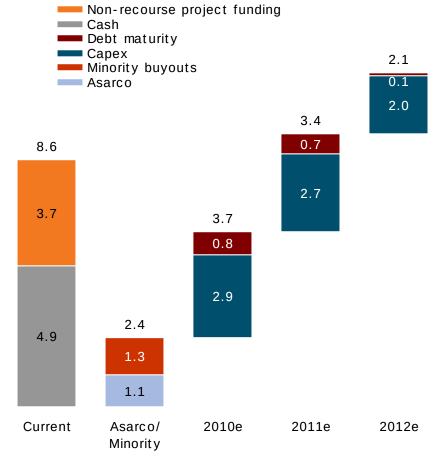
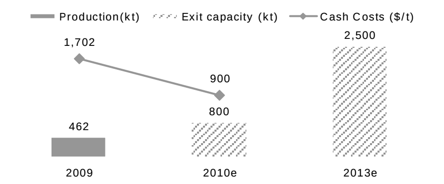
- Very strong liquidity
- Structurally low cost options underpin strong free cash flow
- Peak gearing to remain under 40%

Liquidity and capital requirements ($bn)
(excluding cash accruals)

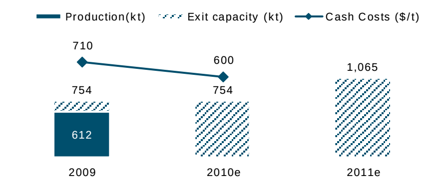


Growing, low cost production drives cashflow

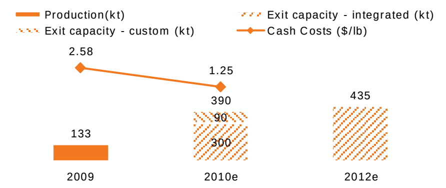
Aluminium Current LME: $1,500/tonne



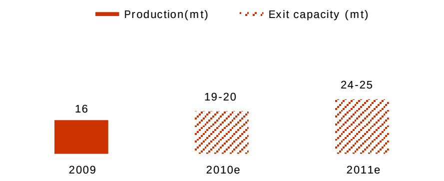
Zinc-Lead Current LME: $1,500/tonne



Copper - Zambia Current LME: $2.0/lb



Iron Ore Current Spot: $50/tonne



Plus Copper India, Power, Silver

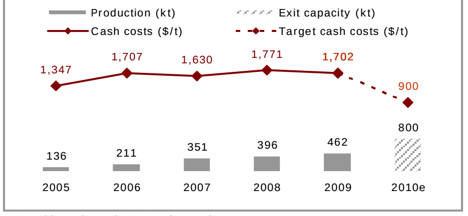
Capacities and costs in 2010e and beyond refer to exit rates

Operating review

Aluminium operations

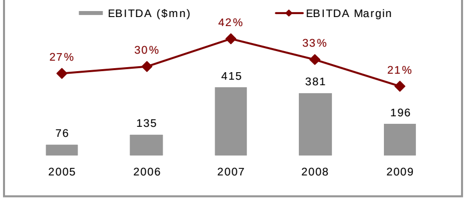
- Record annual production, up 17%
  - 82kt from new Jharsuguda smelter
  - 586kt of alumina from first stream of the Lanjigarh refinery
  - Shut down marginal production at MALCO (December 2008) and part of BALCO plant I (March 2009)
- Sales of surplus power: $28mn EBITDA
- Significant fall in LME prices
- H2 FY2009 reduction in CoP: BALCO II exit CoP of $1,146/t
- Exit CoP of $900 per tonne, exit FY2010E
  - Alumina: $250/t
  - Smelter costs: $650/t

Aluminium production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA



Aluminium expansion projects

Lanjigarh 1.4mtpa alumina refinery

- Stream I operating near rated capacity from Q4 FY2009; Stream II recently commissioned
- Niyamgiri bauxite by conveyor – mid FY2010

Lanjigarh 3.6mtpa expansion

- Major orders placed and project work in full swing
- 600ktpa debottlenecking project to be completed by March 2010
- One line (1mt) to be commissioned by mid 2010 and full commissioning of all three lines by mid 2011

Jharsuguda I: 500ktpa smelter and 1,215Mw CPP

- Phase I: 250ktpa to be fully operational by Q1 FY2010, six months ahead of schedule
- Phase 2: Phased commissioning by June 2009 through to end FY2010

