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Vedanta Resources Plc
Preliminary Results for the Year Ended 31 March 2007

- Another year of record financial performance
  - Group revenue up 75.6% to $6,502.2 million and Group EBITDA up 145.4% to $2,703.0 million, driven by better prices and strong volume growth
  - Underlying EPS up 151.2% at 327 US cents
  - Free cash flow increased by 137.0% to $1,504.2 million
  - ROCE (excluding project capital work in progress) significantly higher at 78.5%, up from 37.9%
  - Final dividend proposed at 20 US cents per share bringing full year dividend to 35 US cents per share

- Sector leading organic growth
  - $7.5 billion investment programme
  - First phase of $2.2 billion completed on time and within budget
  - The next phase of $5.3 billion under implementation and on schedule
    - Lanjigarh alumina refinery completed and ramping up in progress
    - Work progressing well on $2.1 billion Jharsuguda aluminium project
    - Expansion projects in HZL ahead of schedule and KCM on track
    - Work on 2,400 MW independent power project commenced

- Leveraging established skills
  - $1.0 billion acquisition of Sesa Goa post year-end provides entry into very attractive iron ore business

(in US$ millions, except as stated)

Consolidated Group Results	FY 2007	FY 2006	Change
Revenue	6,502.2	3,701.8	*75.6%*
EBITDA	2,703.0	1,101.5	*145.4%*
EBITDA Margin	*41.6%*	*29.8%*	–
Operating Profit	2,505.9	943.8	*165.5%*
Attributable Profit	934.2	373.5	*150.1%*
Basic Earnings per Share *(US cents)*	325.6	130.2	*150.1%*
Earnings per Share on Underlying Profit (*US cents)*	327.0	130.2	*151.2%*
ROCE *(excluding project capital work in progress)*	*78.5%*	*37.9%*	–
Final Dividend (US cents per share)	**20.0**	**14.3**	

"*Vedanta Resources is emerging as an exceptional diversified mining company with a world class resource base. Our record of delivery continues with strong financial results and project completions on time and within budget. The $2.2 billion of growth projects that we set out at the time of our IPO have essentially been completed and a further $5.3 billion of projects are well underway, taking us towards our goal of one million tonnes in each of our metals."* **said Mr. Anil Agarwal, Chairman, Vedanta Resources plc.** *"Our project pipeline is unique in our industry as is our proven ability to deliver organic growth. Together with our successful diversification into iron ore and power, we are in a strong position to deliver superior returns to our shareholders."*

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About Vedanta Resources plc

Vedanta Resources plc is a London listed diversified metals and mining group. Its principal operations are located throughout India, with further operations in Zambia, Australia and Armenia. The major metals produced are aluminium, copper, zinc, lead, iron ore and gold. For further information, please 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 that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

CHAIRMAN'S STATEMENT

Performance in 2007

I am delighted to report that our group has delivered another excellent year's result. We reported revenues of $6.5 billion, up 76% over last year with a record EBITDA of $2.7 billion, up 145%. Return on capital employed (excluding capital work in progress) more than doubled to 78.5%. Our portfolio of existing assets and completed expansion projects continue to yield superior performance and we continue to make investments that will drive sustainable long-term growth. We are emerging as an exceptional diversified mining company with world class resources. Our record of delivery continues with project completions on time and within budget and strong financial results.

Accelerating organic growth

We are implementing a $7.5 billion organic growth programme. The $2.2 billion expansion programme announced at the time of our IPO in December 2003 in aluminium, zinc and copper pipeline is now almost complete. The next phase of our expansion announced at a total cost of $5.3 billion is now well underway. Aimed at creating one million tonnes in each of our metals, with industry leading capital costs and record time to commissioning, this offers a solid foundation for continued growth and value creation. These growth projects are fully funded and we believe will deliver superior returns on our capital investment. Rigorous discipline in evaluating projects and maintaining the financial flexibility of a strong balance sheet continue to underpin every single capital investment that we make.

We began construction of a 2,400MW Independent Power Project in Jharsuguda, at an estimated cost of $1.9 billion, scheduled for completion in 2010. India has large thermal coal resources of over 250 billion tonnes. The coal industry is in the process of government deregulation, which will enable us to obtain coal blocks for our power plants.

Diversification through leveraging established skills

I am delighted to announce our 51% acquisition of Sesa Goa Ltd. ("Sesa"), a high quality iron ore company in India, for $1.0 billion, shortly after the year end. This acquisition is a natural fit for Vedanta and provides us with strong growth potential by leveraging our established project and mining skills. It provides us with a strategic leadership position in an important bulk commodity and places us in an ideal position to capitalise on India's huge iron ore reserves, the world's third largest.

Consolidation of minorities

The consolidation of our corporate structure remains a key pillar of our strategy. We have made significant strides on this front, with our share of attributable profits currently at 51.5%, up from 36.7% in September 2003. However, I believe further significant opportunities lie ahead of us, in respect of our buyouts of the minority stakes in BALCO, KCM and HZL. I look forward to reporting progress on these initiatives during the year. Also, our recent acquisition of Sesa was accompanied by an open offer to acquire an additional 20% of that company, which we expect to conclude by July of this year.

People
The past year demonstrates the power of literally tens of thousands of high calibre individuals working together to move our organisation forward. I gives me great satisfaction to see where we are as a company as well as great enthusiasm for Vedanta's future. The women and men of our company have driven superior results by executing our ambitious targets, while remaining true to our values. The success story that I am able to report in this statement is due to their passion, commitment and contribution which deserve the highest praise and recognition.

I would also like to thank all my fellow directors for their invaluable contribution to our decision making and the healthy and constructive direction and support they provide our management team.

Sustainable development
Sustainable development is an integral part of our business philosophy. The processes and performance on safety, health, environment and community development continue to evolve in line with the vision set out as part of our HSE and social policies. Efforts in the areas of lost time injuries and conservation of natural resources such as water and energy yielded particularly positive results.

We lay much emphasis on enhancing the quality of life for the communities in which we operate. Our focus on health and education continues in partnership with local and regional authorities. The midday meal scheme in Chittorgarh, Rajasthan positively impacting the lives nearly two hundred thousand children is an initiative that is especially close to my heart.

Outlook
Global demand for metals continues to be strong on the back of strong consumption from China, India and other emerging markets, supported by increased activity from industrial and infrastructure sectors. Economic and industrial growth in India will continue to drive double digit growth in our commodities. With our recently concluded acquisition of Sesa, our product portfolio now mirrors India's rich resource deposits. Our project pipeline is unique in our industry as is our proven ability to deliver organic growth, resulting in superior returns to our shareholders.

Anil Agarwal
Chairman

15 May 2007

BUSINESS REVIEW

Business Overview

We are a diversified metals and mining group with principal operations in India, Australia and Zambia. We primarily produce aluminium, copper, zinc and lead. Our goal is to create a world class metals and mining business and generate strong financial returns for our shareholders. We seek to achieve this by:

- optimising and realising the full potential of our assets and reducing unit costs of production, including maximizing throughput, debottlenecking of existing capacities, increasing operational efficiencies and plant availability, reducing energy costs and consumption, increasing automation, improving recoveries, reducing raw material costs and seeking better utilisation of by-products;
- completing our growth pipeline projects within budget and on time to capitalise upon the growing demand for metals in India and abroad, particularly in China, South East Asia and Middle East;
- consolidating our group structure and continuing to increase our ownership in the underlying businesses; and
- leveraging established skills by seeking further growth opportunities in India and outside India in the metals and mining and related businesses.

The key strengths of our businesses are:

- world-class, high quality resources of global scale;
- focus on operational excellence;
- a strong competitive position in the growing Indian and Asian markets with a diversified portfolio;
- experience in operating and expanding our business, allowing us to capitalise on the growth and resource potential of India;
- management and execution teams with proven track record for value delivery and improving operational efficiency and profitability;
- a strong pipeline of expansion projects; and
- strong cash flows and robust balance sheet to pursue world class projects.

FY 2007 Performance Highlights

Summary performance in FY 2007 is set out in the table below.

(in $ million, except as stated)	**FY 2007**	**FY 2006**	**% change**
Revenues			
Aluminium	993.4	453.0	119.3%
Copper	3,569.3	2,241.3	59.3%
– India/Australia	2,553.4	1,537.9	66.0%
– Zambia	1,015.9	703.4	44.4%
Zinc	1,888.1	875.5	115.7%
Others	51.4	132.0	(61.1%)
	6,502.2	**3,701.8**	**75.6%**

(in $ million, except as stated)	FY 2007	FY 2006	% change
EBITDA			
Aluminium	415.4	135.3	207.0%
Copper	833.9	425.3	96.1%
– India/Australia	365.6	219.0	66.9%
– Zambia	468.3	206.3	127.0%
Zinc	1,453.9	532.9	172.8%
Others	(0.2)	8.0	(102.5%)
	2,703.0	**1,101.5**	**145.4%**
Operating Profit			
Aluminium	358.4	102.8	248.6%
Copper	746.6	340.3	119.4%
– India/Australia	333.3	177.3	88.0%
– Zambia	413.3	163.0	153.6%
Zinc	1,402.8	489.5	186.6%
Others	(0.3)	12.9	(102.3%)
Unallocated corporate expenses	(1.6)	(1.7)	(5.9%)
	2,505.9	**943.8**	**165.5%**
EBITDA Margin			
Aluminium	41.8%	29.9%	NA
Copper	23.4%	19.0%	NA
– India/Australia	14.3%	14.2%	NA
– Zambia	46.1%	29.3%	NA
Zinc	77.0%	60.9%	NA
Group	**41.6%**	**29.8%**	**NA**

Group revenues in FY 2007 were $6,502.2 million, an increase of 75.6% compared with the previous year with EBITDA more than doubled at $2,703.0 million. Operating profit in FY 2007 was $2,505.9 million, an increase of 165.5% compared with $943.8 million in the previous year. These increases were primarily due to higher volumes and better prices realised across all metals. The major increase in volume was in the aluminium business due to a substantial increase in production from the new Korba smelter and in zinc mined production leading to additional sales of zinc and lead concentrate during the year.

The revenue mix in FY 2007 has also changed primarily due to an increase in contribution from the Aluminium and Zinc Businesses, which more than doubled in absolute terms compared with FY 2006. Similarly, the absolute contribution of the Aluminium and Zinc Businesses to the EBITDA was also significantly higher due to higher revenue growth and higher EBITDA margins in these businesses as compared with FY 2006.

Operating costs were stable in all businesses, despite significant industry cost pressures due to increase in inflation, freight, power costs and raw material prices, except in respect of our Copper – Zambia operations where they have increased.

EBITDA margin increased to 41.6% from 29.8% in the previous year primarily due to higher production volumes, better price realisations and a change in the product and business mix.

Capital employed increased from \$2,350.7 million to \$3,718.7 million, an increase of \$1,368.0 million. This was due to capitalisation of Phase 1 expansion projects, capital expenditure during FY 2007 incurred in Phase II projects and the consequent increase in working capital. Despite this increase, ROCE (excluding capital work in progress) was 78.5% in FY 2007, up from 37.9% in the previous year mainly due to improved productivity and higher metal prices.

Aluminium Business

Demand and Markets
World primary aluminium consumption increased from 32.0 million tonnes in CY 2005 to 34.7 million tonnes in CY 2006, an increase of 8.4%, and is expected to grow at similar levels in the coming year primarily due to increased demand in China. Global production of primary aluminium increased from 32.0 million tonnes in CY 2005 to 34.0 million tonnes in CY 2006, an increase of 6.3%, and is expected to reach c38.0 million tonnes in CY 2007 due to rapid implementation of new capacity projects, ramp-up of idle capacities in China, smelter restarts in USA and Germany and further expansions in India, Middle East, Russia and South America.

