



## Acquisition of Sesa Goa



Investor Presentation  
April 2007

# Cautionary Statement and Disclaimer



The views expressed here may contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of this information. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by Vedanta Resources plc.

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

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

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of the securities described herein, in any jurisdiction, including the United States, in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. Sterlite Industries (India) Limited ("Sterlite") has filed a registration statement in the United States under the Securities Act of 1933, as amended, in connection with the offer and sale of securities described herein. Any public offering of the securities referred to herein to be made in the United States will be made by means of a prospectus that forms a part of this registration statement and that contains detailed information about Sterlite and its management, as well as financial statements.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of Vedanta and Sterlite, to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. There can be no assurance that the results and events contemplated by the forward-looking statements contained herein will in fact occur.

# Transaction Summary

---

- Vedanta Resources plc acquires a 51% controlling stake in Sesa Goa Limited (“Sesa”) from Mitsui & Co. Ltd., Japan for \$981 MM, equivalent to Rs 2,036 per share
- Open offer to acquire additional 20% to complete by July 2007
- Total consideration of \$ 1,368 million
- All-cash transaction funded through a mix of debt and existing cash resources

# Strategic Rationale

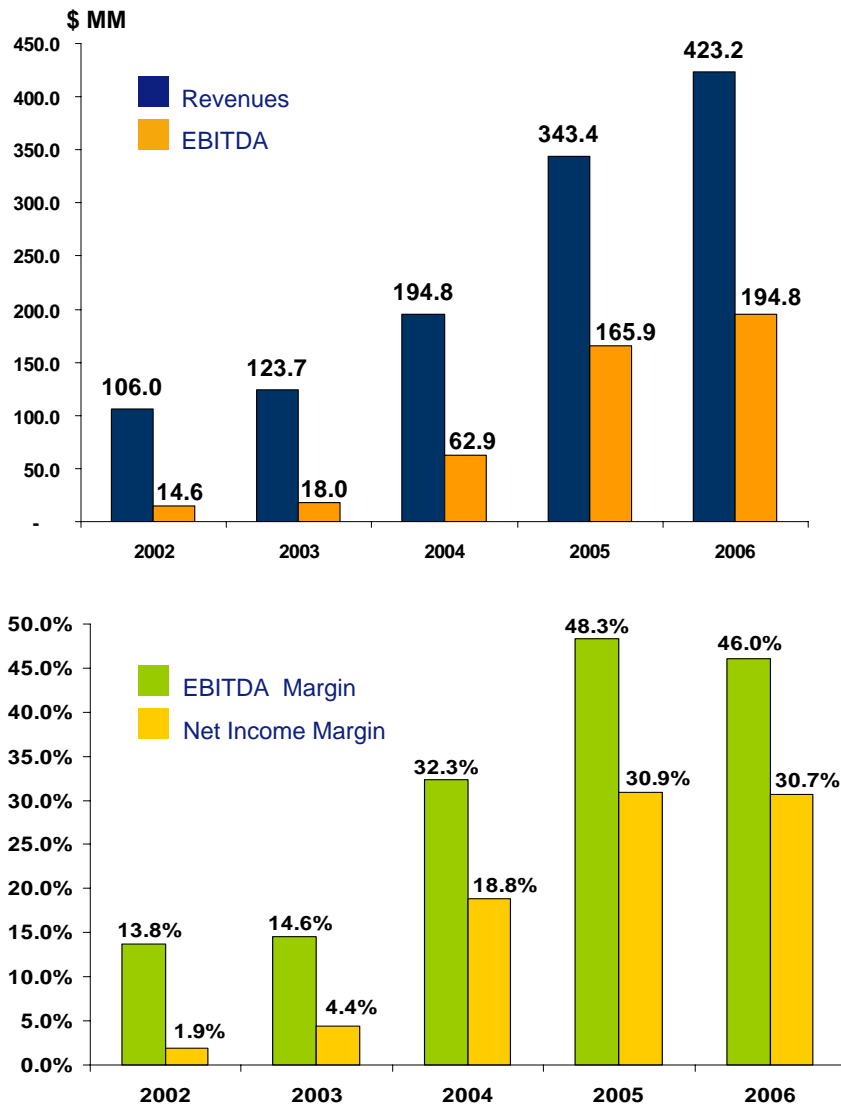


- Entry into the highly attractive iron ore business
  - *Strong price outlook for iron ore*
  - *Ideally positioned to capitalise on India's rich iron ore deposits*
- Natural fit for Vedanta
  - *Leverages our proven mining and project management skills*
  - *Long life resource base and low cost operations*
- Strong growth potential
  - *Low cost de-bottlenecking / expansions*
  - *Additional prospecting and mining licences*
  - *Consolidation opportunities*
- Immediately earnings and cash flow accretive
  - *Debt free company*
  - *Strong cash position*