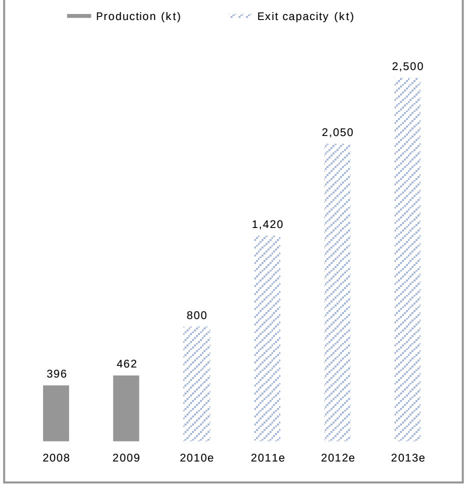
Jharsuguda II: 1.25mtpa smelter (4 lines)

- Phased commissioning from March 2010, full commissioning of three Lines by September 2011, Line 4 by September 2012

BALCO: 325kta smelter & 1,200Mw CPP

- Construction commenced
- First metal tapping from October 2010, full commissioning by September 2011

Aluminium production and proposed capacity

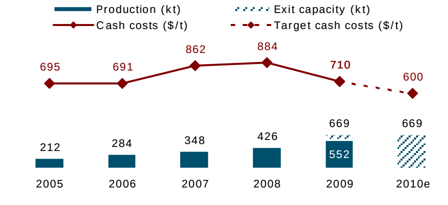


Capacities in 2010e and beyond refer to exit rates

Zinc operations

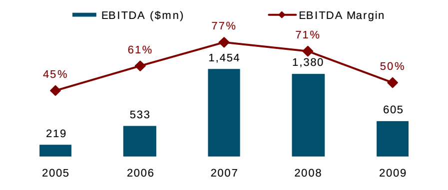
- Record annual production of zinc, lead and silver
  - Commissioning of Stream III concentrator at Rampura Agucha
  - Increased production from all smelters
  - Higher silver grade in feed
- Significant fall in LME prices
- Reduction in cash costs
  - Lower royalties
  - Rupee depreciation
  - Underlying costs held flat through increased volumes, acid credits and operational efficiencies
- Sale of wind power contributed $17mn to EBITDA
- Exit CoP of $600 per tonne, exit FY2010E

Zinc production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA



Zinc-Lead expansion projects

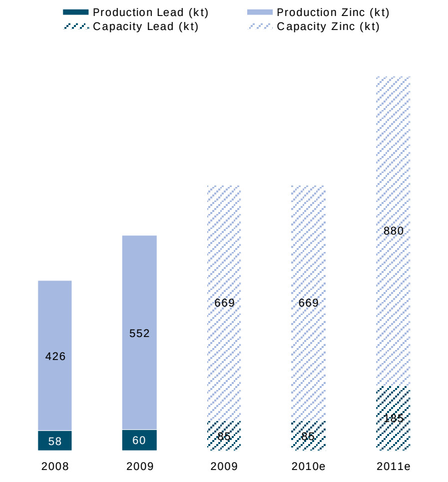
Smelter and CPP expansion

- 210ktpa zinc smelter, 100ktpa lead smelter and 160Mw CPP project
- Smelter projects to be completed by mid 2010

Mine expansions

- Rampura Agucha (from 5.0mtpa to 6.0mtpa)
  - Major ordering completed
  - Scheduled for commissioning in mid 2010
- Sindesar Khurd (from 0.3mtpa to 1.5mtpa)
  - Ramp portal nearing completion
  - Underground mine development in full swing
    - Resources mobilised to achieve accelerated mine development
  - Progressive commissioning from mid 2010

Zinc-Lead production and proposed capacity



Capacities in 2009e and beyond refer to exit rates

Iron Ore operations

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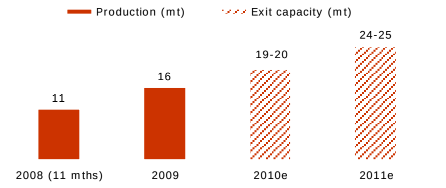
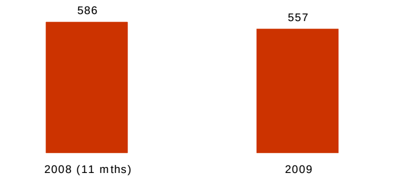
- Record annual sales, up 22%
  - First full year contribution in FY2009
  - Improved operational efficiencies
  - Majority sold in spot market
- Cost performance
  - Higher inland freight
  - Export duty
- Lower realisations
  - Fall in realisation in H2 FY2009