The majority of aluminium produced in India is consumed in the building and construction, transport, electrical appliance and equipment and packaging industries. Indian demand for primary aluminium increased at a compound annual growth rate of 12.0% between CY2001-2006 on the back of high demand from the electrical, construction and transportation sector. Electrical applications continue to be the largest end-use sector in India, consuming approximately 35% of aluminium production in CY 2006 as a result of the continuing drive to provide electricity throughout the country. Transport is also a major consumer, contributing approximately 22% of demand, although the average aluminium use in Indian-made automobiles is still approximately one-third of that in western-made automobiles. The demand in India is likely to be robust on the back of strong GDP growth and will grow at similar levels.

Business Overview
Our aluminium business comprises two operating companies, BALCO and MALCO. BALCO is a partially integrated aluminium producer with two bauxite mines, one refinery, two smelters, a fabrication facility and two captive power plants at Korba in central India. MALCO is a fully integrated producer with two bauxite mines, a captive power plant and refining, smelting and fabrication facilities at Mettur in southern India. Our primary products are aluminium ingots, rods and rolled products.

The performance of our Aluminium Business in FY 2007 is set out in the table below.

(in $ millions, except as stated)	FY 2007	FY 2006	% change
Production volumes (kt)			
– Alumina	299	296	1.0%
– Aluminium	351	210	67.1%
Average LME cash settlement prices ($/t)	2,663	2,028	31.3%
Unit costs ($/t)			
– BALCO Plant 1	1,510	1,497	0.9%
– BALCO Plant 2	1,687	2,045	(17.5%)
– BALCO Plant 2 (excluding costs of alumina)	740	885	(16.4%)
– MALCO	1,664	1,671	(0.4%)
Revenue	993.4	453.0	119.3%
EBITDA	415.4	135.3	207.0%
EBITDA margin	41.8%	29.9%	NA
Operating profit	358.4	102.8	248.6%

Production Performance
Production of 351,000 tonnes of aluminium in FY 2007 was significantly higher than the previous year's production of 210,000 tonnes, an increase of 67.1%. This was primarily due to an increase in production due to the full ramp-up of our new Korba smelter, which produced 208,000 tonnes during the year. The stabilisation process of our new Korba smelter was quicker than estimated and as a result the plant has consistently achieved rated capacity in the last two quarters with the fourth quarter output at 62,000 tonnes. Our existing smelters at BALCO and MALCO produced 143,000 tonnes in FY 2007, marginally higher than their rated capacity, as a result of continuous improvement efforts. The captive power plants at Korba continue to operate at their rated capacity.

Unit Costs
The unit costs of BALCO's existing plant were broadly stable at $1,510 per tonne in FY 2007 compared with $1,497 per tonne in the previous year. The increase is primarily on account of higher input prices of carbon and fluoride which was largely offset by savings in power costs due to better operational efficiencies achieved at the power plants. Unit costs at MALCO were also affected by similar factors and were $1,664 per tonne, marginally down from $1,671 per tonne.

The unit costs of BALCO's new plant were $1,687 per tonne in FY 2007, a significant reduction from $2,045 per tonne in the previous year, primarily due to the full ramp-up of the new Korba smelter coupled with a softening in global alumina spot prices. Manufacturing costs excluding alumina reduced appreciably to $740 per tonne compared with $885 per tonne in FY 2006, despite pressure on input costs. The reduction was mainly due to the stabilisation of operating parameters in the smelter and operational efficiencies at the 540MW captive power plant. We continue to source alumina from third party vendors and achieved an average consumption cost of $947 per tonne of aluminium produced, a reduction from $1,160 per tonne in the previous year, mainly due to gradual softening of global alumina prices.

Sales

With the ramp-up of the new Korba smelter, a challenge was to increase our sales substantially in both the domestic and export markets. We were able to increase our market shares in the domestic market and also develop export markets in South East Asia, the Middle East and Europe. We achieved export volumes close to 100,000 tonnes in FY 2007. We also obtained the LME registration for the aluminium ingots of the new Korba smelter under the brand "BHARATAL". This has improved the acceptability of our product and enabled an increase in premiums realised.

We continue to focus on improving our sales mix in terms of a higher tonnage of value added products such as rolled products, which rose by 26.1% in FY 2007 to 58,000 tonnes, including exports of hot rolled products. Sales of wire rods have also increased to 107,000 tonnes on the back of higher production from existing rod plants. These efforts will continue to maximize the share of value added products.

Financial Performance

Revenues in our Aluminium Business in FY 2007 increased by 119.3% to $993.4 million, with EBITDA at $415.4 million, an increase of 207.0% compared with FY 2006. The increase was primarily due to the substantial increase in production volumes from the new Korba smelter, improved product mix and higher realisations.

Projects

Lanjigarh Alumina Refinery

Work on the $800 million alumina project at Lanjigarh, Orissa, which includes a 1.0-1.4 mtpa alumina refinery with an associated captive power plant is complete. One unit of the captive power plant was commissioned in February 2007. Progressive commissioning of the refinery has also commenced with the charging of sourced bauxite in the last week of March 2007 in the first of the two streams. After completion of the processing cycle, output of alumina will commence by the end of the first quarter of the current fiscal year.

As regards the environmental clearances for developing the Lanjigarh bauxite deposits, the Ministry of Environment and Forests (MOEF) has received reports from its various nominated subcommittees and has made its recommendation to the Supreme Court of India. The matter is still to be heard and decided by the Supreme Court of India. We are hopeful of a positive resolution of this matter soon.

Jharsuguda Aluminium Smelter

Work on the first phase of the green-field 500,000 tpa aluminium smelter and associated 1,215MW captive power plant in Jharsuguda, Orissa, at an estimated investment of $2.1 billion is progressing well. Orders for critical equipment for the smelter and captive power plant have been placed with vendors. The project is on schedule with commissioning of the first phase of 250,000 tpa and five units of 135 MW each of the captive power plant expected in the second half of CY 2009. The second phase of 250,000 tpa with four units of 135 MW each of the captive power plant is expected to be complete by the end of CY 2010.

Copper Business

Demand and Markets
Global refined copper consumption increased from 16.9 million tonnes in CY 2005 to 17.5 million tonnes in CY2006, an increase of 3.5% and is expected to grow at the same rate in CY 2007, driven mainly by demand from the construction and power sectors. Asia, including China, and Western Europe together account for nearly 72% of global refined copper consumption. With a compound annual growth rate of 7.6% between CY 2001-2006, Asia is currently the fastest growing copper market in the world and is expected to grow even more strongly, dominated by its use in electric wires and cables.

Global refined copper production increased from 16.6 million tonnes in CY 2005 to 17.4 million tonnes in CY 2006, an increase of 4.8%. Global production is expected to further increase to 19.2 million in CY 2007, primarily due to the commissioning of new smelters mainly in China, Africa, India and Japan.

In India, refined copper consumption increased at a compound annual growth rate of 8.9% between CY 2001-2006. It was supported by strong growth in user segments such as winding wires, power cables and other applications in construction, infrastructure and alloy segments, offset by a decline in demand for copper used in jelly filled telecom cables. Refined copper consumption in India is expected to grow in line with GDP growth.

Business Overview
Our Copper Business comprises three major operations – Sterlite's custom smelting operations in India, CMT's mining operations in Australia and the KCM operations in Zambia. Sterlite is the leading copper producer in India. Sterlite's copper operations include a smelter, refinery, phosphoric acid plant, sulphuric acid plant and copper rod plant at Tuticorin in Southern India, a refinery and two copper rod plants at Silvassa in Western India. In addition, we own the Mt. Lyell copper mine at Tasmania in Australia, which provides a small percentage of our copper concentrate requirements at Sterlite. KCM is a large integrated copper producer operating three copper mines, a smelter, a refinery and a tailings leach plant in Zambia.

Copper – India/Australia

The performance of our Copper – India/Australia business in FY 2007 is set out below.

(in $ millions, except as stated)	FY 2007	FY 2006	Change
Production volumes (kt)			
– Mined metal content	28	34	(17.6%)
– Cathodes	313	273	14.7%
– Rods	178	167	6.6%
Average LME cash settlement prices ($/t)	6,984	4,099	70.4%
Unit costs (USc/lb)	6.1	6.1	-
Realised TC/RCs (USc/lb)	31.1	23.1	34.6%
Revenue	2,553.4	1,537.9	66.0%
EBITDA	365.6	219.0	66.9%
EBITDA Margin	14.3%	14.2%	NA
Operating Profit	333.3	177.3	88.0%

Production Performance

Production of copper cathodes at our Indian operations was 313,000 tonnes in FY 2007, an increase of 14.7% compared with FY 2006, primarily due to the innovative debottlenecking of our Tuticorin smelter to 400,000 tpa. Production is steadily ramping up and contributed 89,000 tonnes in the fourth quarter with production close to rated capacity in March 2007. As announced earlier, our Tuticorin smelter was under planned shutdown for eight days in April 2007 for carrying out modifications and improvements at the sulphuric acid plant. The smelter is currently producing at its rated capacity. The production of copper rods was 178,000 tonnes in FY 2007, an increase of 6.6% compared with FY 2006.

Mined metal production at our Australian mines was 28,000 tonnes in FY 2007 against production of 34,000 tonnes in FY 2006. Production in FY 2006 includes output of 4,000 tonnes from TCM. TCM's operations were closed in the first half of FY 2006. The production at our CMT mine was also impacted due to a temporary two-week disruption in the mining activities as a result of minor rock fall incident. Post investigation of the incident by an independent expert, the site was declared safe and mining activities, restored in the month of March 2007, have now picked up to normal levels of production. CMT supplies c. 9% of the total concentrate requirements of our Indian copper smelting operations.

Unit Costs

Unit conversion costs, which consists of costs of smelting and refining, remained the same at 6.1 USc/lb. Higher energy prices which impacted costs were offset by higher credit for free metal due to higher LME prices. We anticipate costs of production to reduce further with increased volumes and improved productivity.

TC/RC

We were largely insulated from volatility in the spot market during FY 2006 since a large part of our total concentrate requirement was sourced through long term contracts with mines including captive supplies from our CMT operations. Our TC/RC realisation was 31.1 USc/lb in FY 2007, up from 23.1 USc/lb in FY 2006 as a result of favourable market conditions.

Spot TC/RCs started softening at the beginning of CY 2007 as the concentrate market has now moved to deficit primarily due to lower mine production globally. We continued to make good progress in our strategy of securing a majority of our concentrate feed requirement under long term contracts with mines.

Sales

Sales in the domestic market increased 10.4% to 117,000 tonnes in FY 2007, primarily due to an increase in demand from the electrical and power sector. We exported 195,000 tonnes of copper cathodes and copper rods, to our key overseas markets – the Middle East, China, Japan, Philippines and Thailand. We continue to develop a large customer base for the export of copper rods.

Financial Performance

Revenues in our Copper – India/Australia business increased 66.0% to $2,553.4 million in FY 2007, with a corresponding EBITDA of $365.6 million, up by 66.9%, compared with FY 2006. The increase in EBITDA was attributable mainly to better TC/RCs, higher volumes and increased contribution from CMT as a result of high copper prices, have more than offset the reduction in import tariff on copper from 7.5% to 5.0%. These became effective from the last week of January 2007.

Copper – Zambia

The performance of our Copper – Zambia Business in FY 2007 is set out in the table below.

(in $ millions, except as stated)	FY 2007	FY 2006	% change
Production volumes (kt)			
– Mined metal content	84	99	(15.2%)
– Cathodes	142	164	(13.4%)
Average LME cash settlement prices ($/t)	6,984	4,099	70.4%
Unit costs (USc/lb)	173.6	127.9	35.7%
Revenue	1,015.9	703.4	44.4%
EBITDA	468.3	206.3	127.0%
EBITDA Margin	46.1%	29.3%	NA
Operating Profit	413.3	163.0	153.6%

Production Performance
The production of copper cathodes at Zambia was 142,000 tonnes for FY 2007, lower by 22,000 tonnes as compared with FY 2006. The production from our tailings leach plant was 54,000 tonnes during FY 2007, lower by 13,000 tonnes as compared with FY 2006, primarily on account of unstable plant operations due to a minor fire in July 2006 and a temporary stoppage in November 2006 with time taken to re-stabilise the plant and its operating performance in terms of throughput and recovery. The production from Nkana smelter was 101,000 tonnes, lower by 9,000 tonnes compared with FY 2006, primarily due to a planned shutdown taken in the second quarter of FY 2007 to install a new CT hood and improve equipment availability. Mined metal production during FY 2007 was also lower at 84,000 tonnes compared with 99,000 tonnes in the previous year, due to low equipment availability, lower developed reserves and frequent flooding in declines at one of our production shafts.