# Sesa : An Overview

- Well established iron ore producer-exporter for over 5 decades
- Largest Indian private sector iron ore company
  - Annual production of c10 million tonnes (“mt”)
  - FY 2006 sales over \$420 million with EBITDA of nearly \$200 million
  - Access to mining reserves and resources of 207 mt (c20-year life), with additional prospecting licences in Jharkhand
- Globally competitive cost of production
- Largest iron ore exporter from India – over 9 mt exports
  - Long-term contracts with leading global steel giants
  - Close proximity to Chinese market: Largest and fastest growing
  - World market share of 1.3% of sea borne trade
- Operations in iron ore rich Indian states – Goa, Karnataka and Orissa
- Captive and low-cost shipping and logistics operations
- Significant value addition – pig iron and met coke
- Highly skilled manpower and proven leadership team
- Strong global brand equity
- SoX compliant company

# Sesa : Impressive Financial Performance



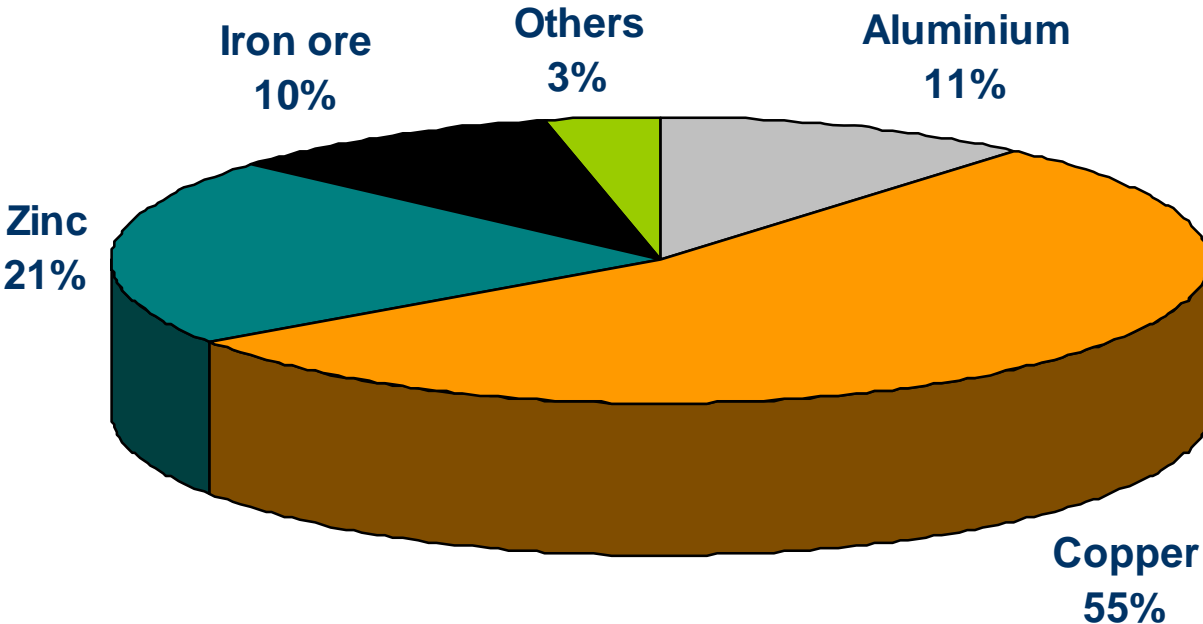
- Strong revenue and EBITDA growth
  - Revenue: 41% CAGR (2002-6)
  - EBITDA: 91% CAGR (2002-6)
- Highly profitable operations
  - 2006 EBITDA margins of 46%
  - 2006 PAT margins of 31%
- 2006 Return on Capital Employed at 78%
- Net cash position
  - Significant cash accretion in FY2007

# Significant Growth Potential

- Immediate opportunity to scale up existing operations
  - *Potential to increase current production of 10mt upto 15mt at low capital cost*
  - *Long life reserves and resources*
- Access to additional prospecting and mining leases
- Substantial expansion opportunities in pig iron and met coke
  - *Low capital cost*
  - *Patented in-house technology*
  - *Low cost of production*
  - *Offers scale benefits of vertical integration*
- Consolidation opportunities
  - *Highly fragmented Indian industry offers bolt-on opportunities*

# Commodity Diversification

## Combined Entity



**FY 2006 Revenues: \$4.1 Bn**



# Value Creating Business Combination



- In line with our previously stated strategic objective
- Adds an attractive bulk commodity to our portfolio
- Provides large scale globally competitive platform for growth
- Strong balance sheet provides continued financial flexibility