Iron Ore production and proposed capacity



Capacities in 2010e and beyond refer to exit rates

EBITDA ($mn)



Copper-Zambia operations

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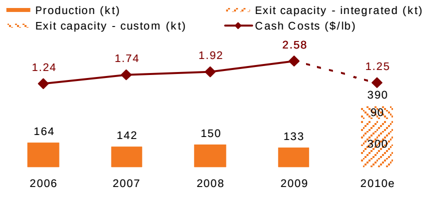
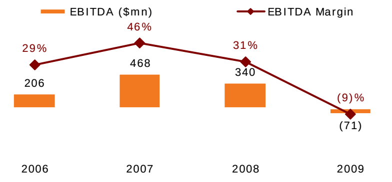
- Planned reduction of production on account of:
  - Ramp down of high cost operations at Nkana
  - Process disruption in SX/EW plant in Q1 FY2009
- Commencing of Nchanga smelter in Q4 FY2009
- Significant fall in LME prices
- Transformation in costs
  - Exit CoP of $1.25/lb FY 2010E

Production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA

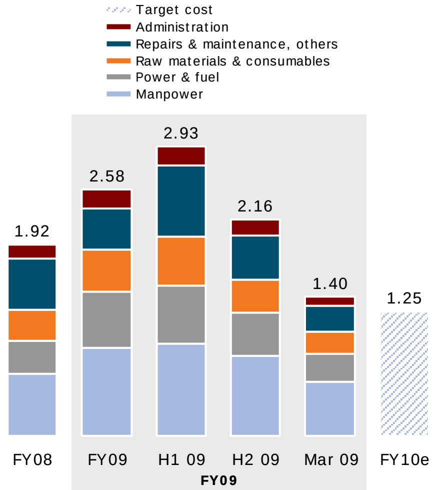


KCM cost transformation

Drivers

- Delivered target COP:
  - March 2009: $1.40/lb (H1 FY2009: $2.93/lb)
- Key cost drivers
  - Manpower reduction
  - Nkana closure and Nchanga ramp-up
  - Cobalt recovery at Nchanga Smelter
  - Commodities price benefit
  - Service contract rationalisation
- Exit COP for FY2010e: $1.25/lb
  - Nchanga smelter full ramp up
  - Higher by-product credit

Cost of production ($/lb)



Costs in 2010e refer to exit rates

Copper-Zambia expansion projects

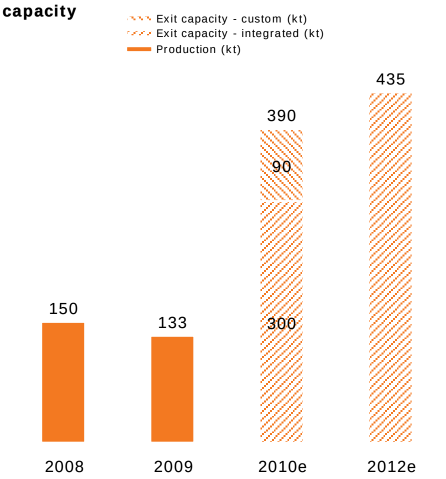
Nchanga Smelter

- Commissioned in Q4
- Furnace leak in April 2009
  - Restarted in May 2009
- Rated capacity by Q2 FY2010

KDMP

- Holing through of top and bottom sections and main-shaft sinking at ~950 meters
- 90% completing of winder for mid-shaft loading
- On schedule for mid-shaft commissioning by mid FY2010
- Full project completion by end 2011

Copper-Zambia production and proposed capacity

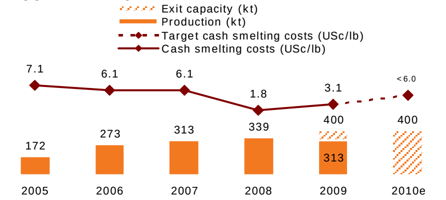


Capacities in 2010e and beyond refer to exit rates

Copper-India and Australia operations

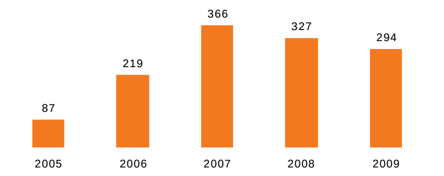
- Lower volumes
  - Planned bi-annual maintenance shutdown in Q1
  - Cooling tower repairs in Q3
- Excellent underlying operating cost performance despite:
  - Lower acid credits in H2 FY2009
  - Higher costs of petroleum products
- Phosphoric acid
  - Improved production volumes
  - Contribution to FY2009 EBITDA: $63mn
- TC/RCs
  - FY2009: down 25% at $0.12/lb
  - Expect improvement in 2010
- Copper-Australia
  - Stable operations with improving operating efficiencies
  - Better cost performance