The production at our Konkola operations fell short of our expectations in FY 2007. We are taking several initiatives and measures to improve the plant reliability and equipment availability as well as improving recoveries and operational efficiencies. In addition to supplementing the operating management team, we have engaged global consultants of repute in the fields of asset optimization and productivity to support our operational improvement initiatives. With these actions currently underway, we expect to reach production levels equivalent to 200,000 tonnes per annum in FY 2008.

Unit Costs
Unit costs of production (including mining) were 173.6 USc/lb for the year compared with 127.9 USc/lb in FY 2006. The primary reasons for this increase in unit costs were lower mined metal and finished copper production, increase in wage costs and other operating expenditure. The increase in wage costs and other operating expenditure reflects to some extent an industry-wide trend where costs have increased by c. 35 USc/lb over the last two years.

Financial Performance
FY 2007 revenues at our Zambia – Copper business increased by 44.4% to $1,015.9 million with a corresponding EBITDA of $468.3 million, an increase of 127.0%, compared with FY 2006, primarily on account of the significant increase in LME copper prices of approximately 70%.

Projects

The work on KDMP expansion project to increase the copper ore output from the Konkola mine to 6 million tpa is progressing well with orders for all major items including the concentrator placed. Work on the head gear foundation and collar for the main shaft is now complete. Shaft sinking is progressing as per schedule and the main shaft has been sunk to a level of over 76 metres with various pipes and ventilation shafts on track. The basic engineering for the 250,000 tpa Nchanga smelter expansion project is complete. Statutory clearances are in place and construction activities are in full swing with most of the piling and concreting work completed.

Zinc Business

Demand and Markets

Global zinc consumption increased from 10.6 million tonnes in CY 2005 to 11.3 million tonnes in CY2006, an increase of 6.6%, and is expected to grow at similar rates fuelled by double-digit growth in China, India and other emerging markets. The key growth driver is demand from the steel galvanizing market, which is growing primarily due to robust demand from the automotive and automotive parts industries.

Global zinc production increased from 10.1 million tonnes in CY 2005 to 10.6 million tonnes in CY 2006, an increase of 4.9%, and is expected to further increase to 11.6 million tonnes in CY 2007 due to commissioning of new smelters.

Consumption of refined zinc in India increased at a compound annual growth rate of 9% between CY2003-2006, primarily by the galvanising sector, which currently accounts for an estimated 70% of total consumption. Galvanising is primarily applicable for sheet, tube and structural products. Applications in the construction and infrastructure sector are also increasing which will boost the overall growth of the market.

Business Overview

Our Zinc business is operated by HZL, India's leading and only fully integrated zinc-lead producer. HZL's zinc operations include three lead-zinc mines, two zinc smelters, one lead smelter and one lead-zinc smelter in the state of Rajasthan in North West India and one zinc smelter in the state of Andhra Pradesh in South East India.

The performance of our Zinc business in FY 2007 is set out in the table below.

(in $ millions, except as stated)	**FY 2007**	**FY 2006**	**% change**
Production volumes (kt)			
– Mined metal content	505	472	7.0%
– Refined metal	348	284	22.5%
Average LME cash settlement prices ($/t)	3,581	1,614	121.9%
Unit costs ($/t)			
– Including royalty	862	691	24.7%
– Excluding royalty	606	575	5.4%
Revenue	1,888.1	875.5	115.7%
EBITDA	1,453.9	532.9	172.8%
EBITDA Margin	77.0%	60.9%	NA
Operating Profit	1,402.8	489.5	186.6%

Production Performance
Mined metal production from all our mines was 505,000 tonnes in FY 2007, an increase of 7.0% from FY 2006, primarily due to an increase in output from our Rampura Agucha mine. Total refined zinc metal production during FY 2007 was 348,000 tonnes, compared with 284,000 tonnes in FY 2006, up by 22.5%. The increase in refined metal production was primarily due to the ramp-up of our new Chanderiya hydro smelter, which produced 136,000 tonnes in FY 2007 and achieved 13,500 tonnes in the month of March 2007, close to its rated capacity.

The production of lead during the year was 45,000 tonnes as compared with previous year production of 24,000 tonnes. The Ausmelt plant has now been stabilized and we expect to achieve its rated capacity by the end of the second quarter of the current financial year.

Unit Costs
Unit cost of production excluding royalties in FY 2007 was $606 per tonne, higher by $31 per tonne compared with FY 2006. Unit costs rose primarily due to lower realisation for by-products and higher manufacturing expenses, which were largely offset by benefits from stabilization of the power plant. Royalties, which are LME-linked, were $256 per tonne in FY 2007 compared with $116 per tonne in FY 2006. Overall costs were at $862 per tonne in FY 2007 as compared with $691 per tonne in FY 2006.

Sales
We sold 350,000 tonnes of zinc metal during the year in the domestic and export markets, an increase of 8.3% over FY 2006 on the back of increased production from the new Chanderiya hydro smelter. In addition to refined zinc metal, we also sold 254,000 dry metric tonnes of zinc concentrate containing 133,000 tonnes of equivalent metal and 59,000 dry metric tonnes of lead concentrate containing 28,000 tonnes of equivalent metal.

Financial Performance
Revenues at our Zinc business more than doubled to $1,888.1 million with a corresponding EBITDA of $1,453.9 million, in FY 2007, primarily due to higher LME zinc prices, which more than doubled compared with the previous year, and higher metal volumes.

Projects
Construction activities for our second 170,000 tpa smelter at Chanderiya with its associated captive power plant are in full swing and on track for commissioning earlier than scheduled, with all orders placed. The roaster plant, which is the first stage of the smelting process, has been completed. The leaching and purification plant and cell-house are also on track for completion earlier than scheduled. Work on the associated captive power plant, and at the Rampura Agucha concentrator to raise the milling capacity to 5.0 million tpa, is progressing well. Progress overall is good and we expect to commission the project about three months ahead of our earlier declared schedule date of early 2008.

Work on the smelter debottlenecking project to increase the zinc capacity by an additional 88,000 tonnes and the new captive power plant of 80MW at our Zawar location is progressing well. All critical orders are placed and project will be completed as per schedule by early 2008.

In respect of our green energy project in the State of Gujarat and Karnataka, a turnkey contract for 125MW of wind power has been placed for setting up the project. The first phase of 38.4MW wind power project was commissioned in March 2007 in the State of Gujarat and is working satisfactorily. The other projects in the State of Gujarat and Karnataka are under execution and on schedule for progressive commissioning during the current financial year.

Other Businesses

Power Transmission Conductor Business
Our non-core Power Transmission Conductor business was sold effective 1 July 2006 as a going concern together with all associated liabilities to SOTL, a related party of our Group, for a consideration of $32.3 million. The terms for sale of this non-core business was negotiated with SOTL on an arm's length basis based on an independent valuation report. The loss arising on this sale was $2.3 million.

Gold Business
In August 2006, we completed our acquisition of a majority stake in SGL, a company engaged in gold mining and processing and listed on the Toronto Stock Exchange in Canada. SGL's principal assets are located in Armenia and include an open pit gold mine at Zod and a gold processing plant at Ararat. The Zod mine has the potential to be a world class mine, with existing development potential in addition to exploration upside.

The equivalent gold production in FY 2007 was 17,662 ounces with lower output during the fourth quarter at 1,923 ounces. Mining operations were suspended in the last quarter of FY 2007 pending resolution of some of the key clauses of the implementation agreement entered into with the Government of the Republic of Armenia. Whilst we continue to negotiate with the Armenian Government to resolve these issues, we are also evaluating our options to exit this business if our negotiations do not prove fruitful.

Commercial Energy Business
During the year, we announced a project to enter into the commercial energy business in India. This project involves setting up a 2,400MW (600MW x 4) green field coal based thermal power plant in Jharsuguda, Orissa at an estimated cost of $1.9 billion. The power generated will be sold to the State Electricity Boards and power trading companies in India. Preliminary design for the project is complete with detailed engineering under progress. Pre-construction activities including soil investigation and area grading have started and the EPC contracts for the project have also been placed. Overall, the project is on track and as per schedule for progressive commissioning from December 2009 as announced.

Group Structure

We continue to seek to increase our direct ownership of our underlying businesses to derive additional synergies as an integrated group. We are continuing our discussions with the Government of India to buy its 49% stake in BALCO. We also continue to explore legal and other options to resolve this matter. We expect this exercise to be concluded in the next few months.

Our call option to buy the Government of India's 29.5% stake in HZL became due for exercise anytime after 11 April 2007. We currently intend to exercise this option and will inform the markets appropriately.

Our efforts to buy out ZCI's 28.4% stake in KCM continue. Currently, the matter is under arbitration which we expect will be decided by June 2007. The valuation exercise is expected to be completed shortly thereafter and we will decide on our future course of action depending on the outcome of the valuation exercise.

People

Our vision is to build an organisation with world class capabilities and a high performance culture. We believe that for an organisation to flourish and consistently deliver high performance, it must follow an engaging and focused strategy – in our case, achieving one million tonnes production in each of our metals, deliver operational excellence – become a low cost producer, have a performance oriented culture and be a fast, flexible and flat organisation.

We have a talent pool of around 25,000 employees, with over 5,000 professionals in engineering, business management, human resources and finance. We recruited c. 1,700 engineers and over 200 management and finance professionals for various technical and management positions in the last three years. We continue to emphasise a well-defined process for the leadership development of our employees, where challenging assignments with commensurate responsibilities are given to deserving employees, even at a younger age. The *"Stars of Business"* is one such initiative which supports the organisation by creating successful managers and empowering them to move far beyond their current roles and responsibilities and unleash their confidence and ability to contribute as the most successful *"Business Leaders of Tomorrow"*.

In FY 2007, we initiated our *"Global Leadership Programme"* within the group, aimed at providing challenging learning opportunities in an international environment to young high-potential candidates. This initiative was kicked off with c. 25 employees being exchanged between our Copper – Zambia and Indian operations.

We have several ongoing initiatives in the areas of learning and development. These include deputations to leadership development programmes at premier management institutes in India, supplemented by large scale training efforts in skills and knowledge enhancement in operational areas by deputing engineers and technicians to globally benchmarked plants and technology/equipment suppliers. We invited project proposals from all our employees across all levels of our organisation in order to tap and develop their entrepreneurial skills. There are multiple project proposals, in different stages of implementation, which play an important part in developing the individual and simultaneously adding value to our organisation.

We offer best in class compensation packages to facilitate induction and retention of people. This is supplemented by various variable pay and performance-linked bonus schemes. We have a stock award programme called the Long Term Incentive Plan ("LTIP") which not only covers senior management but extends to relatively younger professionals in the organisation. The first tranche of our LTIP programme awarded in 2004 came out with an excellent performance on the TSR score-card with 100% vesting. This has created wealth and significantly motivated our employees. The LTIP scheme is an ongoing programme with options issued in FY 2006 and 2007 as well to employees.

Exploration

Our exploration team in India comprising 22 geo-scientists with relevant expertise is focused on identifying and delineating near-mine resources which have the potential to add significant value to our existing mining operations.

As part of our ongoing exploration efforts, we have revisited the historical data and inducted expertise and talent together with relevant technology advancements, to enable a vigorous search for new discoveries in green-field areas. We constantly upgrade our technical skills for exploration activities across all sites. We also continued to increase the allocation of resources and funds in the field of exploration. In FY 2007, we spent $6 million on our exploration efforts compared with less than $3 million in FY 2006. The main exploration activities in FY 2007 were conducted in our zinc business and to some extent at our CMT mine in Australia.

