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15 November 2007

Vedanta Resources plc
Interim Results for the Six Months Ended 30 September 2007

Highlights

- **Financial Performance**
  - Group Revenue up 29 % to $3.9 billion, driven by strong volume growth
  - Group EBITDA up 6% to $1.4 billion, on the back of strong volume growth, acquisition of Sesa Goa and operating efficiencies offset by the appreciating Indian rupee
  - Operating profit up 5% to $1.2 billion
  - Attributable profit up 4% to $465 million
  - Basic EPS up 4% at 161.6. US cents, EPS on the basis of Underlying Profit at 151.3 US cents
  - Interim dividend proposed at 16.5 US cents per share
  - Free cash flows of $1,283.8 million
  - Strong balance sheet with net assets of $8.4 billion and nil gearing
  - ROCE (excluding project capital work in progress) continues to be strong at 44.3% (annualised)

- **Strong Operational Performance**
  - Highest quarterly Aluminium, Zinc and Indian Copper production volumes
  - First stream of Lanjigarh alumina refinery commissioned in August 2007
  - Ongoing exploration at Hindustan Zinc increases reserves

(in $ millions, except as stated)

Consolidated Group Results	H1 2008	H1 2007	Change
Revenue	3,887.9	3,004.5	*29.4%*
EBITDA	1,364.6	1,290.5	*5.7%*
EBITDA Margin	*35.1%*	*43.0%*	-
Operating Profit	1,236.8	1,174.1	*5.3%*
Attributable Profit	465.0	447.6	*3.9%*
Basic Earnings per Share *(US cents)*	161.6	156.1	*3.5%*
ROCE *(excluding project capital work in progress)*	*44.3%*	*86.0%*	NA
Interim Dividend (US cents per share)	**16.5**	**15.0**	***10.0%***

"Our primary focus over the past few years has been to deliver significant value to the shareholders and at the same time build an organisation which is unparalleled in terms of quality, scale and diversity." said **Mr. Anil Agarwal, Chairman, Vedanta Resources plc.** *"We believe that our organic growth pipeline, which is unique in the industry, is well positioned to take advantage of major developing economies in India and China."*

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About Vedanta Resources plc

Vedanta Resources plc is a London listed FTSE 100 diversified metals and mining group. Its principal operations are located throughout India, with further operations in Zambia and Australia. The major metals produced are aluminium, copper, zinc, lead and iron ore. For further information, please visit www.vedantaresources.com.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

I am delighted to report record six months results, which build on our excellent achievements in 2007. The continued delivery of our project pipeline, combined with our recent acquisition of Sesa Goa, has led to the creation of India's largest diversified mining group, with leading market positions in aluminium, copper, zinc, lead and iron ore. Furthermore, our industry leading pipeline of expansion projects provide a strong foundation for further growth.

Financial Performance

We recorded revenues and EBITDA of $3.9 billion and $1.4 billion in the first half of this year. Despite strong appreciation in the Indian rupee in the period, revenues and EBITDA increased due to higher volumes and tight cost control. It is particularly pleasing, in an environment of industry wide cost increases, that we remain firmly in the lowest cost quartile in the majority of our businesses. Our strong net cash position and excellent cash generation allows us to invest in future growth and buy-out minorities.

Industry Leading Organic Growth

Our Phase II expansion programme is progressing well with the expected commissioning of the new zinc smelter as well as the second stream of the Lanjigarh alumina refinery in the December quarter. The Jharsuguda aluminium smelter will be producing metal one year ahead of schedule and mine production from the Konkola Deeps will commence in early 2009. The new Nchanga smelter is on track for completion on schedule.

I am also pleased to announce continued exploration success at Hindustan Zinc where we have added substantial reserves to an already strong base.