# Appendix

# Sesa : Operations and Locations

## Iron Ore Business

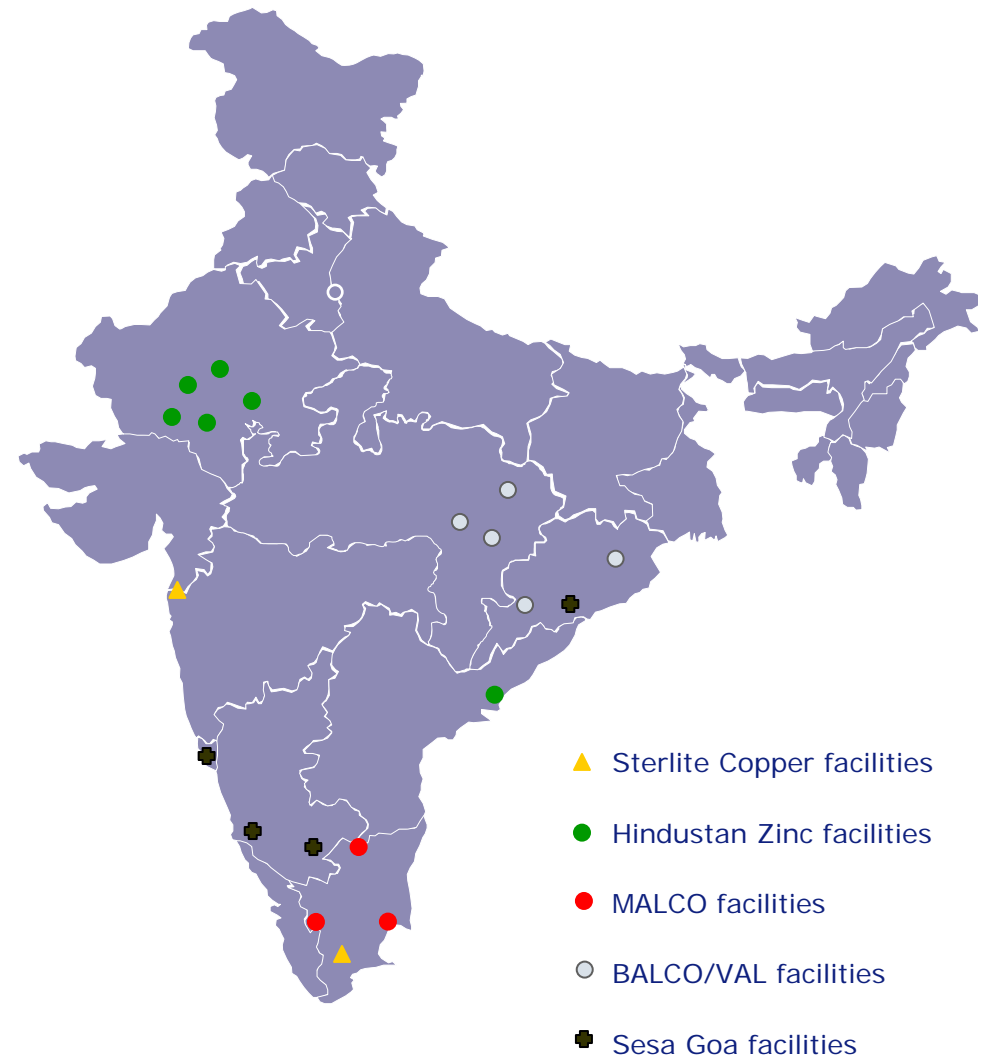
- Capacity of 15 mt
  - Processing plants at Goa (8.8 mt), Karnataka (2.1 mt) and Orissa (4.1 mt)
- Logistics
  - 15 Barges and 1 Trans-shipper with capacity of 80,000 tonnes
- Sales: 76% on long-term contracts and 24% on spot basis
- Geographical mix: China and Taiwan (60%), Japan (11%), Europe (14%), Pakistan (10%), Others (5%)

## Pig Iron Business

- Capacity of c250 ktpa of pig iron
- Iron ore input: 30% own ore, 70% bought out ore
- Met coke input supplied from Sesa's captive plant
- Sesa's product enjoys good positioning in markets
  - EBITDA margin of c20%: Among the highest in the industry

## Met Coke Business

- Installed capacity of c250ktpa
- 60% captive consumption, rest sold in open market
- Has developed and patented a technology for manufacture of met coke
- Initiatives including compact charging facility to reduce costs



# Iron Ore : Industry Dynamics

- Global production in 2006 of 1.5 billion tonnes (2000: 1 billion tonnes, growth p.a.: 6.1%)
  - *Of which India's production was 154 million tonnes (c10%) (2000: 87 million tonnes, growth p.a.: 10%)*
- Global reserves of 160 billion tonnes
  - *India reserves of 23 billion tonnes (c14.4%): World's third largest reserves*
- Global seaborne trade of 718 million tonnes in 2006
  - *Australia (263 million tonnes) and Brazil (244 million tonnes) account for 71% of seaborne trade*
  - *CVRD (236 mm tonnes), Rio Tinto (163 mm tonnes) and BHP (116 mm tonnes) control 71% of seaborne trade*
  - *Kumba is an emerging player with 30 mm tonnes of production*
- India exports 87 million tonnes (12% of global sea borne trade)
- China is the biggest importer: 326 million tonnes
  - *Expected to grow to 528 million tonnes by 2010*
  - *Imports 127 mm tonnes from Australia, 76 million tonnes from Brazil and 75 million tonnes from India*
- Other major importers are Europe: 138 million tonnes and Japan: 136 million tonnes
- Consistent increase in prices over the last three years (18.6%, 71% and 19%)
  - *Increase of 9.5% in 2007E mainly on account of China*
  - *Expected to strengthen by further 10% by 2008E and then stabilise thereafter*
- Currently a marginally balanced market, expected to experience supply shortfalls due to delays in new projects