Total zinc-lead reserves of 69.2 million tonnes as on 31 March 2006 including 53.4 million tonnes at Rampura Agucha have improved significantly as a result of ongoing exploration activities including 40,000 meter drilling by HZL, post-depletion to feed production during the year. The results are currently being vetted by consultants and will be shared in the near future. The ongoing exploration work at Sindesar Khurd site is showing encouraging results which is likely to add upon indicated resources significantly.

Sustainable Development

Sustainable development is an integral part of our business philosophy. Our processes and performance on health, safety and environment ("HSE") have evolved in tandem with our sustainable development goals. We stay committed to further improve our performance in line with our HSE and Social Policy.

This year we took a step forward in bringing more clarity and transparency of our reported performance. We have aligned some of our performance objectives and targets in accordance with the Global Reporting Initiative (GRI G3) guidelines and have reported 10 core non-economic indicators highlighting our sustainable development performance. Our performance has shown positive trends on most aspects.

A dedicated team of 288 HSE experts and 40 Community Development experts (plus 126 village extension workers) employed across our operations steer these functions. Resources wherever required were allocated. During the year we have spent US$ 49.7 million on HSE related projects, which includes expenditures of US$ 22 million for environmental protection and investments in environmental improvement projects. These are over and above normal operating costs in these areas.

During FY 2007, our efforts in the fields of environment, safety and community development initiatives were appreciated and we have received several national and international accolades.

Business Outlook

Global metal demand continues to be healthy, on the back of strong demand from China and other emerging markets including India. India demonstrated a GDP growth of slightly over 9% in FY 2007 with corresponding industrial growth at 11% and is poised to grow at similar levels in FY 2008, with a focus on infrastructure development, faster industrialisation and other growth initiatives including a deregulation of power sector. At current estimates of longer-term metal demand growth, the world will need an additional 2.0 million tonnes of aluminium, 0.75 million tonnes of copper and 0.5 million tonnes of zinc approximately per year, which augers well for our growth initiatives.

Metal production across all our operations will improve in FY 2008 as a result of full capacity utilisation of the expansion and debottlenecking initiatives completed in FY 2007. With the improvement in productivity consequent to improvement in volumes supplemented by other procurement and supply management initiatives, unit costs of production are also expected to reduce, towards our vision of achieving top decile costs of production in each of our metals.

Work on all of our projects is progressing well and we expect that they will be delivered on schedule. The progressive increase in volumes coupled with our low cost of production provides us with an excellent opportunity to take advantage of global demand growth and relatively insulate from a downside in the commodity cycle.

FINANCE REVIEW

The Finance Review provides a balanced and comprehensive analysis, including the key business trends and financial performance during FY 2007, together with a discussion on some of the factors that could affect the future financial performance of the business.

Background

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

Key Financial Performance Indicators*

(in $ millions, except as stated)	FY 2007	FY 2006	FY 2005	FY 2004
EBITDA	2,703.0	1,101.5	454.0	322.7
Underlying EPS (US Cents per share)	327.0	130.2	48.9	26.6
Free Cash Flow	1,504.2	634.8	204.4	335.4
ROCE (excluding project capital WIP) (%)	78.5	37.9	32.0	24.1
Net (Cash)/Debt	(432.7)	11.9	74.3	(422.3)

** Figures for FY 2007, FY 2006 and FY 2005 are under IFRS and figures for FY 2004 are under UK GAAP*

Key Financial Highlights

- Increased profitability driven by significant increased production and higher prices and stable operating costs,
- Improved free cash flow of $1,504.2 million due to higher operational earnings sustained by the efficient management of working capital,
- Strong balance sheet providing sufficient leverage for funding expansion projects and acquisitions
- Net cash of $432.7 million from net debt of $11.9 million at 31 March 2006, primarily due to improved cash flows enabling early retirement of debt in subsidiaries
- ROCE (adjusted for project capital work in progress) significantly higher at 78.5% in FY 2007 up from 37.9% in FY 2006.

Summary of Financial Performance

During FY 2007, our Indian operations in particular have recorded large gains in volumes and were able to take advantage of the strong metal prices during the year. As a result, EBITDA increased to $2,703.0 million, up from $1,101.5 million, a growth of 145.4%, whilst operating profits grew $2,505.9 million, up from $943.8 million, an increase of nearly 166%. Our Zambian operations recorded higher operating profits during the current year over the previous year due to higher copper prices.

We generated free cash flows of $1,504.2 million, representing 56% of EBITDA and reflecting a minimum outflow on account of working capital despite higher metal prices and volumes. Increased free cash flows have enabled us to fund project capital expenditure of $934.5 million entirely from internal sources.

Tax outflow in FY 2007 amounted to $475.6 million representing 19.1% of profit before tax, a rate marginally lower than in FY 2006. The effective tax rate in FY 2007 of 27.1% is lower the FY 2006 tax rate of 30.0%, primarily due to improved tax management initiatives at some of our subsidiaries specifically, Sterlite and HZL.

Underlying profit increased to $938.1 million in FY 2007 from $373.5 million in FY 2006 mainly due to strong operational results in all our businesses. Underlying earnings per share increased by 151.2% to 327.0 US cents. Amounts attributable to minority interests increased in FY 2007 because of better financial performance at HZL and at BALCO where Vedanta's economic interest is relatively lower.

Capital productivity, measured in terms of ROCE (excluding capital work in progress), improved to 78.5% in FY 2007 from 37.9% in FY 2006, reflecting better asset utilisation, in terms of both fixed assets and working capital.

We reported net cash of $432.7 million at 31 March 2007, a significant improvement over net debt of $11.9 million at 31 March 2006. Good operating profits and working capital management resulted in strong cash flows enabling us to repay subsidiary debt of $345 million after investing $934.5 million in expansion projects. With gross debt levels at just 41.6% of total equity and a net cash position of $432.7 million, we have adequate head room for growth and acquisition financing.

A detailed discussion on the financial performance of the Group is set out below.

(in $ millions, except as stated)	FY 2007	FY 2006	% change
Revenue	6,502.2	3,701.8	75.6%
EBITDA	2,703.0	1,101.5	145.4%
EBITDA margin (%)	*41.6%*	*29.8%*	–
Operating special items	(1.7)	–	–
Depreciation and amortisation	(195.4)	(157.7)	–
Operating profit	**2,505.9**	**943.8**	**165.5%**
Share of loss of associate	(1.3)	(1.4)	–
Profit before interest and tax	**2,504.6**	**942.4**	**165.8%**
Net interest charge	(20.2)	(7.7)	
Profit before tax	**2,484.4**	**934.7**	**165.8%**
Income tax expense	(672.7)	(280.4)	–
Tax rate (%)	*27.1%*	*30.0%*	–
Minority Interest	(877.6)	(280.8)	–
Minority Interest rate (%)	48.4%	42.9%	–
Attributable to equity shareholders in parent	**934.2**	**373.5**	**150.1%**
Basic earnings per share (US cents per share)	**325.6**	**130.2**	**150.1%**
Underlying earnings per share (US cents per share)	**327.0**	**130.2**	**151.2%**

Our FY 2007 revenues were $6,502.2 million with corresponding EBITDA of $2,703.0 million. An analysis of revenues and EBITDA by business has been provided earlier in the Business Review section of this preliminary results announcement.

Group Operating Profit

Group operating profit increased to $2,505.9 million up from $943.8 million, an increase of 165.5%.

Depreciation

Depreciation charges increased to $195.4 million from $157.7 million mainly due to capitalisation of expansion projects and increased sustaining capital expenditure.

Special Items

In FY 2007, we reviewed our financial exposure to IFL, an associate company, taking into consideration the financial condition of IFL. Sterlite had issued corporate guarantees on behalf of IFL. We estimated the fair value of these guarantees and recognised a provision of $17.3 million on the basis of our estimate of the probable future liability.

Additionally on 1 July 2006, the Power Transmission Conductor division of Sterlite was sold to Sterlite Optical Technologies Limited, a company under the control of Volcan for a consideration of $32.3 million based on a valuation by an independent valuer. This was identified as a non-core business at the time of our IPO in December 2003. The transaction resulted in an immaterial loss of $2.3 million which has been recognised as a special item in the income statement. The sale of this non-core business does not materially impact our revenues or profits.

In FY 2007, an amount of $2.6 million was incurred towards voluntary separation of employees. During the year, Sterlite also sold one of its old non-operating manufacturing facilities in the suburbs of Mumbai for $22.1 million, realising a profit of $ 21.8 million on this transaction.

Net Finance Costs

Our net finance costs in FY 2007 were $20.2 million compared to $7.7 million in FY 2006 as a result of the full year impact of the convertible bond issue of $725 million issued in the second half of FY 2006 and general interest rate rises, partially offset by the early repayment of debt in HZL and BALCO and the optimum use of short term funding arrangements. Income from investments has risen sharply mainly due to generation of surplus cash from operations. Our investment policy continues to emphasise on capital protection while maximising yields by investment in innovative financial products.

(in $ millions)	FY 2007	FY 2006
Net Finance Costs		
Interest payable	**22.6**	(124.1)
Unwinding of discount and interest on defined benefit pension arrangements	**(10.1)**	(11.3)
Interest and other investment income	**(74.1)**	75.7
Capitalisation of borrowing costs net of foreign exchange differences and interest income	**41.4**	52.0
Net interest in income statement	**(20.2)**	(7.7)

Taxation

Our effective tax rate for FY 2007 was lower at 27.1% compared with 30.0% in FY 2006, reflecting the various measures undertaken by us to improve our efficiencies in tax management in general and specifically in some of our major Indian operating subsidiaries such as Sterlite and HZL. During the year Sterlite set up a 100% Export Oriented Unit ("EOU") at Tuticorin and HZL established wind energy generating projects which enjoy considerable tax benefits. Despite a lower effective tax rate over the previous year, current tax has remained relatively constant at c. 20% of profits before tax mainly because of an increase in the amount of minimum alternative tax that we paid and a change in the profit mix. Our tax rate is sensitive to the availability of various incentives which differ due to differing tax rates in India and Zambia and also to a change in the profit mix between our subsidiaries.

Minority Interests

The pattern of profit contributions from subsidiaries underwent a change during FY 2007 with higher contributions from HZL and BALCO, which have higher minority interests. The change in profit mix has led to an increase in minority interests from 42.9% in FY 2006 to 48.4% in FY 2007, despite no change in the Vedanta's shareholding in any of its subsidiaries during the year.

Attributable and Underlying Profit

Attributable profit for FY 2007 was $934.2 million against $373.5 million in FY 2006, an increase of 150.1%, the result of strong performances across all our businesses. Underlying profit in FY 2007 was $938.1 million, an increase of 151.2% over FY 2006. Underlying earnings exclude the effects of special items and their tax and minority impact and we believe this is an important tool to measure our recurring performance.

Earnings per Share ("EPS") and Dividends

EPS for the year increased to 325.6 USc per share, a growth of 150.1% compared with FY 2006. EPS on underlying profit rose by 151.2% over the previous year. The higher EPS reflects the good performance of all our businesses in returning higher value to the shareholders.

In line with our progressive dividend policy, our Board proposes a final dividend of 20 USc per share for FY 2007, taking full year dividend to 35 USc per share. The total dividend is higher by 75% compared with FY 2006 dividend of 20.0 US cents per share.

The table below sets out the reconciliation to Underlying Profits.

(in $ millions, except as stated)	**FY 2007**	**FY 2006**	**% change**
Profit for the year attributable to the equity holders of the parent	934.2	373.5	150.1%
Special items	1.7	–	NA
Effect of taxation	3.7	–	NA
Effect of minority interests	(1.5)	–	NA
Underlying profit for the year	938.1	373.5	151.2%
EPS on profit for the year (USc per share)	325.6	130.2	150.1%
EPS on underlying profit (USc per share)	327.0	130.2	151.2%

Balance Sheet

Our summary balance sheet is presented below.