Consolidation of Minorities

We have made further progress in our plans to consolidate minorities in the period. Arbitration proceedings for our acquisition of the 28.4% stake in KCM were resolved favourably in the period, the independent valuation is being undertaken and we expect to be able to conclude this exercise shortly. Our discussions with the Government of India regarding the acquisition of the remaining stakes in BALCO and HZL are on track and we are hopeful of concluding this exercise before the FY 2008 year end.

Successful Diversification

The acquisition of Sesa Goa has added a fourth major commodity to our portfolio and we look forward to updating the market with our plans for expanding this business.

We announced last year our entry into the commercial power business with a 2,400 MW coal based power project. We have successfully received a 320 million tonne coal block allocation from the Government of India, which will enable us to apply our established skills as a miner to support this business.

Our subsidiary Sterlite Energy has also announced its intention to develop further power projects to increase capacity up to 10,000 MW in five years. Our own established skills will enable us to capitalise on the tremendous opportunity that India offers in the energy sector.

Corporate Social Responsibility

As the company expands we continue to share the benefits of our success and the fruits of development with the communities who live in and around our operations. Vedanta Resources is proud to support medical, literacy and education initiatives as well as many other schemes to ensure a sustainable livelihood for the communities around our operations.

We are determined to limit the environmental impact of our operations and we continue to pursue energy consumption reduction targets throughout the group. We have progressed our first project in green energy with the successful commissioning of 63.2 MW of wind power plants as of September 2007.

Outlook

The domestic economy and the economies of our main markets in Asia continue to enjoy healthy growth supporting robust demand for our metals. Domestic Indian opportunities, both in metals and in power, remain immense with per capita consumption of both lagging behind China. With our unique project pipeline and our proven ability to deliver organic growth, we continue to believe that we will deliver superior returns to our shareholders. We are looking forward to delivering another year of growth.

Anil Agarwal
Chairman

15 November 2007

Business Review

Summary

Production volumes for the Aluminium, Copper and Zinc businesses during the six months ended 30 September 2007 ("H1 2008") were significantly higher than the corresponding prior period ("H1 2007"), primarily due to full production from the new Korba smelter, the ramp up of the Tuticorin smelter, stabilisation of the Chanderiya smelter and the positive impact of the various initiatives taken at our Konkola operations.

The first stream of the Lanjigarh alumina refinery has produced 28,000 tonnes of calcined alumina in H1 2008 and is now undergoing stability trials. The second stream of the refinery is currently in the commissioning phase and is expected to start production by December 2007. As regards the environmental permits for the Lanjigarh bauxite mines, the Supreme Court of India has now concluded hearings and we are hopeful of a positive resolution to this matter shortly.

The 170,000 tpa zinc hydro smelter expansion at Chanderiya is ahead of schedule by three months and is now expected to be commissioned by December 2007. The other expansion projects are all progressing well and are on track for scheduled completion.

Our efforts to consolidate our holdings in KCM, BALCO and HZL are progressing well. The valuation date for the ZCI call option has been fixed as August 2005 and with the determination of this key date, we expect the process to be completed shortly. In the case of BALCO, as directed by the court, mediation proceedings have begun and both the Government of India and Sterlite have appointed their independent mediators. We expect the mediation proceedings to be completed in the near future.

In April 2007, we acquired a 51.0% controlling stake in Sesa Goa Limited ("Sesa Goa"), India's largest private sector and a globally cost-competitive iron ore producer-exporter. Sesa Goa's iron ore mining operations are located in the iron ore rich Indian states of Goa, Karnataka and Orissa. This acquisition provides us with an industry leadership position in the attractive iron ore business in India. Sesa Goa, through its subsidiary Sesa Industries Limited, is also engaged in the manufacture of pig iron. We have also completed our open offer to the public shareholders of Sesa Goa to acquire an additional 20% of its shares as required under Indian takeover regulations. We now hold 51.2% of Sesa Goa.

