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## **Vedanta Resources Plc**

### **Unaudited Results for the First Quarter Ended 30 June 2007**

#### **Highlights**

- Revenue of \$1.85 billion against \$1.3 billion in corresponding prior quarter
- EBITDA of \$695 million against \$589 million in corresponding prior year
- Highest ever quarterly mined metal production at HZL
- Consistent achievement of rated capacity for third consecutive quarter at the new Korba smelter
- Acquired 51% stake in Sesa Goa Limited, India's largest private sector iron ore producer - exporter
- Sterlite Industries (India) Limited lists on NYSE, raised US\$2 billion in ADS Offering
- Lanjigarh alumina refinery at pre-commissioning stage, commenced production of hydrate alumina

#### **Performance Summary**

For the quarter ended 30 June 2007 ("Q1"), revenues and EBITDA were \$1,850.3 million and \$695.4 million respectively, including Sesa Goa, an increase of 18% compared to the corresponding prior period. The increase was primarily on account of higher volumes and better price realisations.

Production across all metals in India was significantly higher than the corresponding prior quarter mainly because of contribution from the newly commissioned projects.

#### **Aluminium**

For the quarter, aluminium production was 97,000 tonnes, higher than the rated capacity and consistent with the production trends of the last two quarters. The new Korba smelter produced over 62,000 tonnes of hot metal during the quarter and has consistently performed at these levels for three consecutive quarters.

Q1 revenues and EBITDA were \$281.8 million and \$110.2 million. Sales volumes were largely in line with production volume during the quarter and the costs too were largely stable. The increase in revenues and EBITDA, as compared to the corresponding prior quarter, was primarily on account of higher volumes from the new Korba smelter and better LME prices partially offset by appreciation of the Indian Rupee against the US dollar. Our operating costs have been stable. Global alumina prices have seen an upward trend in the first quarter of the current fiscal which has impacted our costs.

BALCO was recently awarded the coveted President of India's Nirmal Gram Award for its sanitation project in Korba by the Ministry of Rural Development, Government of India.

## **Copper - India and Australia**

Copper cathode production at our Tuticorin plant in the quarter at 81,000 tonnes is comparable with the preceding quarter except for the effect of the planned maintenance shutdown in April 2007.

Q1 revenues were \$748.1 million as compared with \$472.7 million in the corresponding prior quarter, primarily due to higher volumes and higher metal prices. For the same period, EBITDA was \$71.6 million compared with \$115.2 million in the corresponding prior quarter, a decrease of 38% primarily due to lower TCRC realisation and lower despatches from our captive mines. EBITDA for the quarter is higher than the preceding quarter despite lower TC/RC, mainly due to better performance of our phosphoric acid business and better by-product management. Our costs are showing an improving trend.

In line with the current market trend, we expect TCRC to further soften and the full year TCRC is expected to be half the level of last fiscal year.

Sterlite was recently awarded the 'Excellent Energy Efficient Unit' award by the Confederation of Indian Industry.

## **Copper - Zambia**

During the current quarter, KCM produced 39,000 tonnes of copper cathode, marginally higher than the preceding quarter and at the same level as the corresponding prior quarter. This has been achieved despite low equipment availability consequent to planned partial plant shutdown for major overhauling of Nkana smelter in April 2007. Cathode production from the smelter was around 23,000 tonnes. The production from the tailings leach plant improved significantly and was at 16,000 tonnes for the quarter.

Q1 revenues were \$274.7 million as compared with \$253.1 million in the corresponding prior quarter primarily due to higher volumes. Q1 EBITDA was \$106.2 million as compared with \$126.0 million in the corresponding prior quarter. The decrease was primarily due to higher cost of production in the current quarter and lower price realisation as compared to corresponding prior quarter. The unit cost has shown a marginal reduction this quarter as compared to preceding quarter primarily on account of increased production.

## **Zinc**

The mined metal production at 134,000 tonnes during the quarter is the highest ever production in a quarter. During the same period refined zinc production was 93,000 tonnes.

Sales during the current quarter were augmented by sales of about 50,000 dry metric tonnes of zinc concentrate and about 5,000 dry metric tonnes of lead concentrate. Q1 revenues were \$476.3 million as compared with \$353.6 million in the corresponding prior quarter and EBITDA was at \$385.8 million over \$279.4 million in corresponding prior quarter, an increase of 38%, both due to increase in volumes and better LME partially offset by appreciation of Indian Rupee against US dollar. Operating costs have been largely stable except for some increase in power costs.

HZL recently received the following awards:

- TERI 'Corporate Social Responsibility' award for HZL's sustainable initiatives.
- FICCI, SEDF corporate social responsibility commendation award

## Projects Update

### Aluminium

The Alumina refinery at Lanjigarh is designed to produce 1.4 million TPA of calcined alumina, through two streams, each producing 0.7 million tonnes, and captive power plant. Presently, the first stream of alumina refinery is commissioned with outsourced bauxite. Alumina is scheduled for dispatch during last week of July 2007. As regards the environmental clearances for developing the Lanjigarh bauxite deposits, the matter is scheduled for hearing by the Supreme Court during August 2007 and we are hopeful of a positive resolution in the matter.