(in $ millions)	As at 31 March 2007	As at 31 March 2006
Goodwill	12.1	12.1
Property, plant and equipment	3,838.0	2,763.0
Cash , cash equivalents and liquid investments	2,185.2	2,091.7
Trade receivables	942.9	593.0
Other current and non current assets	1,093.5	775.3
Total assets	**8,071.7**	**6,235.1**
Trade payables	(1,184.0)	(958.1)
Borrowings	(1,726.8)	(2,076.2)
Other current and non current liabilities	(1,009.5)	(862.0)
Total liabilities	**(3,920.3)**	**(3,896.3)**
NET ASSETS	**4,151.4**	**2,338.8**
Equity attributable to equity holders of the parent	2,326.9	1,417.1
Minority interests	1,824.5	921.7
TOTAL EQUITY	**4,151.4**	**2,338.8**

Shareholders' equity as at 31 March 2007 stood at $2,326.9 million, up from $1,417.1 million as at 31 March 2006. Minority interests increased to $1,824.5 million from $921.7 million as at 31 March 2006. Net debt of $11.9 million as at 31 March 2006 became net cash of $432.7 million as at 31 March 2007. Cash and cash equivalents including liquid investments as at 31 March 2007 were $ 2,185.2 million.

As a result of capital expenditure in FY 2007, our capital employed increased by $1,368.0 million to $3,718.7 million at 31 March 2007. The net book value of our property, plant and equipment increased from $2,763.0 million at the end of FY 2006 to $3,838.0 million at 31 March 2007. Nearly three-quarters of the increase in capital employed was attributable to an increase in property, plant and equipment and the remainder to increases in working capital. The increase in working capital was influenced by higher metal prices.

ROCE on an adjusted capital employed basis (capital employed reduced by project capital work-in-progress) rose to 78.5% from the previous year of 37.9% due principally to higher operational results aided by higher metal prices and higher volumes. ROCE is affected by the timing of expansion projects being delivered during the year due to the time lag in capturing the full benefit of additional capacities.

External debt held by operating subsidiaries was $560.8 million at 31 March 2007 compared with $905.6 million at 31 March 2006. Cash flows generated from operations have been utilised to repay part of the subsidiary debt, particularly in Sterlite, BALCO and HZL. HZL is now a debt-free company.

Cash and cash equivalents, together with liquid investments were $2,185.2 million as at 31 March 2007 compared with $2,091.7 million as at 31 March 2006. Strong cash flows, resulting from good operational profits and better working capital management, have resulted in generation of free cash of $1,504.2 million which was partly used to fund our expansion projects, retire debt, and to acquire a majority stake in SGL. We remain focused on maintaining a strong balance sheet to fund our future growth.

We continue to be awarded ratings from Moodys and Standard & Poors. These ratings provide us with the financial flexibility and access to various sources of funding at competitive rates. Our current ratings and India current sovereign rating are as follows:

Credit Rating Agency	Vedanta	India Sovereign
Standard & Poors	BB	BBB
Moodys	Ba1	Baa3

Fund Raising Plans

Sterlite has made substantial progress in its plans to raise funds from the US capital markets. During FY 2007, Sterlite announced its intention to raise capital through an ADR offering to be listed on the New York Stock Exchange ("NYSE"). The proceeds of the offering will enable Sterlite to capitalise on attractive growth opportunities in India and maintain a strong balance sheet. It will allow Sterlite to exercise its call option to acquire the Government of India's remaining interest in HZL, enable us to expand into the commercial energy sector in India, reduce debt and to acquire complementary businesses that we determine to be attractive opportunities. We have filed the prospectus and we are hopeful of listing Sterlite securities on the NYSE in the near future after completing all necessary steps and obtaining clearance from the US Securities and Exchange Commission.

Cash Flows

The summary cash flow statement is set out below.

(in $ millions)	FY 2007	FY 2006
EBITDA	2,703.0	1,101.5
Special items	1.7	–
Working capital movements	(542.1)	(169.7)
Changes in long-term creditors and non-cash items	11.5	(17.1)
Sustaining Capital Expenditure	(194.4)	(80.6)
Sale of tangible fixed assets	28.9	0.7
Net interest paid	(39.5)	(20.5)
Dividend received	10.7	7.0
Tax paid	(475.6)	(186.5)
Free Cash Flow	**1,504.2**	**634.8**
Expansion Capital Expenditure	(934.5)	(605.5)
Acquisitions	(59.5)	–
Dividends paid to equity shareholders	(84.3)	(49.4)
Dividends paid to minority shareholders	(41.8)	(8.9)
Equity component of convertible loan notes	–	123.3
Sale of non core business	32.1	–
Deconsolidation of SEWT – cash and preference shares	–	(58.7)
Other movements*	28.4	26.8
Movement in net (debt)/cash	444.6	62.4

*Project creditors of $2.3 million (FY 2006: $2.0 million) reclassified from working capital movements into other movements below free cash flow

We delivered strong free cash flows of $1,504.2 million, an increase of $869.4 million, reflecting improved operating profits and working capital management. Working capital management is a key driver across our Group and ongoing control measures to minimise working capital usage in the operations are in place in all our subsidiaries. Such measures have resulted in a reduction in gross working capital, i.e. inventory and receivables expressed as a percentage of turnover, from 30.5% to 28.0%. This reduction was achieved despite a significant increase in volumes in our Indian aluminium and copper businesses resulting from expanded capacities and debottlenecking initiatives, respectively.

We invested $194.4 million in sustaining capital expenditure during FY 2007 primarily to achieve operational efficiencies including debottlenecking initiatives and expenditure on mine development.

Strong free cash flows have also enabled internal funding of project capital expenditure of $934.5 million, higher dividend payment of $126.1 million and early repayment of subsidiary debt of $344.8 million.

Gross debt was $1,726.8 million as at 31 March 2007, including $598.4 million in respect of convertible bonds issued during the year. The equity component of the convertible bond of $119.5 million is recorded as part of equity in the balance sheet. Cash and cash equivalents together with liquid investments were $2,185.2 million as at 31 March 2007.

Projects

During fiscal 2006, we announced four large expansion projects (Phase II expansion projects) including our expansion into power generation. We spent $208.0 million on Phase I expansion projects announced at the time of our IPO. Additionally, total capital expenditure during 2007 on Phase II expansion projects was $726.6 million. Amounts committed but not yet spent on Phase II expansion projects at 31 March 2007 were $2,928.0 million.

The total expenditure incurred to date on Phase 1 and Phase 2 expansion projects is set out in the tables below.

(in $ millions, except as stated)	**Original estimated cost**	**Spent to 31 March 2007**	**Committed, but not yet spent**	**Status**
Phase I expansion projects				
Alumina				
Lanjigarh refinery	800.0	614.6	61.5	In progress
Aluminium				
Korba smelter	550.0	475.9	10.2	Completed
Korba power plant	350.0	292.7	–	Completed
Copper				
Tuticorin smelter	87.0	87.0	–	Completed
Zinc-Lead				
Chanderiya smelter	335.0	267.8	–	Completed
Rampura Agucha mine	**90.0**	45.2	–	Completed
Total	**2,212.0**	**1,783.2**	**71.7**	

(in $ millions, except as stated)	Original estimated cost	Spent to 31 March 2007	Committed, but not yet spent
Phase II expansion projects			
Aluminium			
Jharsuguda	2,100.0	249.3	1,254.8
Copper			
Konkola mine	400.0	73.6	202.1
Nchanga smelter	280.0	91.6	152.9
Zinc*			
Chanderiya	300.0	159.4	111.9
Wind power project	132.5	65.5	67.0
Commercial energy			
Jharsuguda	1,900.0	136.0	1,139.3
Total	**5,112.5**	**775.4**	**2,928.0**
Grand Total	**7,324.5**	**2,558.6**	**2,999.7**

*Excludes HZL debottlenecking project at an estimated cost of $170 million

Acquisitions and Divestments

In FY 2007 we completed the acquisition of a majority stake in Sterlite Gold Limited, a company listed in Canada with its main operations in Armenia. Sterlite Gold is engaged in gold mining and processing. We first acquired 55% of the equity shareholding in Sterlite Gold Limited at a cost of $33.7 million and then acquired an additional 25% stake through an open offer to existing shareholders at a cost of $15.8 million. Acquisition costs of $2.9 million were incurred in the transaction. As at 31 March 2007, we hold 83.7% of the outstanding equity of Sterlite Gold Limited. We have accounted for this acquisition in accordance with IFRS 3 'Business Combinations'. The fair value of the assets and liabilities of the acquired business has resulted in creating assets in the form of mining properties and leases of $71.7 million.

Our non-core Power Transmission Conductor business was sold effective 1 July 2006 as a going concern together with all associated liabilities to Sterlite Optical Technologies Limited ("SOTL"), a related party controlled by Volcan for a consideration of $32.3 million. The terms for sale of this non-core business was negotiated with SOTL on an arm's length basis based on an independent valuation report. The loss on account of this sale was $2.3 million was recorded in the income statement as a Special Item.

During the year, we also acquired a 100% stake in Sterlite Energy Limited ("SEL") from Twinstar Infrastructure, a related party, for a consideration of $0.1 million. SEL is the vehicle for our expansion into the commercial energy business.

Commodity Hedging

We generally aim to sell our produces at prevailing market prices. We engage in hedging commodity price movements on a selective basis. During FY 2007, we entered into strategic hedging transactions for some quantities of copper and zinc and recognised losses of approximately $59.0 million on these transactions. Outstanding hedged quantities as at 31 March 2007 were 57,600 tonnes in respect of copper and 25,000 tonnes in respect of zinc, which we expect will be settled during FY2008.

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 $438.3 million at 31 March 2007.

Contingent liabilities include penalties and fines amounting to some $46.5 million that have been advised to AGRC by the Armenian Government in a preliminary notice recently. We understand that the notice is to undergo further analysis and expert review at the relevant Armenian governmental agencies in the coming weeks before it is served in final form upon AGRC. The mining plan of AGRC has not been approved by the Armenian Government and as a result, AGRC's mining operations have been temporarily suspended, pending resolution of some of the key clauses of the implementation agreement entered into with the Armenian Government. AGRC has previously received approval for each of the annual mining plans during the term of its Implementation Agreement with the Armenian Government.

Contractual Obligations

Contractual cash obligations arising in the ordinary course of our business are set out below.

(in $ millions)	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Payments due by period					
Bank loans and other borrowings	249.1	76.2	769.7	631.8	1,726.8
Deferred consideration for KCM acquisition	5.2	5.2		–	10.4
Capital commitments	1,774.0	1,376.0	–	–	3,150.0
Total	**2,028.3**	**1,457.4**	**769.7**	**631.8**	**4,887.2**

Changes in Accounting Policies

There have been no changes in accounting policies in the current year.

Post Balance Sheet Events

On 23 April 2007 we acquired a 51% controlling stake in Sesa Goa Limited ("Sesa Goa") through the acquisition of a 100% equity stake in Finsider International, a UK company. Sesa Goa, a company listed on Indian stock exchanges is engaged in mining and exporting of iron ore from India. We paid a cash consideration of $981 million to acquire this 51% stake and in accordance with prevailing Indian regulations, we have made an open offer to shareholders to acquire an additional 20% stake. This open-offer process is expected to take about three months to conclude. We will account for this transaction in accordance with IFRS 3 and detailed disclosures, including those pertaining to any fair value adjustments will be included in our FY 2008 interim report.