Group revenues at $3,887.9 million and EBITDA at $1,364.6 million are higher by 29.4% and 5.7% respectively compared with the corresponding previous period. Both revenue and EBITDA were adversely impacted by the appreciation of the Indian rupee against the US dollar, lower TC/RCs and lower zinc concentrate sales, neutralised by the increase in volumes across the Aluminium, Copper and Zinc businesses due to higher production from our expanded capacities, volumes from the iron ore business acquired in April 2007 and maintaining stable costs (in local currency terms), with ongoing focus on operational efficiencies.

Segmental revenue and EBITDA are presented in the table below.

(in $ millions, except as stated)

	H1 2008	H1 2007	Change
Revenue			
Aluminium	566.7	396.2	*43.0%*
Copper	2,191.1	1,678.4	*30.5%*
— India/Australia	1,611.1	1,190.2	*35.4%*
— Zambia	580.0	488.2	*18.8%*
Zinc	964.3	881.5	*9.4%*
Iron Ore	161.4	-	*NA*
Others	4.4	48.4	*NA*
	3,887.9	3,004.5	29.4%
EBITDA			
Aluminium	192.4	136.4	*41.1%*
Copper	356.9	456.1	*(21.7)%*
— India/Australia	145.0	211.7	*(31.5)%*
— Zambia	211.9	244.4	*(13.3)%*
Zinc	740.4	703.5	*5.2%*
Iron Ore	78.1	-	*NA*
Others	(3.2)	(5.5)	*NA*
	1,364.6	1,290.5	5.7%

Aluminium Business

(in $ millions, except as stated)

	H1 2008	H1 2007	Change	FY 2007
Revenue	566.7	396.2	*43.0%*	993.4
EBITDA	192.4	136.4	*41.1%*	415.4
EBITDA margin	*33.9%*	*34.4%*	*NA*	*41.8%*
Operating profit	157.8	109.2	*44.5%*	358.4
Production volumes ('000 mt)				
— Alumina: Korba/Mettur	145	150	*(3.3)%*	299
— Alumina: Lanjigarh	28	-		-
— Aluminium	196	155	*26.5%*	351
Average LME cash settlement prices ($/mt)	2,654	2,565	*3.5%*	2,663
Unit costs ($/mt) *				
— BALCO II	1,725	2,051	*(15.9)%*	1,687
— BALCO II, without alumina	790	812	*(2.7)%*	740

* *At relevant period average current exchange rates*

Operating performance at both the Korba smelters has continued to improve as a result of ongoing initiatives. Aluminium production in H1 2008 at 196,000 tonnes, an increase of 26.5% compared with H1 2007, is in line with the full rated capacity.

The unit costs of BALCO II have reduced significantly. With the softening of alumina prices in the global markets, consumption costs of alumina came down to $935 per tonne of aluminium in H1 2008 compared with $1,239 per tonne of aluminium in H1 2007. Manufacturing costs other than alumina reduced by 13.4% in Indian rupee terms as a result of higher volumes and better process parameters. The presentation of unit cash cost in US dollars in the table above, however show a lesser reduction due to the appreciation of the Indian rupee vis-à-vis the US dollar by 11.1%.

The significant appreciation of the Indian rupee vis-à-vis the US dollar by 11.1% has adversely affected revenues and consequently earnings. However, due to higher volumes and lower operating costs, EBITDA in the Aluminium Business rose to $192.4 million, an increase of 41% from the corresponding prior period.

The first stream of the 1.0-1.4 mtpa alumina refinery at Lanjigarh was successfully completed and produced 28,000 tonnes of calcined alumina during Q2. The refinery started dispatching alumina to BALCO in early August 2007. The second stream of the refinery is on course for completion and is expected to start production by December 2007. Both streams I and II of the refinery are expected to be fully stabilised by the end of FY 2008.

With regard to the environmental clearances for developing the Lanjigarh bauxite mines, the hearing of the arguments has now been completed by the Supreme Court of India and we are hopeful of an early and positive resolution of the matter.