Copper-India production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA ($mn)



Energy operations and projects

Near term opportunities

- Sale of surplus power in spot market
- Shutdown of MALCO and BALCO I to provide greater opportunity in current year

Projects

- SEL - 2,400 Mw under construction
  - First unit to be commissioned in Q3 FY2010
  - Progressing well for full commissioning by Q2 FY2011
  - Capex cost of $1.9bn, within budget
- Coal Blocks under development
  - BALCO: 211mt
  - SEL: 112mt

Exploration success

Hindustan Zinc

- Added 46.3mt of reserves and resources with 4.0mt contained metal in FY2009
- Current total reserves and resources of 272mt with 31.5mt contained metal, mine life of 25 years
- Added 152mt of gross reserves and resources against 26.3mt mined out in last 5 years

Sesa Goa

- Added 57.8mt (+26%) reserves and resources prior to production depletion of 15.8mt in FY2009
- Current total reserves and resources of approximately 240mt

KCM

- Addition of 16mt reserves and resources taking total to 470mt

Sustainable development

Sustainable development is integral to our business philosophy & ethos

- LTIFR reduced to 1.67 from 1.91 in the previous year
- Continued improvements in reducing specific energy and water consumption
- Enhances performance on solid waste management

Social development

- Focus areas
  - Education
  - Health
  - Livelihood
  - Agriculture and Social Forestry
  - Integrated village development

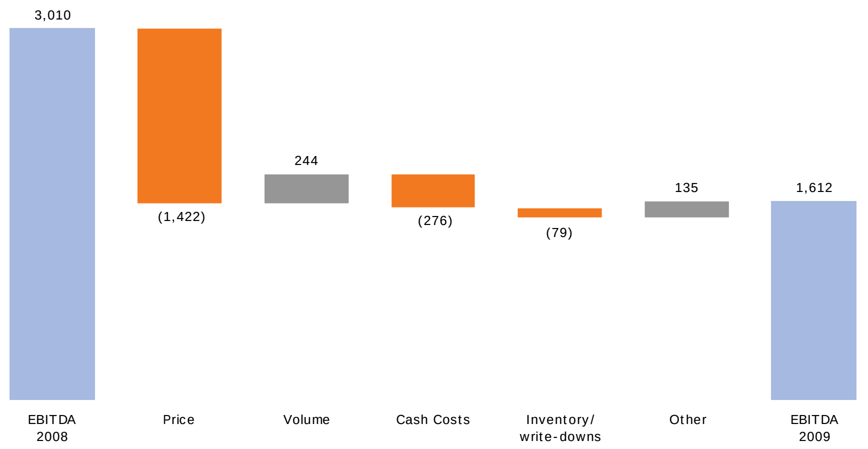
Finance review

Financial highlights

(in $mn)	**FY2009**	FY2008	Change
Revenue	**6,579**	8,204	(19.8)%
EBITDA	**1,612**	3,010	(46.4)%
EBITDA Margin	***24.5%***	*36.7%*	–
Profit After Tax	**901**	2,005	(55.1)%
Minority Interests	**75.6%**	56.2%	–
Attributable Profit	**219**	879	(75.0)%
Attributable EPS (US cents)	**76.4**	305.4	(74.2)%
DPS (US cents)	**41.5**	41.5	–
Free Cash Flow	**1,710**	2,217	(22.9)%
ROCE	***24.4%***	*45.6%*	–
Net (Debt) / Cash	**(201)**	2,143	–

EBITDA reconciliation

EBITDA reconciliation 2009 vs. 2008 ($mn)