Consolidated Income Statement

	Note	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Continuing operations			
Revenue	2	6,502.2	3,701.8
Cost of sales		(3,840.4)	(2,591.4)
Gross profit		**2,661.8**	**1,110.4**
Other operating income		102.1	41.5
Distribution costs		(106.7)	(81.1)
Administrative expenses		(149.6)	(127.0)
Administrative expenses – special items	3	(1.7)	-
Operating profit	2	**2,505.9**	**943.8**
Investment revenue	4	127.5	51.6
Finance costs	5	(147.7)	(59.3)
Share of loss of associate		(1.3)	(1.4)
Profit before taxation		**2,484.4**	**934.7**
Tax expense	6	(672.7)	(280.4)
Profit for the year		**1,811.7**	**654.3**
Attributable to:			
Equity holders of the parent		934.2	373.5
Minority interests		877.5	280.8
		1,811.7	**654.3**
Basic earnings per ordinary share (US Cents)	7	325.6	130.2
Diluted earnings per ordinary share (US Cents)	7	305.4	128.2

Consolidated Balance Sheet

	Note	As at 31 March 2007 $ million	As at 31 March 2006 $ million
ASSETS			
Non-current assets			
Goodwill		12.1	12.1
Property, plant and equipment		3,838.0	2,763.0
Interest in associate		-	1.8
Financial asset investments		34.6	27.1
Other non-current assets		27.3	27.3
Other financial assets (derivatives)		72.1	63.2
Deferred tax assets		28.3	71.9
		4,012.4	**2,966.4**
Current assets			
Inventories		879.7	535.0
Trade and other receivables		942.9	593.0
Other current financial assets (derivatives)		51.5	49.0
Liquid investments	10	600.4	244.4
Cash and cash equivalents	10	1,584.8	1,847.3
		4,059.3	**3,268.7**
TOTAL ASSETS		**8,071.7**	**6,235.1**
LIABILITIES			
Current liabilities			
Short term borrowings	9, 10	(249.1)	(239.8)
Trade and other payables		(1,172.4)	(942.5)
Other current financial liabilities (derivatives)		(101.4)	(114.7)
Provisions		-	(12.2)
Current tax liabilities		(63.0)	(34.7)
		(1,585.9)	**(1,343.9)**
Net current assets		**2,473.4**	**1,924.8**
Non-current liabilities			
Medium and long term borrowings	9, 10	(879.3)	(1,236.0)
Convertible bonds	10	(598.4)	(600.4)
Trade and other payables		(11.6)	(15.6)
Other financial liabilities (derivatives)		(94.8)	(93.4)
Deferred tax liabilities		(425.3)	(286.9)
Retirement benefits		(35.3)	(38.2)
Provisions		(230.3)	(222.5)
Non equity minority interests		(59.4)	(59.4)
		(2,334.4)	**(2,552.4)**
TOTAL LIABILITIES		**(3,920.3)**	**(3,896.3)**
NET ASSETS		**4,151.4**	**2,338.8**
EQUITY			
Share capital		28.8	28.7
Share premium account		18.7	18.6
Share based payment reserves		7.3	4.1
Convertible bond reserve		119.5	123.3
Hedging reserves		(29.7)	(29.1)
Other reserves		661.0	213.1
Retained earnings		1,521.3	1,058.4
Equity attributable to equity holders of the parent		**2,326.9**	**1,417.1**
Minority interests		1,824.5	921.7
TOTAL EQUITY		**4,151.4**	**2,338.8**

Approved by the Board on 15 May 2007

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Operating activities			
Profit before taxation		2,484.4	934.7
Adjustments for:		-	-
Depreciation		195.4	157.7
Investment revenue		(127.5)	(51.6)
Finance cost		147.7	59.3
Profit on disposal of property, plant and equipment		(21.0)	-
Share based payment charge		5.6	1.6
Loss on disposal of non core business		2.3	-
Share of loss of associate		1.3	1.4
Other non-cash items		(12.0)	6.9
Operating cash flows before movements in working capital		**2,676.2**	**1,110.0**
Increase in inventories		(361.8)	(190.1)
Increase in receivables		(410.4)	(236.8)
Increase in payables		222.5	231.6
Cash generated from operations		**2,126.5**	**914.7**
Dividends received		10.7	7.0
Interest income received		138.6	58.5
Interest paid		(193.4)	(112.1)
Income taxes paid		(475.6)	(186.5)
Dividends paid		(84.3)	(49.4)
Net cash from operating activities		**1,522.5**	**632.2**
Investing activities			
Acquisition of subsidiary	11a	(54.3)	-
Cash acquired with subsidiary	11a	0.8	-
Proceeds on disposal of non core business	11c	32.3	-
Cash disposed of with non core business	11c	(0.2)	-
Purchases of property, plant and equipment		(1,154.5)	(656.2)
Proceeds on disposal of property, plant and equipment		28.9	0.7
Dividends paid to minority interests of subsidiaries		(41.8)	(8.9)
(Purchase) / disposal of liquid investments		(345.1)	12.8
Investment in associate		-	0.1
Purchase of financial asset investments		(0.2)	-
Deconsolidation of cash held by SEWT		-	(19.5)
Net cash used in investing activities		**(1,534.1)**	**(671.0)**
Financing activities			
Issue of ordinary shares		0.2	-
Proceeds from issue of convertible bonds		-	719.7
Increase in short term borrowings		25.0	28.4
Decrease in long-term borrowings		(324.8)	(20.9)
Net cash (used in) / from financing activities		**(299.6)**	**727.2**
Net increase/(decrease) in cash and cash equivalents		(311.2)	688.4
Exchange difference		48.7	(26.7)
Cash and cash equivalents at beginning of year		1,847.3	1,185.6
Cash and cash equivalents at end of year	10	**1,584.8**	**1,847.3**

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
$ million	Share capital	Share premium	Share based payment reserves	Convertible bond reserve	Hedging reserves	Other reserves	Retained earnings	Total	Minority interests	Total equity
At 31 March 2005	**28.7**	**18.6**	**2.5**	**-**	**-**	**43.9**	**1,016.8**	**1,110.5**	**636.2**	**1,746.7**
Adjustment for adoption of IAS 39	-	-	-	-	(3.2)	0.9	(9.8)	(12.1)	(2.1)	(14.2)
At 1 April 2005	**28.7**	**18.6**	**2.5**	**-**	**(3.2)**	**44.8**	**1,007.0**	**1,098.4**	**634.1**	**1,732.5**
Profit for the year	-	-	-		-	-	373.5	373.5	280.8	654.3
Issue of convertible bond	-	-	-	123.3	-	-	-	123.3	-	123.3
De-consolidation of SEWT	-	-	-	-	-	-	(88.2)	(88.2)	29.5	(58.7)
Movement on increase in minority interests	-	-	-	-	-	-	(0.4)	(0.4)	24.6	24.2
Exchange differences on translation of foreign operations	-	-	-	-	0.2	(16.1)	-	(15.9)	(14.1)	(30.0)
Transfers	-	-	-	-	-	184.7	(184.7)	-	-	-
IPO related credit	-	-	-	-	-	-	0.6	0.6	-	0.6
Movement in fair value of cash flow hedges and financial investments	-	-	-	-	(26.1)	(0.3)	-	(26.4)	(24.3)	(50.7)
Dividends paid	-	-	-	-	-	-	(49.4)	(49.4)	(8.9)	(58.3)
Recognition of share based payment	-	-	1.6	-	-	-	-	1.6	-	1.6
At 31 March 2006	**28.7**	**18.6**	**4.1**	**123.3**	**(29.1)**	**213.1**	**1,058.4**	**1,417.1**	**921.7**	**2,338.8**

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
$ million	Share capital	Share premium	Share based payment reserves	Convertible bond reserve	Hedging reserves	Other reserves	Retained earnings	Total	Minority interests	Total equity
At 1 April 2006	**28.7**	**18.6**	**4.1**	**123.3**	**(29.1)**	**213.1**	**1,058.4**	**1,417.1**	**921.7**	**2,338.8**
Profit for the period	-	-	-	-	-	-	934.2	934.2	877.5	1,811.7
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	10.2	10.2
Gain on acquisition of subsidiary	-	-	-	-	-	-	0.3	0.3	-	0.3
Conversion of Convertible bond	-	0.1	-	-	-	-	-	0.1		0.1
Convertible bond transfer	-	-	-	(3.8)	-	-	3.8	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	51.6	-	51.6	53.9	105.5
Transfers	-	-	-	-	-	393.5	(393.5)	-		-
Movement in fair value of cash flow hedges and financial investments	-	-	-	-	(0.6)	2.8	-	2.2	3.0	5.2
Dividends paid	-	-	-	-	-	-	(84.3)	(84.3)	(41.8)	(126.1)
Recognition of share based payment	-	-	5.6		-	-	-	5.6	-	5.6
Exercise of LTIP awards	0.1	-	(2.4)	-	-	-	2.4	0.1	-	0.1
At 31 March 2007	**28.8**	**18.7**	**7.3**	**119.5**	**(29.7)**	**661.0**	**1,521.3**	**2,326.9**	**1,824.5**	**4,151.4**

Notes to Preliminary Announcement

1. General information and accounting policies

This preliminary results announcement is for the year ended 31 March 2007. The announcement, including all comparatives has been prepared using the accounting policies consistent with the 2006 and 2007 audited financial statements.

Compliance with applicable law and IFRS

The financial statements have been prepared in accordance with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, Article 4 of the IAS Regulation and International Financial Reporting Standards (IFRS) as adopted by the European Union and related interpretations.

For Vedanta, there are no differences between IFRS as adopted for use in the European Union and full IFRS as adopted for use by the International Accounting Standards Board.

While the financial information contained in this preliminary results announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRSs. This announcement does not constitute the Group's statutory accounts for the year ended 31 March 2007 but is derived from those accounts. The statutory accounts for the year ended 31 March 2007 will be delivered to the Registrar of Companies following the company's AGM. The auditors have reported on those accounts and their reports were unqualified and did not contain statements under sections 237(2) or (3) of Companies Act 1985.

The information contained in this announcement for the year ended 31 March 2006 does not constitute statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified 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).

2. Segment information

The Group's primary format for segment reporting is business segments. The business segments consist of non-ferrous metals i.e. aluminium, copper and zinc, with residual components being reported as "other" (mainly Alumina, Gold and Energy). Business segment data includes an allocation of corporate costs to each sector on an appropriate basis. The risks and returns of the Group's operations are primarily determined by the nature of the different activities in which the Group is engaged. Inter-segment sales are charged based on prevailing market prices. The Group's activities are organised on a global basis.

Business segments

The following tables present revenue and profit information and certain asset and liability information regarding the Group's business segments for the years ended 31 March 2007 and 2006.

Year ended 31 March 2007	Continuing Operations					Total
$ million	Aluminium	Copper	Zinc	Other	Elimination	Operations
Revenue						
Sales to external customers	993.4	3,569.3	1,888.1	51.4	-	6,502.2
Inter-segment sales	28.1	-	-	-	(28.1)	-
Segment revenue	1,021.5	3,569.3	1,888.1	51.4	(28.1)	6,502.2
Result						
Segment result before special items	358.8	745.1	1,405.1	0.2	-	2,509.2
Special items	(0.4)	1.5	(2.3)	(0.5)	-	(1.7)
Segment result after special items	358.4	746.6	1,402.8	(0.3)	-	2,507.5
Unallocated corporate expenses						(1.6)
Operating profit						**2,505.9**
Net finance costs						(20.2)
Share of associate's loss						(1.3)
Profit before taxation						**2,484.4**
Tax expense						(672.7)
Profit for the year from continuing operations						**1,811.7**
Assets and liabilities						
Segment assets	1,878.8	2,629.9	2,170.4	1,001.9	-	7,681.0
Unallocated assets						390.7
Total assets						**8,071.7**
Segment liabilities	(629.8)	(1,559.1)	(255.9)	(185.2)	-	(2,630.0)
Unallocated liabilities						(1,290.3)
Total liabilities						**(3,920.3)**
Other segment information						
Additions to property, plant and equipment	261.8	316.3	245.8	305.0	-	1,128.9
Depreciation	(56.6)	(88.9)	(48.9)	(1.0)	-	**(195.4)**