Work on the first phase of the 500,000 tpa aluminium smelter and the associated captive power plant at Jharsuguda, Orissa is progressing well. Equipment deliveries are progressing as per schedule and the plant erection work has commenced. Phase 1 of this project comprising a 250,000 tpa smelter and the associated captive power plant is on track for commissioning by mid-2008, a year ahead of schedule.

Copper Business

Copper – India and Australia

(in $ millions, except as stated)

	H1 2008	H1 2007	Change	FY 2007
Revenue	1,611.1	1,190.2	*35.4%*	2,553.4
EBITDA	145.0	211.7	*(31.5)%*	365.6
EBITDA margin	*9.0%*	*17.8%*	*NA*	*14.3%*
Operating profit	125.5	175.2	*(28.4)%*	333.3
Production volumes ('000 mt)				
— Mined metal content	15	15	*NA*	28
— Cathode	172	137	*25.5%*	313
— Rod	107	87	*23.0%*	178
Average LME cash settlement prices (USc/lb)	348.2	338.6	*2.8%*	316.7
Unit smelting costs (USc/lb)	5.9	5.2	*13.5%*	6.1
Realised TCRCs (USc/lb)	18.8	37.1	*(49.3)%*	31.1

*(*At relevant period average current exchange rates)*

Total production at 172,000 tonnes during H1 2008 was 25.5% more than the corresponding prior period. The higher volumes are the result of the de-bottlenecking initiatives completed at our Tuticorin smelter last year. Mined metal production at our Australian mine was consistent with H1 2007 at 15,000 tonnes.

The unit costs of production remained stable in Indian rupee terms, the currency in which a majority of the costs are incurred. While our overall efficiencies have improved, the increase in recovery of copper and significantly improved by-product management has offset higher energy prices. However, while presenting the unit cash cost, they appear to have increased to 5.9 USc/lb over the corresponding previous period due to the appreciation of the Indian rupee against the US dollar by 11.1%.

TC/RCs in H1 2008 were 18.8 USc/lb in line with our earlier projection and market trend. Considering the current market conditions we expect the TC/RCs to further decline in the second half of the current fiscal year.

EBITDA in H1 2008 was $145.0 million compared with $211.7 million in the corresponding prior period, attributed to significantly lower TC/RC realisation and the impact of duty reductions in the current period, partially offset by better by-product management.

Copper – Zambia

(in $ millions, except as stated)

	H1 2008	H1 2007	Change %	FY 2007
Revenue	580.0	488.2	*18.8%*	1,015.9
EBITDA	211.9	244.4	*(13.3)%*	468.3
EBITDA margin	*36.5%*	*50.1%*	*NA*	*46.1%*
Operating profit	177.1	216.8	*(18.3)%*	413.3
Production volumes ('000 mt)				
— Mined metal content	41	43	*(4.7)%*	84
— Cathode	79	70	*12.9%*	142
Average LME cash settlement prices (USc/lb)	348.2	338.6	*2.8%*	316.7
Unit costs (USc/lb)	190.3	143.9	*32.2%*	173.6

Copper cathode production in H1 2008 was 79,000 tonnes compared with the production of 70,000 tonnes in H1 2007 primarily due to an increase in production from the tailings leach plant. As a result of on going improvement measures and stabilisation of operations, the production from the tailings leach plant was substantially higher at 34,000 tonnes in H1 2008, an increase of 54.5% compared with 22,000 tonnes in the corresponding previous period. Mined metal production, as a result of various improvement initiatives, is showing an improving trend.

Unit costs of production were 190.3 USc/lb in H1 2008 compared with 143.9 US c/lb in H1 2007. The increase in costs is primarily due to higher expenditure on repairs and maintenance to improve operational efficiencies, costs of material movement at the TLP dams and reclamation area to comply with environmental guidelines and higher manpower costs.

EBITDA at $211.8 million in H1 2008, despite an increase in sales volume, was lower than the corresponding prior period primarily due to higher unit costs of production and LME gains arising from settlement of provisional to final prices in the corresponding prior period due to sharp rise of LME prices in April and May 2006.

