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Simplifying the Vedanta Group Structure

Vedanta Resources Plc ("Vedanta" or the "Group") today announces a restructuring to simplify its corporate structure into three commodity focused groups: Copper and Zinc-Lead; Aluminium and Energy; and Iron Ore.

Consolidation of minorities and simplification of the Group structure has been a strategic priority since IPO and the proposed restructuring is an important step in this strategy. The Board believes that the corporate restructuring will:

- Simplify the corporate structure;
- Eliminate conflicts of interest, and
- Increase efficiency.

The respective Boards of Directors of Vedanta, Sterlite Industries (India) Limited ("Sterlite"), and The Madras Aluminium Company Limited ("MALCO") have unanimously approved a Scheme of Restructuring (the "Scheme") of the entities and businesses of the Group.

Under the Scheme which will be effective from 1 April 2009, Sterlite will demerge its aluminium and energy businesses to MALCO (to be simultaneously renamed Sterlite Aluminium Limited) and Vedanta will transfer its 79.4% equity interest in Konkola Copper Mines plc ("KCM") to Sterlite. The Scheme will also eliminate cross holdings between businesses arising out of MALCO's holding in Sterlite. The corporate restructuring is expected to be completed by March 2009.

"We are delighted to announce a significant milestone for the group in the streamlining of our corporate structure following a number of years of industry leading growth." said **Anil Agarwal, Chairman of Vedanta**. *"We believe that the resulting structure will bring material improvements to our organization and will improve focus and transparency across our businesses."*

Strategic Rationale

Vedanta has delivered superior returns through both organic growth and acquisitions. The acquisitions of MALCO, BALCO, HZL, CMT and KCM have resulted in a group structure with cross holdings between group companies and overlapping businesses.

The Board believes that the corporate restructuring will secure the following benefits for shareholders:

- It will simplify the corporate structure into three focused commodity businesses with fewer cross-shareholdings and overlapping businesses. It aligns legal and management structures and increases transparency, further enhancing corporate governance;

- It will increase efficiency, streamlining decision making and business processes through focused management teams; and,
- It will eliminate conflicts of interest by providing strategic clarity. Opportunities – either organic growth projects or M&A – will be allocated to the relevant commodity business. Furthermore, it provides each business with the strategic flexibility and scale to pursue their respective growth opportunities

Consolidation of minorities remains a strategic priority. The buyout of minorities in both BALCO and HZL will remain unaffected by the restructuring. Post completion of the restructuring, Vedanta will continue to seek opportunities to further simplify, streamline and collapse the corporate structures within the new business groups.

Share Exchange Ratios

- MALCO will issue equity shares to the shareholders of Sterlite in the ratio of Seven (7) Equity Shares of Rupees Two each of MALCO for every Four (4) Equity Shares of Rupees Two each held in Sterlite;
- Sterlite will issue One (1) fully paid up equity share of Rupees Two each in exchange for One (1) Equity Share of US\$0.01 each of THL KCM Limited, a wholly owned subsidiary of Vedanta; and
- Sterlite will issue equity shares to the shareholders of MALCO in the ratio of One (1) Equity Share of Rupees Two each of Sterlite for every Fifty One (51) Equity Shares of Rupees Two each held in MALCO.

To ensure the equitable treatment for all shareholders, the independent valuation has been conducted by Grant Thornton India. JM Financial Consultants Private Limited (“JMFC”) provided a fairness opinion on the share swap ratio. This independent exercise ensures fair treatment for all shareholders in a transparent manner.

The Scheme is expected to be completed in March 2009 and is subject to the requisite approvals of the shareholders, creditors, lenders, Indian Stock Exchanges, Indian and Mauritius Courts and such other regulatory authorities.

Three Large Scale, High Growth and Focused Businesses

The restructuring will consolidate and simplify Vedanta’s corporate structure into three commodity focused groups: Aluminium and Energy; Copper and Zinc-Lead; and Iron Ore. Each of these businesses has the scale and potential to continue to deliver industry leading organic growth:

- Copper and Zinc-Lead
 - World’s largest integrated zinc-lead producer
 - Large scale integrated copper producer; 1.1mtpa post Asarco
 - Lowest decile cost zinc producer
 - Lowest cost custom copper smelter in the world
 - World class resource base: Konkola Deep and Rampura Agucha mines

■ Aluminium and Energy

- Top 5 global aluminium producer by 2012 with c2.6mtpa
- Ideally positioned to develop India's abundant bauxite and coal reserves
- Lowest decile production costs
- Benchmark costs and timelines of project development

■ Iron Ore

- Indian's largest private sector iron ore producer-exporter: 2008 production - 12.4mt
- Significant growth in capacity to 25 mtpa by CY2010
- Long life resources
- Low costs of production

The gross assets and profits that were the subject of this transaction for the year ended 31 March 2008 are set out in the table below.

In \$ million	Gross Assets	Profits
Vedanta	16,036	2,763
Sterlite	9,400	2,070
BALCO	1,182	211
HZL	3,282	1,497
SEL	418	-
MALCO	171	19
KCM	1,461	211
VAL	2,154	(1)
Sesa Goa	791	560

JPMorgan Cazenove and Morgan Stanley acted as corporate brokers to Vedanta. PricewaterhouseCoopers India acted as tax and regulatory advisors.

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About Vedanta Resources plc

Vedanta Resources plc (“Vedanta”) is a London listed FTSE 100 diversified metals and mining major. The group produces aluminium, copper, zinc, lead, iron ore and commercial energy. Vedanta has operations in India, Zambia and Australia and a strong organic growth pipeline of projects. With an empowered talent pool of 29,000 employees globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of entrepreneurship, excellence, trust, inclusiveness and growth. For more information visit www.vedantaresources.com

Disclaimer

This press release contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “should” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.