2. Segmental information continued

Year ended 31 March 2006 $ million	Continuing Operations					Total Operations
	Aluminium	Copper	Zinc	Other	Elimination	
Revenue						
Sales to external customers	453.0	2,241.3	875.5	132.0	-	3,701.8
Inter-segment sales	40.1	-	-	-	(40.1)	-
Segment revenue	493.1	2,241.3	875.5	132.0	(40.1)	3,701.8
Result						
Segment result	102.8	340.3	489.5	12.9	-	945.5
Unallocated corporate expenses						(1.7)
Operating profit						**943.8**
Net finance costs						(7.7)
Share of associate's loss						(1.4)
Profit before taxation						**934.7**
Tax expense						(280.4)
Profit for the year from continuing operations						**654.3**
Assets and liabilities						
Segment assets	1,217.3	2,001.4	1,223.3	808.3	-	5,250.3
Interest in associate						1.8
Unallocated assets						983.0
Total assets						**6,235.1**
Segment liabilities	(748.9)	(1,405.8)	(319.5)	(611.1)	-	(3,085.3)
Unallocated liabilities						(811.0)
Total liabilities						**(3,896.3)**
Other segment information						
Additions to property, plant and equipment	540.5	96.6	49.0	-	-	686.1
Depreciation	(32.5)	(80.6)	(43.5)	(1.1)	-	**(157.7)**

2. Segmental information continued

(b) EBITDA[1] by segment

	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Aluminium	415.4	135.3
Copper	833.9	425.3
- India/Australia	365.6	219.0
- Zambia	468.3	206.3
Zinc	1,453.9	532.9
Other	(0.2)	8.0
EBITDA	**2,703.0**	**1,101.5**
Depreciation	(195.4)	(157.7)
Operating special items	(1.7)	-
Group operating profit	**2,505.9**	**943.8**

(1) EBITDA represents operating profit before special items, depreciation and amortisation

(c) Geographical segmental analysis

The Group's operations are located in India, Zambia and Australia. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Far East	2,056.5	963.8
India	2,670.9	1,762.3
Africa	253.3	136.6
Europe	760.5	353.5
Middle East	647.0	429.5
Other	114.0	56.1
Total	**6,502.2**	**3,701.8**

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	As at 31 March 2007 $ million	As at 31 March 2006 $ million	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Australia	229.2	163.1	10.0	3.8
India	6,071.5	3,869.2	844.9	618.6
Zambia	1,090.7	768.4	269.1	63.7
Other	680.3	1,434.4	4.9	-
Total	**8,071.7**	**6,235.1**	**1,128.9**	**686.1**

3. Special items

	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Provision for guarantees given on behalf of associate	(17.3)	-
Restructuring and redundancies	(2.6)	-
Loss on sale of property, plant and equipment	(0.8)	-
Impairment of investment in associate	(0.5)	-
Profit on disposal of non core assets *	21.8	-
Loss on disposal of non core business (note 11c)	(2.3)	-
	(1.7)	**-**

** Sale of unused property in Mumbai.*

4. Investment revenue

	Note	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Interest and other financial income		136.4	67.6
Dividend income from other financial investments		10.7	7.0
Foreign exchange gain on cash and liquid investments		1.1	1.1
Expected return on defined benefit arrangements		1.2	1.1
Capitalisation of foreign exchange differences and interest income		(21.9)	(25.2)
		127.5	**51.6**

5. Finance costs

	Note	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Interest on bank loans and overdrafts		113.8	75.6
Interest on convertible bonds		36.7	4.0
Interest on other loans		49.2	44.5
Unwinding of discount on provisions		7.3	5.6
Unwinding of discount on KCM deferred consideration		0.7	2.1
Interest on defined benefit arrangements		3.3	4.7
Capitalisation of borrowing costs		(63.3)	(77.2)
		147.7	**59.3**

6. Tax

	Note	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Current tax:			
UK Corporation tax		-	-
Foreign tax – India		484.4	177.8
Zambia		2.1	1.1
Australia		29.7	5.4
Other		(2.0)	1.7
		514.2	**186.0**
Deferred tax:			
Current year movement in deferred tax		156.3	94.4
Attributable to decrease in the rate of Indian corporation tax		2.2	-
		158.5	**94.4**
Total tax expense		**672.7**	**280.4**
Effective tax rate		27.1%	30.0%

Deferred tax reported in equity is a credit of $3.5m (2006: $13.5m).

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 31 March 2007 is as follows:

	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Accounting profit before tax	**2,484.4**	**934.7**
At Indian statutory income tax rate of 33.66% (2006: 33.66%)	836.3	314.6
Accelerated capital allowances	(0.9)	(6.0)
Utilisation of tax losses	(0.3)	0.6
Disallowable expenses	8.8	7.1
Non-taxable income	(17.0)	(5.0)
Impact of tax rate differences	(37.5)	(14.3)
Tax holiday and similar exemptions	(126.9)	(17.8)
Dividend distribution tax on overseas subsidiaries	12.3	2.7
Minimum Alternative Tax	4.8	1.7
Adjustments in respect of previous years	(6.9)	(3.2)
At effective income tax rate of 27.1% (2006: 30%)	**672.7**	**280.4**

7. Earnings per share

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

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 year (adjusted for the effects of dilutive options).

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

	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Net profit attributable to equity holders of the parent	934.2	373.5

	Year ended 31 March 2007 million	Year ended 31 March 2006 million
Weighted average number of ordinary shares for basic earnings per share	286.9	286.8
Effect of dilution:		
Convertible bonds	27.9	3.1
Share options	3.1	3.6
Adjusted weighted average number of ordinary shares for diluted earnings per share	317.9	293.5

(a) Earnings per share based on profit for the year

Basic earnings per share on the profit for the year	Year ended 31 March 2007	Year ended 31 March 2006
Profit for the year attributable to equity holders of the parent ($ million)	934.2	373.5
Weighted average number of shares of the Company in issue (million)	286.9	286.8
Earnings per share on profit for the year (US cents per share)	325.6	130.2

Diluted earnings per share on the profit for the year	Year ended 31 March 2007	Year ended 31 March 2006
Profit for the year attributable to equity holders of the parent ($ million)	934.2	373.5
Adjustment in respect of convertible bonds of Vedanta ($ million)	36.7	2.7
Profit for the year after dilutive adjustment ($ million)	**970.9**	**376.2**
Adjusted weighted average number of shares of the Company in issue (million)	317.9	293.5
Diluted earnings per share on profit for the year (US cents per share)	**305.4**	**128.2**

During the year ended 31 March 2007, 791,011 options issued under the Long Term Incentive Plan were converted to equity shares pursuant to vesting and exercise of the options. Also during the year ended 31 March 2007, 7,746 shares were issued on conversion of the convertible bond. The issue of these shares has been included in determining the 2007 weighted average number of shares.

Profit for the year 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 year of this conversion would be the interest payable on the convertible bond.

The conversion options of the convertible bonds and the outstanding awards under the 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 these financial statements.

(b) Earnings per share based on Underlying Profit for the year

The Group's Underlying Profit is the profit for the year after adding back special items and their resultant tax and minority interest effects, as shown in the table below:

	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Profit for the year attributable to equity holders of the parent	934.2	373.5
Administrative expenses – special items (note 4)	1.7	-
Tax effect of special items	3.7	-
Minority interest effect of special items	(1.5)	-
Underlying Profit for the year	**938.1**	**373.5**

Basic earnings per share on Underlying Profit for the year	Year ended 31 March 2007	Year ended 31 March 2006
Underlying profit for the year ($ million)	938.1	373.5
Weighted average number of shares of the Company in issue (million)	286.9	286.8
Earnings per share on Underlying Profit for the year (US cents per share)	**327.0**	**130.2**

Diluted earnings per share on Underlying Profit for the year	Year ended 31 March 2007	Year ended 31 March 2006
Underlying profit for the year ($ million)	938.1	373.5
Adjustment in respect of convertible bonds of Vedanta ($ million)	36.7	2.7
Underlying profit for the year after dilutive adjustment ($ million)	974.8	376.2
Adjusted weighted average number of shares of the Company in issue (million)	317.9	293.5
Diluted earnings per share on Underlying Profit for the year (US cents per share)	**306.6**	**128.2**

8. Dividends

	Year ended 31 March 2007 $ million	Year ended 31 March 2006 $ million
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2005-06 : 14.3 US cents per share (2004-05 : 11.55 US cents per share)	41.1	33.1
Interim dividend paid during the year : 15 US cents per share (2005-06 : 5.7 US cents per share)	43.2	16.3
	84.3	**49.4**

Proposed for approval at AGM

Equity dividends on ordinary shares:		
Final dividend for 2006-07: 20 US cents per share (2005-06: 14.3 US cents per share)	57.5	41.1

9. Borrowings

	As at 31 March 2007 $ million	As at 31 March 2006 $ million
Bank loans	491.2	700.7
Bonds	581.2	567.6
Other loans	56.0	207.5
Total	**1,128.4**	**1,475.8**
Borrowings are repayable as:		
On demand within one year (shown as current liabilities)	249.1	239.8
In the second year	76.2	257.9
In two to five years	769.7	949.6
After five years	33.4	28.5
Total borrowings	**1,128.4**	**1,475.8**
Less: payable within one year	(249.1)	(239.8)
Medium and long term borrowings	**879.3**	**1,236.0**

At 31 March 2007, the Group had available US$1,011.4 million (fund and non fund based) (2006: $443.7 million- fund based) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

10. Movement in Net (Debt) / Cash (1)

		Debt due within one year		Debt due after one year			
US$ million	Cash and cash equivalents	Debt carrying value	Debt related derivatives(2)	Debt carrying value	Debt related derivatives(2)	Liquid investments US$ million	Total Net (Debt) / Cash
At 1 April 2005	**1,186.6**	**(213.0)**	**(15.1)**	**(1,287.7)**	**(17.5)**	**262.0**	**(84.7)**
Cash flow	688.4	(28.4)	.	(698.8)	-	(12.8)	(51.6)
Other non-cash changes	(1.0)	(2.0)	17.9	135.2	(12.7)	-	137.4
Foreign exchange differences	(26.7)	3.6	-	14.9	-	(4.8)	(13.0)
At 1 April 2006	**1,847.3**	**(239.8)**	**2.8**	**(1,836.4)**	**(30.2)**	**244.4**	**(11.9)**
Cash flow	(311.2)	(25.0)	-	324.8	-	345.1	333.7
Disposal of non core business	-	23.1	-	-	-	-	23.1
Other non-cash changes	-	9.1	(9.9)	68.3	11.6	3.5	82.6
Foreign exchange differences	48.7	(16.5)	-	(34.4)	-	7.4	5.2
At 31 March 2007	**1,584.8**	**(249.1)**	**(7.1)**	**(1,477.7)**	**(18.6)**	**600.4**	**432.7**

(1) Net (Debt) / (Cash) 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.

11. Business Combinations

Sterlite Gold

The Group acquired the following companies during the year ended 31 March 2007:

Names of company acquired	Principal activity	Date of acquisition	Proportion of shares acquired	Cost of acquisition ($ million)
Welter Trading Limited	Investment holding company	22 May 2006	100.0%	-
Twin Star International Limited	Investment holding company	23 August 2006	100.0%	33.7 *

** $2.9 million of acquisition expenses were additionally incurred in the acquisition of Twinstar International Limited and its subsidiaries.*

Vedanta acquired 100% of Welter Trading Limited, a company incorporated in Cyprus, on 22 May 2006. On 23 August 2006, Welter Trading Limited acquired 100% of Twin Star International Limited ('TSI'), a company incorporated in Mauritius and 100% owned by Volcan Investments ('Volcan'). Volcan holds 54% of the equity of Vedanta.

TSI held 55.09% of Sterlite Gold Limited ('Sterlite Gold'), a company incorporated in Canada and listed on the Toronto Stock Exchange. By virtue of Welter Trading Limited acquiring 100% of TSI, Sterlite Gold became a subsidiary of Vedanta with an effective date of 23 August 2006, being the date at which control passed to Vedanta. As a result, the financial information of TSI and Sterlite Gold has been consolidated from 23 August 2006.

From 23 August 2006 to 31 March 2007, the Group acquired a further 28.6% interest in the equity of Sterlite Gold for $17.7million through an open offer to minority shareholders. The Group's total holding in Sterlite Gold as at 31 March 2007 was 83.7%.