Work on the Konkola Deeps mine expansion project is progressing well with the sinking of the main hoisting shaft and other auxiliary shafts on schedule. Work at the Nchanga smelter expansion project remains on track with major equipment delivered on site and erection activities progressing in line with our schedule.

As the mining expansion project is progressing, we have ascertained that the potential for increasing output from the project is high. We have therefore revised the scope and configuration of the Konkola Deeps project. We had earlier announced an expansion in targeted output of 4.0 mtpa, from 2.0mtpa to 6.0 mtpa. The revised scope and configuration now envisages an increase in targeted output of 5.5mtpa, from 2.0 mtpa to 7.5mtpa, an increase of 37.5% over the earlier announced expansion. In addition, we have created a mid shaft loading station which will augment our revenue stream from mid-2009, earlier than planned. The increase in target output and general inflationary trends in construction and other project work have resulted in an increase in the estimated project cost from $400 million to $674 million.

The estimated project cost of the Nchanga smelter expansion has also been revised to $372 million from an earlier estimated $280 million due to an increase in capacity from the 250 kt announced earlier to 300 kt now, engineering changes, soil and earthquake rating increase and general inflationary trends in project and construction work.

Zinc Business

(in $ millions, except as stated)

	H1 2008	H1 2007	Change %	FY 2007
Revenue	964.3	881.5	*9.4%*	1,888.1
EBITDA	740.4	703.5	*5.2%*	1,453.9
EBITDA margin	*76.8%*	*79.8%*	*NA*	*77%*
Operating profit	713.1	679.3	*5.0%*	1,402.8
Production volumes ('000 mt)				
— Mined metal content	278	256	*8.6%*	505
— Refined metal	187	161	*16.1%*	348
Average LME cash settlement prices ($/mt)	3,447	3,333	*3.4%*	3,581
Unit costs($/mt)	906	838	*8.1%*	862

*(*At relevant period average current exchange rates)*

The total production of 278,000 tonnes in H1 2008 was higher by 8.6% compared with H1 2007 primarily due to higher production from the Agucha mines. Refined zinc production was 187,000 tonnes in H1 2008, an increase of 16.1% compared with H1 2007 primarily due to production from the new hydro smelter, which produced 81,000 tonnes in H1 2008. Sales were augmented by sale of 135,000 dry metric tonnes zinc concentrate and 15,000 dry metric tonnes of lead concentrate.

Unit costs of production excluding royalties, were stable in Indian rupee terms, the currency in which a majority of the costs are incurred. However, due to the appreciation of the Indian rupee against the US dollar, costs excluding royalties appear to be higher at $678 per tonne in H1 2008. Royalties, which are LME-linked, amounted to $228 per tonne in H1 2008, leading to total unit costs of production of $906 per tonne in H1 2008.

EBITDA in H1 2008 was $740.4 million, an increase of 5.2%, primarily due to an increase in metal volumes and higher commodity prices despite the impact of the rupee appreciation against the US dollar and lower sale of zinc and lead concentrate due to the imminent commissioning of new Chanderiya smelter.

With its continuous focus on exploration, HZL has increased its reserves and resources to 209.4 million tonnes as at 31 March 2007, an increase of 32 million tonnes post depletion. This has been independently reviewed and certified by a mining consultant of international repute.

Work on the new 170,000 tpa Chanderiya hydro smelter is in the final stages of completion with expected commissioning by December 2007, about three months ahead of our earlier announced schedule of early 2008. The 88,000 tonne per annum de-bottlenecking project and associated captive power plant is also progressing as scheduled.

Iron Ore

(in $ millions, except as stated)

	H1 2008	H1 2007	Change %	FY 2007
Revenue	161.4	–	–	–
EBITDA	78.1	–	–	–
EBITDA margin	*48.4%*	–	–	–
Operating profit	40.5	–	–	–
Production volumes ('000 mt)				
—Saleable Ore	3,782	–	–	–

Represents numbers in the post acquisition period of five months up to 30 September 2007 and are not directly comparable with the corresponding prior period

In April 2007, we acquired a 51% controlling stake in Sesa Goa, India's largest private sector iron ore producer-exporter. Sesa Goa's iron ore mining operations are located in the iron ore rich Indian states of Goa, Karnataka and Orissa.