Summary Cash Flow statement

($mn)	2009	2008
EBITDA	1,612.2	3,010.4
Working capital	620.6	(53.3)
Sustaining capital expenditure	(306.3)	(256.9)
Net interest / dividend received / (paid)	33.2	177.5
Tax paid	(330.8)	(655.2)
Operating exceptional / other	80.7	(5.6)
Free cash flow	**1,709.6**	**2,216.9**
Expansion capital expenditure	(3,021.3)	(1,997.7)
Issue of shares by subsidiary	-	1,969.4
Dividends paid	(174.9)	(157.8)
Acquisitions	(316.8)	(757.7)
Buyback	(80.3)	-
Sale of non core business	-	83.1
Other movements	(459.8)	353.8
Movement in net cash	**(2,343.5)**	**(1,710.0)**
Debt	5,113.4	2,964.0
Cash	4,912.6	5,106.7
Net debt / (cash)	**200.8**	**(2,142.7)**

Significant working capital inflow

- Commodity price falls
- Improved cycle management

Low sustaining capex

- Modern, efficient Indian operations

Reduced tax rate

- Tax planning
- KCM windfall tax withdrawn

Funding

Project capex

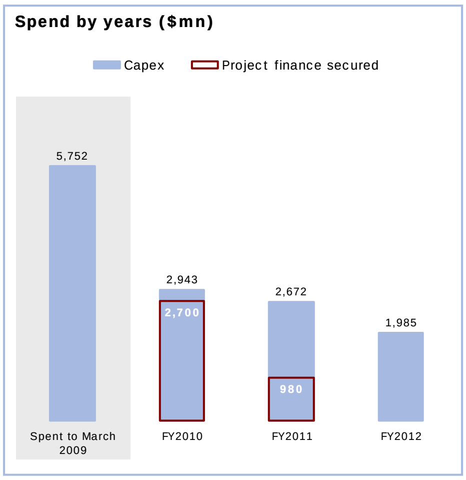
	$bn
Original cost	**18.7**
Savings/deferrals	(5.3)
Revised cost	**13.4**
Spent to date	(5.8)
Balance to be spent	**7.6**
Non-recourse project finance secured[1]	3.7
Balance to be funded	**3.9**

1. Including $2bn, which is subject to final documentation

Capital requirements to FY12

	$bn
Project capex	3.9
Minority buyouts	1.3
Debt maturities	1.6
Asarco	1.1
Total	**7.9**

To be funded by cash on hand ($4.9bn) and accruals



Concluding remarks

Well positioned through the cycle

- Delivering prudent, profitable growth & returns
- Decisive response to market conditions
- Delivering on our strategy
- Well funded growth programme
- Growing and sustainable low cost production drives cashflow

Appendix

Summary Income Statement and Balance Sheet

Summary Income Statement

$mn, except as stated	FY2009	FY2008
Revenues	6,578.9	8,203.7
EBITDA	1,612.1	3,010.4
EBITDA margin	*24.6%*	*36.7%*
Profit before tax	1,181.0	2,763.2
Depreciation and amortisation	(473.3)	(429.1)
Profit for the period	219.4	879.0
Basic EPS (USc)	76.4	305.4
Underlying EPS (USc)	122.9	303.9
Effective tax rate	23.8	*27.4*
Minority interests	681.1	1,126.5
Dividend per share (USc)[1]	**41.5**	**41.5**

1. Proposed for FY2009

Balance Sheet

$mn, except as stated	FY2009	FY2008
Property, plant and equipment	9,348.4	8,354.5
Net assets	7,571.3	9,207.7
Gross debt	5,113.4	2,964.0
Cash	4,912.6	5,106.7
Net (debt)/cash	(200.8)	(2,142.7)
Gearing	*2.6%*	*NA*
ROCE (excluding CWIP)	*24.4%*	*45.6%*

Sensitivities

Foreign currency sensitivities on EBITDA

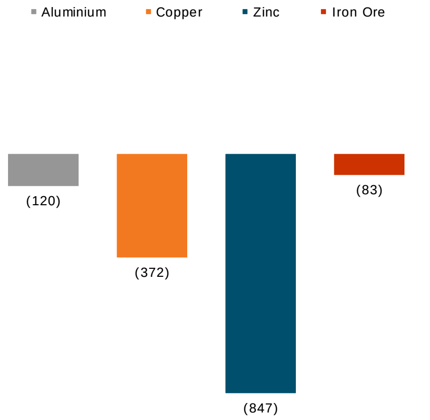
Impact on Group of a 10% change in FX	EBITDA ($mn)
INR/USD	265.6
AUS$/USD	8.2
ZKA/USD	54.0