From the date of acquisition, Sterlite Gold held 100% interests in the following companies:

- First Dynasty Mines (USA) LLC
- First Dynasty Mines Armenia Limited
- AGRC Services Limited
- First Dynasty Mines Holding Company Limited
- Myanmar First Dynasty Mines Limited (since liquidated)
- Ararat Gold Recovery Company LLC ('AGRC')

AGRC is a company involved in gold mining activities and is incorporated in Armenia. All other companies listed above are non-operating.

The consolidated net assets of TSI acquired at the first acquisition are detailed in the table below. There was no material change in the fair value of assets and liabilities acquired at the following acquisitions.

$ million	Book value	Fair value adjustments	Fair value
Assets			
Non-current assets			
Property, plant and equipment	11.4	71.7	83.1
Financial asset investments	4.7	-	4.7
	16.1	**71.7**	**87.8**
Current assets			
Inventories	2.7	-	2.7
Trade and other receivables	2.7	-	2.7
Cash and cash equivalents	0.8	-	0.8
	6.2	**-**	**6.2**
Liabilities			
Current liabilities			
Trade and other payables	(2.9)	-	(2.9)
	(2.9)	**-**	**(2.9)**
Non-current liabilities			
Borrowings from Vedanta Resources plc	(10.2)	-	(10.2)
Deferred tax liabilities	-	(14.3)	(14.3)
Provisions	(1.8)	-	(1.8)
	(12.0)	**(14.3)**	**(26.3)**
Net assets	**7.4**	**57.4**	**64.8**
Less: minority interests recognised on first acquisition			(29.1)
Add: reduction in minority interests on following acquisitions			18.9
			54.6
Satisfied by:			
Cash consideration on first acquisition			33.7
Cash consideration on following acquisitions			17.7
Acquisition expenses			2.9
			54.3
Gain on following acquisition recognised in retained earnings			0.3
			54.6

Since the date of acquisition, Sterlite Gold has contributed $2.9 million to the revenue and $(4.1) million to the net profit of the Group for the year ended 31 March 2007. If TSI Group had been acquired at the beginning of the period, the revenues of the Group would have been $6,506.7 million and the profit attributed to equity holders of the parent of the Group would have been $1,811.5 million.

(b) Acquisition of Sterlite Energy

During the year ended 31 March 2007, Sterlite acquired 100 % of the equity of Sterlite Energy, a related party previously controlled by Volcan. The cost of acquisition was $0.1 million.

(c) Disposal of Non Core Business

The Board of Sterlite passed a resolution on 21 August 2006 to divest its non core aluminium conductor business, a reporting unit classified in the Group's 'Other' segment. The Group sold the business to SOTL, a company owned and controlled by Volcan, a related party, for $32.3 million. The loss on this sale was $2.3 million. The carrying value of the assets and liabilities disposed of were as follows:

	$ million
Property, plant and equipment	18.6
Current assets	83.4
Total assets	102.0
Debt	23.1
Current liabilities	44.3
Total liabilities	67.4
Net assets disposed	34.6
Less: consideration received	(32.3)
Loss on disposal (note 3)	2.3

Glossary and Definitions

5S
A Japanese concept laying emphasis on housekeeping and occupational safety in a sequential series of steps as Sort (Seiri); Set in Order (Seiton); Shine (Selso); Standardise (Seiketsu); and Sustain (Shitsuke)

Adapted Comparator Group
The new comparator group of companies used for the purpose of comparing TSR performance in relation to the LTIP, adopted by the Remuneration Committee on 1 February 2006 and replacing the previous comparator group comprising companies constituting the FTSE Worldwide Mining Index (excluding precious metals)

AGM or Annual General Meeting
The annual general meeting of the Company which is scheduled to be held on Wednesday 2 August 2006 at 3.00pm, UK time, at the Mayfair Conference Centre, 17 Connaught Place, London W2 2EL

AE
Anode effects

AIDS
Acquired immune deficiency syndrome

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 and The Madras Aluminium Company Limited, companies incorporated in India

Articles of Association
The articles of association of Vedanta Resources plc

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

Board Committees
The committees reporting to the Board: Audit, Remuneration, Nominations and Health, Safety and Environment, each with its own terms of reference

Businesses
The Aluminium Business, the Copper Business and the Zinc Business together

Capital Employed
Net assets before Net (Debt)/Cash

Capex
Capital expenditure

Cash Tax Rate
Current taxation as a percentage of profit before taxation

CEO
Chief executive officer

CII
Confederation of Indian Industries

CLZS
Chanderiya lead and zinc smelter

CO2
Carbon dioxide

CMT
Copper Mines of Tasmania Pty Limited, a company incorporated in Australia

Combined Code or the Code
The Combined Code on Corporate Governance published by the Financial Reporting Council in July 2003 and applying to listed companies for reporting years beginning on or after 1 November 2003

Company or Vedanta
Vedanta Resources plc

Convertible Bonds
$725 million 4.60% guaranteed convertible bonds due 2026, issued by a wholly-owned subsidiary of the Company, Vedanta Finance (Jersey) Limited ('VFJL'), and guaranteed by the Company, the proceeds of which are to be applied towards re-financing subsidiary indebtedness, the Company's capital expenditure programme including the Jharasaguda aluminium smelter project and other general corporate purposes.

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;
- one 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.

CREP
Corporate responsibility for environmental protection

cents/lb
US cents per pound

CRRI
Central Road Research Institute

CSR
Corporate social responsibility

CTC
Cost to company, the basic remuneration of executives in India, which represents an aggregate figure encompassing basic pay, pension contributions and allowances

Deferred Shares
Deferred shares of £1.00 each in the Company

DGMS
Director General of Mine Safety in the Government of India

Directors
The directors of the Company

Dollar or $
United States dollars, the currency of the United States of America

DRs
Depositary receipts of 10 US cents, issuable in relation to the $725 million 4.6% guaranteed convertible bonds due 2026.

EBITDA
Earnings before interest, taxation, depreciation, goodwill amortisation/impairment and special items

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

E&OHSAS
Environment and occupational health and safety assessment standards

E&OHSMS
Environment and occupational health and safety management system

EPS
Earnings per Ordinary Share

ESOP
Employee share option plan

ESP
Electrostatic precipitator

Executive Committee
The executive committee to whom the Board delegates operational management and comprising the Executive Directors and the senior management within the Group

Executive Directors
The executive directors of the Company

Expansion Capital Expenditure
Capital expenditure that increases the Group's operating capacity

Financial Statements or Group financial statements
The consolidated financial statements for the Company and the Group for the year ended 31 March 2006 as defined in the Independent Auditors' Report to the members of Vedanta Resources plc on page 67

Free Cash Flow
Cash flow arising from EBITDA after net interest, taxation, Sustaining Capital Expenditure and working capital movements

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

GDP
Gross domestic product

Gearing
Net Debt as a percentage of Capital Employed

GJ
Giga joules

Government or Indian Government
The Government of the Republic of India
Gratuity
A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

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

IAS
International Accounting Standards

ICMM
International Council on Mining and Metals

IFL
India Foils Limited, a company incorporated in India

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

INR
Indian Rupees

Interest Cover
EBITDA divided by finance costs

ISO 9001
An international quality management system standard published by the International Organisation for Standardisation

ISO 14001
An international environmental management system standard published by the International Organisation for Standardisation

KCM or Konkola Copper Mines
Konkola Copper Mines PLC, a company incorporated in Zambia

KDMP
Konkola deep mining project

Key Result Areas or KRAs
For the purpose of the remuneration report, specific personal targets set as an incentive to achieve short-term goals for the purpose of awarding bonuses, thereby linking individual performance to corporate performance

KLD
Kilo litres per day

KPIs
Key performance indicators

Kwh
Kilo-watt hour

Kwh/d
Kilo-watt hour per day

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

Listing Rules
The listing rules of the Financial Services Authority, with which companies with securities that are listed in the UK must comply

LME
London Metals Exchange

London Stock Exchange
London Stock Exchange plc

Lost time injury
An accident/injury forcing the employee/contractor to remain away from his/her work beyond the day of the accident

LTIFR
Lost time injury frequency rate: the number of lost time injuries per million man hours worked

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

MALCO
The Madras Aluminium Company Limited, a company incorporated in India

Management Assurance Services
The function through which the Group's internal audit activities are managed

MAT
Minimum alternative tax

MIS
Management information system

MOEF
The Ministry of Environment & Forests of the Government of the Republic of India

mt or tonnes
Metric tonnes

MW
Megawatts of electrical power

NCCBM
National Council of Cement and Building Materials

Net (Debt)/Cash
Total debt after fair value adjustments under IAS 32 and 39, cash and cash equivalents and liquid investments

NGO
Non-governmental organisation

NIHL
Noise induced hearing loss

Non-executive Directors
The non-executive directors of the Company

OHSAS 18001
Occupational Health and Safety Assessment Series (standards for occupational health and safety management systems)

Ordinary Shares
Ordinary shares of 10 US cents each in the Company

PBT
Profit before tax

PFC
Per fluorocarbons

PHC
Primary health centre

PPE
Personal protective equipment

Provident Fund
A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

Recycled water
Water released during mining or processing and then used in operational activities

Relationship Agreement
The agreement dated 5 December 2003 between the Company, Volcan Investments Limited and members of the Agarwal family that regulates the ongoing relationship between them, the principal purpose of which is to ensure that the Group is capable of carrying on business independently of Volcan, the Agarwal family and their associates

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

The Reward Plan
The 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

RO
Reverse osmosis

SA 8000
Standard for Social Accountability based on international workplace norms in the International Labour Organisation ('ILO') conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child

Senior Management Group
For the purpose of the remuneration report, the key operational and functional heads within the Group

Sesa Goa
Sesa Goa Limited, a company incorporated in India

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

The Share Option Plan
The Vedanta Resources Share Option Plan, a closed plan approved by shareholders on Listing in December 2003 and adopted to provide maximum flexibility in the design of incentive arrangements over the long term

SHGs
Self helf groups

SID
Senior Independent Director

SO2
Sulphur dioxide

SBU
Strategic Business Unit

SOTL
Sterlite Optical Technologies Limited, a company incorporated in India

SOVL
Sterlite Opportunities and Ventures Limited, a company incorporated in India

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

SPM
Suspended particulate matter. Fine dust particles suspended in air

Sterling, GBP or £
The currency of the United Kingdom

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

SGL
Sterlite Gold Ltd., a company listed on the Toronto Stock Exchange

Superannuation Fund
A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

Sustaining Capital Expenditure
Capital expenditure to maintain the Group's operating capacity

TCM
Thalanga Copper Mines Pty Limited, a company incorporated in Australia

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

TGS
Tail gas scrubber

TGT
Tail gas treatment

tpa
Metric tonnes per annum

TPM
Tonne per month

TSR
Total shareholder return, being the movement in the Company's share price plus reinvested dividends

Turnbull Guidance
The revised guidance on internal control for directors on the Combined Code issued by the Turnbull Review Group in October 2005

Twin Star
Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group
Twin Star and its subsidiaries and associated undertaking

UITF
Urgent Issues Task Force

Underlying EPS
Underlying earnings per Ordinary Share

Underlying Profit
Profit for the year after adding back special items and their resultant tax and minority interest effects

US cents
United States cents

VAL
Vedanta Alumina Limited, a company incorporated in India

VFD
Variable frequency drive

VFJL
Vedanta Finance (Jersey) Limited, a company incorporated in Jersey

VFL
Visible felt leadership

Volcan
Volcan Investments Limited, a company incorporated in the Bahamas

VRCL
Vedanta Resources Cyprus Limited, a company incorporated in Cyprus

VRFL
Vedanta Resources Finance Limited, a company incorporated in the United Kingdom

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

VSS
Vertical Stud Söderberg

Water used for Primary Activities
Total new or make-up water entering the operation and used for the operation's primary activities; primary activities are those in which the operation engages to produce its product

WBCSD
World Business Council for Sustainable Development

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