Overall production and consequent shipment of iron ore is generally lower during the first half of the financial year due to the impact of the seasonal monsoon cycle in the region, and usually follows a one-third two-third pattern in the first and second halves of the financial year.

The total production in the above table represents production in the post acquisition period of five months. On a comparable basis for the six-month period, the production was 4.73 million tonnes compared with 4.23 million tonnes produced by Sesa Goa in the corresponding previous six month period.

Sesa Goa recorded an EBITDA of $78.1 million during the post acquisition period of five months in H1 2008.

Our open offer to the public shareholders of Sesa Goa to acquire an additional 20% of its shares as required under Indian takeover regulations was completed in the third week of September 2007. Post completion of this offer, we now own 51.2% of Sesa Goa.

Commercial Energy

Work on our 2400 MW (4X600 MW) coal based independent thermal power plant is progressing well. The EPC contract has been placed and engineering and procurement activities are on track. The project is on schedule for progressive commissioning in late FY 2009 as announced previously.

As part of our green energy initiative, we have successfully commissioned 63.2 MW as of September 2007, out of the total contracted 148.8 MW of wind power plants. Work on the remaining plants is on schedule with progressive commissioning expected by March 2008.

Financial Review

Background

Our condensed consolidated interim financial report is prepared in accordance with IFRS as adopted for use in the European Union. Our reporting currency is the US dollar.

Key Financial Performance Indicators

(in $ million, except as stated)

	30 September 2007	30 September 2006	31 March 2007
EBITDA	1,364.6	1,290.5	2,703.0
Underlying EPS (USc per share)	151.3	161.5	327.0
Free Cash Flows	1,283.8	606.0	1,504.2
ROCE*(excluding project capital work-in-progress)	44.3%	86.0%	78.5%
Net Debt / (Cash)	(2,277.2)	(216.0)	(432.7)

**Annualised basis*

Key Financial Highlights

- Strong financial performance across all businesses helped by higher volumes and stable operating costs in local currency
- Acquisition of a 51% stake in Sesa Goa and completion of open offer
- Sterlite listing on New York Stock Exchange ("NYSE") raising fresh equity of $2 billion – the largest IPO by an Indian entity in the United States of America at the time of its listing
- Net cash increased significantly from $432.7 million at 31 March 2007 to $2,277.2 million at 30 September 2007
- Strong free cash flow of $1,283.8 million representing 94% of EBITDA aided by higher operational profits, higher investment income and efficient working capital management
- ROCE (adjusted for project capital work-in-progress) continues to be strong at 44.3%

Summary of Financial Performance

Overall financial performance in H1 2008 was satisfactory with good results reported by all our businesses. Profit after tax in H1 2008 was $971.5 million, an increase of nearly 15% compared with $846.1 million in H1 2007. Underlying earnings were lower at 151.3 US cents per share compared with 161.5 US cents per share in the corresponding prior period as a result of higher operating profit on account of higher volumes across the metals, higher investment income and a lower effective tax rate being more than offset by the higher share of minorities after the issue of fresh equity by Sterlite during H1 2008.

Volumes were higher than the corresponding prior period across the Aluminium, Copper and Zinc businesses, as a result of full production from the new Korba smelter, ramp up of the Tuticorin smelter, improved efficiencies in our Zambian operations and the stabilisation of the Chanderiya smelter respectively.

The overall financial performance was adversely affected by the following factors:

- Appreciation of the Indian rupee vis-à-vis the US dollar by about 11%. The average exchange rate in H1 2008 was Rs. 40.9/$1 compared with Rs. 46.0/$1 in H1 2007,
- Softening of TC/RCs by almost half their levels in H1 2007, and
- Sale of lesser quantity of zinc and lead concentrate in H1 2008 considering the imminent commissioning of the new smelter at Chanderiya.