Commodity price sensitivities on EBITDA

Impact on Group of a $100/t change in LME	EBITDA ($mn)
Copper price	13.9
Aluminium price	39.7
Zinc price	57.9
Lead price	8.9

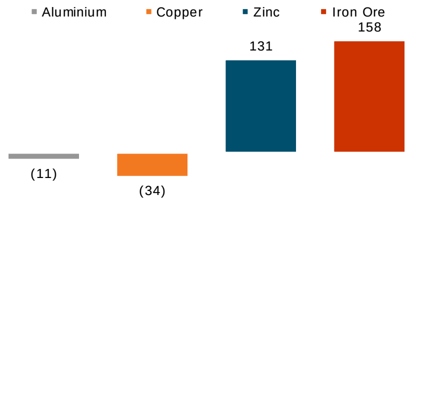
EBITDA: Price and Volume 2009 vs. 2008

Price Variance ($mn)



Total Price Variance: $(1,422)mn

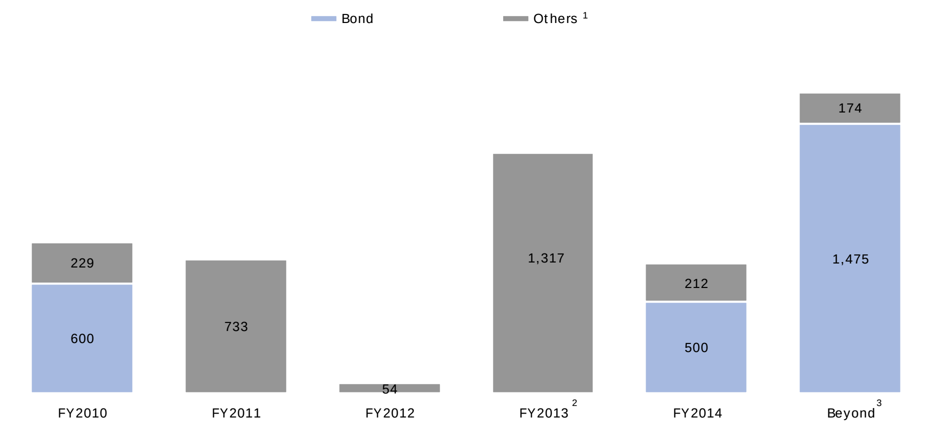
Volume variance ($mn)



Total Price Variance: $244mn

Debt maturity profile

Debt maturity profile ($mn)



1. Includes non-recourse project debt and working capital facilities at subsidiaries
2. Others in 2013 includes maturity of $1bn loan taken to acquire Sesa Goa
3. Bonds beyond 2014 mature in FY2019 and FY2026

Sustainable development I

- Sustainable development is integral to our business philosophy & ethos
- Approach:
  - Defined Governance structure, steered by a Board level HSE Committee
  - Social, economic & institutional development of the communities where we operate
  - Stakeholder Engagement
  - Base line and need assessment
  - Focus on Public Private Partnership
  - Graduation strategy and sustainability
  - Independent audits & reviews
- Focus areas
  - Social Investment: Education, Health, Livelihood
  - Bio Investment: Agriculture, Watershed, Social Forestry
- Resources
  - Partners - 83 regional, national and international NGO partners
  - CSR Spend : $13mn
  - 45.9 average for FY09)
  - Footprint : 434 villages, 2.5 million people across 5 States in India & Zambia

Sustainable development II

- 937 Child Care Centres, 70,000 children, 0-6 years, focus on nutrition, health and preschool education. Plan is to reach out 0.5 million children over a 2 year period
- 6 Centralized Kitchens serving mid day meal daily to 0.2 million students of class 1- 8 in 2418 Schools. 31 more kitchens, feeding 1.5 million children planned over 3-4 years
- Computer Literacy in village schools for over 68,000 children and youth. Plan is to reach out to 0.5 million children in 5,000 schools over 2 years
- 27 company run schools and a Post Graduate College for girls at Ringus
- 17 company run hospitals, health posts & Mobile Health Units provide quality health care to over 0.9 million people
- Prevention & 1st tier treatment of HIV AIDS in Zambia in partnership with USAID to more than 0.1 million people
- More than 3,225 acres of land & 2,800 farmers covered under agricultural & micro irrigation improving land usage & productivity
- 1,300 Self Help Groups, 17,350 women members involved in thrift saving & microenterprise. Cumulative fund base of INR37mn, average monthly income of INR5,000
- 73 villages under the Integrated Village Development Program