Work on the first phase of the green-field 500,000 tpa aluminium smelter and associated 1,215 MW captive power plant in Jharsuguda, Orissa, is progressing well. Civil construction of the pot rooms and other associated plants is progressing well. Over 100 pots have already been installed. Equipment deliveries are also on track. Overall project is on schedule and on budget for commissioning of the first phase of 250,000 tpa and associated captive power plant for second half of CY 2009 and the second phase by end of CY 2010.

### Commercial Energy

Work on the 2,400 MW (4X600 MW) coal based Independent thermal power plant has commenced. An EPC contract has been released and the work is in full swing. Overall the project is on schedule for progressive commissioning from late 2009 as announced.

### Copper

Work on the KDMP expansion project to increase the copper ore output from Konkola mine to 6 million tpa is progressing well. All the major areas such as new shaft, ventilation shaft, pipe shaft and concentrator are on track with main shaft having already reached a depth of 90 meters. Further work at the Nchanga smelter expansion project, which will add copper capacity of 250,000 tpa is progressing well. The foundation of the flash furnace, ESP and the sulphuric acid plant are complete and equipment deliveries have commenced.

### Zinc

All orders have been placed for the Phase II 170,000 tpa Chanderiya expansion project and construction activity at the site is in full swing. The roaster plant, which is the first stage of the smelting process, has been completed and put under operation. The leaching and purification plant and the cell house plant are also on track. Similarly work on the captive power plant and at the Agucha concentrator, to raise the milling capacity to 5.0 million tpa, is progressing well. The progress on the overall project is good and as advised earlier, Chanderiya smelter is expected to be ready by December 2007, about 3 months ahead of our earlier schedule of early 2008.

In pursuit of our vision to generate 10% of our energy requirement through green energy, we have placed a turnkey contract for 148.8MW of which the first of 38.4 MW has been successfully

commissioned ahead of schedule during March 2007 while the work on the balance is on as per schedule for progressive commissioning by March 2008.

## Production Summary (Unaudited)

(‘000 tonnes, except as stated)

	2007-08	Q1 <sup>1</sup> 2006-07	Change	Q4 <sup>1</sup> 2006-07	Full Year 2006-07
<b>Alumina</b>	72	73	(1.4%)	80	299
<b>Aluminium</b>	97	76	27.6%	98	351
<b>Copper India/Australia</b>					
Copper-mined metal content	6	8	(25.0%)	6	28
Copper-Cathode	81	57	42.1%	89	313
Copper-Rod	51	40	27.5%	51	178
<b>Copper-Zambia</b>					
Copper-mined metal content	20	18	11.1%	19	84
Copper-Cathode	39	39	-	37	142
<b>Zinc</b>					
Zinc-mined metal content	134	131	2.3%	121	505
Zinc-refined	93	82	13.4%	95	348
<b>Iron Ore<sup>2</sup></b>					
Saleable Ore <sup>3</sup>	1,934	-	-	-	-
Pig Iron	43	-	-	-	-
<b>Equivalent Gold(oz)</b>	1,712	-	-	1,923	17,662

1. Q1 – First quarter ended 30 June 2007 and 2006, respectively, Q4 – Fourth quarter ended 31 March 2007 and 2006 respectively
2. Represents production in post acquisition period of 2 months to 30 June 2007, and are not directly comparable with the corresponding prior periods
3. Iron ore is reported on wet tonnes basis

## Financial Summary (Unaudited)

(in \$ million, except as stated)

	Q1 2007-08	2006-07	% Change	Q4 2006-07	Full Year 2006-07
Revenue	281.8	157.8	78.6%	317.5	993.4
Aluminium					
Copper					
- India/Australia	748.1	472.7	58.3%	645.7	2,553.4
- Zambia	274.7	253.1	8.5%	316.3	1,051.9
Zinc	476.3	353.6	34.7%	457.0	1,881.1
Iron ore	68.3	-	-	-	-
Others	1.1	48.3	-	0.8	51.4
Total	1,850.3	1,285.5	43.9%	1,737.3	6,502.2
EBITDA					
Aluminium	110.2	66.1	66.7%	150.2	415.4
Copper					
- India/Australia	71.6	115.2	(37.8%)	61.5	365.6
- Zambia	106.2	126.0	(15.7%)	144.5	468.3
Zinc	385.8	279.4	38.1%	325.2	1,453.9
Iron ore	27.3	-	-	-	-
Others	(5.7)	2.4	-	6.8	(0.2)
Total	695.4	589.1	18.0%	688.2	2,703.0

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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](http://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.