Cost pressures also continued in all operations mainly in fuel and other operating expenses. These adverse factors were overcome to a large extent by increased production volumes and better management of costs which remained generally stable in Indian Rupee terms in most of our Indian operations.

Sterlite raised $2.0 billion through an equity offering listed on the NYSE. At the time of its listing, this was the largest IPO by an Indian company in the United States of America. The funds raised will be deployed towards the consolidation of our shareholding in HZL, in our energy business and for other corporate purposes.

In April 2007, Vedanta acquired a 51% controlling stake in Sesa Goa, India's largest private sector producer-exporter of iron ore, for a purchase consideration of $981 million. Vedanta's H1 2008 financial results include the results of Sesa Goa for the five-month period since acquisition.

Net cash at 30 September 2007 was $2,277.2 million, up from $432.7 million at 31 March 2007, mainly as a result of inflows from Sterlite's equity offering of $2.0 billion and strong cash generation by all businesses. Free cash flow generated by operations in H1 2008 was $1,283.8 million, up from $606 million generated in H1 2007. Better working capital management resulted in converting a larger proportion of operating profit to cash and this enabled us to meet our capital commitments in our expansion projects. Gross debt increased by about $1 billion compared with 31 March 2007 as a result of the acquisition of the controlling stake in Sesa Goa.

Vedanta's Phase II expansion programme estimated at $5.7 billion is progressing well. Many of these projects are expected to be commissioned within the next 18 to 36 months. At 30 September 2007, approximately $1.4 billion of the total capital outlay was spent, with $3.1 billion committed but not yet spent.

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

Income Statement

(in $ million, except as stated)

	H1 2008	H1 2007	Change
Revenue	**3,887.9**	**3,004.5**	*29.4%*
EBITDA	**1,364.6**	**1,290.5**	*5.7%*
EBITDA margin	*35.1%*	*43.0%*	*NA*
Operating special items	29.8	(22.6)	*NA*
Depreciation and amortization	(157.6)	(93.8)	*68.0%*
Operating profit	**1,236.8**	**1,174.1**	*5.3%*
Share of loss of associate	–	(1.2)	*NA*
Profit before interest and tax	**1,236.8**	**1,172.9**	*5.4%*
Net interest (charge) / income	75.8	(6.3)	*NA*
Profit before tax	**1,312.6**	**1,166.6**	*12.5%*
Income tax expense	(341.1)	(320.5)	*6.4%*
Tax rate	*26.0%*	*27.5%*	*NA*
Minority interest	(506.5)	(398.5)	*27.1%*
Minority interest rate	*52.1%*	*47.1%*	*NA*
Attributable to equity shareholders in parent	**465.0**	**447.6**	*3.9%*
Basic earnings per share (US cents)	161.6	156.1	*3.5%*
Underlying earnings per share (US cents)	151.3	161.5	*(6.3)%*

Revenue

Vedanta's revenue in H1 2008 was $3,887.9 million, up from $3,004.5 million in H1 2007, an increase of 29.4% mainly on account of higher volumes in the Copper business in India and the Aluminium business. Revenues in H1 2008 also include revenues of $161.4 million from Sesa Goa which was acquired during H1 2008. Growth in all continuing operations was mainly the result of higher volumes from expansion and de-bottlenecking activities. Our realisations over average LME prices have improved in H1 2008 over H1 2007. However, in our Indian operations, higher metal prices were more than offset by the appreciation of the Indian rupee vis-à-vis the US dollar thereby resulting in lower net realisations.

Segmental revenues are set out in the table below.

(in $ millions, except as stated)

Revenue by segment	30 September 2007	30 September 2006	Change
Aluminium	566.7	396.2	*43.0%*
Copper			
— India/Australia	1,611.1	1,190.2	*35.3%*
— Zambia	580.0	488.2	*18.8%*
Zinc	964.3	881.5	*9.4%*
Iron ore	161.4	–	*NA*
Others	4.4	48.4	*(90.9)%*
	3,887.9	3,004.5	29.4%

EBITDA and Operating Profit

(in $ millions, except as stated)

EBITDA by segment	30 September 2007	30 September 2006	Change
Aluminium	192.4	136.4	*41.1%*
Copper			
— India/Australia	145.0	211.7	*(31.5)%*
— Zambia	211.9	244.4	*(13.3)%*
Zinc	740.4	703.5	*5.2%*
Iron ore	78.1	–	*NA*
Others	(3.2)	(5.5)	*NA*
	1,364.6	1,290.5	5.7%

Average prices of aluminium, copper and zinc in H1 2008 were higher than in H1 2007 by about 3%. However, the appreciation of the Indian rupee vis-à-vis the US dollar was about 11%. This resulted in a lower net realisation on our products sold by our Indian operations. We derive a significant proportion of our profits from our Indian subsidiaries, whose functional currency is the Indian rupee.

TC/RCs in our Indian copper operations continue to soften in line with the market trend as well in line with our earlier projections. In H1 2008, average TC/RCs were lower than H1 2007 by approximately 50%. The impact of the reduction was more pronounced on operating profits because lower TC/RCs per tonne were realised on higher volumes.

Furthermore, the profits of our Zambian copper business in H1 2007 included a gain of $52 million arising from the settlement of provisionally priced sales in the last quarter of fiscal 2006 due to the sharp increase in copper prices in April and May of 2006.

Despite rising input costs, particularly fuel costs, we have been able to contain our overall costs at nearly the same levels as in H1 2007. This has enabled us to reduce the impact of the above mentioned adverse factors on the profitability of our Indian operations. Although costs in rupee terms are stable, the appreciation of the Indian rupee against the US dollar renders the resultant reported unit cash costs higher than in the corresponding prior period. Costs in our Zambian operations are higher than in H1 2007 mainly due to repairs and maintenance of the plant to improve plant availability and operational efficiencies and higher manpower costs.

EBITDA for H1 2008 was $1,364.6 million, up from $1,290.5 million in H1 2007, an increase of 5.7%. EBITDA from continuing operations was stable, despite higher volumes, for the reasons mentioned above.

Operating profit in our Indian operations in H1 2008 was adversely affected by the depreciation of US dollar against the Indian rupee, lower TC/RCs in our Indian copper operations and lower sale of zinc and lead concentrate due to the imminent commissioning of our new smelter at Chanderiya. Depreciation of US dollar against the Australian dollar affected our Australian operations as well. The effect of these factors were largely neutralised by a significant increase in volumes in all our businesses and our sustained focus on costs which resulted in stable unit operating costs in most of our Indian operations.

Operating profit in H1 2008 was $1,236.8 million, an increase of 5.3% compared with $1,174.1 million in H1 2007. The depreciation charge in H1 2008 was higher than H1 2007 by $64 million mainly on account of the acquisition of Sesa Goa where we have recognised fixed assets of $2,238 million relating to the fair value of mining reserves. After adjusting for special items, details of which are given below, operating profit in H1 2008 has increased by about 1% over H1 2007 mainly for reasons discussed earlier.

The profit on the disposal of Sterlite Gold of $29.8 million has been recorded as a special item in the income statement in H1 2008. In the income statement of H1 2007, we accounted for a net loss of $22.6 million as special items on account of provisions made for a probable future liability arising from guarantees issued on behalf of IFL, an associate company, a loss on sale of the Power Transmission Line division of Sterlite and expenses on a voluntary separation scheme in HZL and MALCO.

Net Finance Income/Costs

Net finance income in H1 2008 was $75.8 million compared to net finance costs of $6.3 million in H1 2007. Net finance income consisted of investment revenues of $135.1 million and finance costs of $59.3 million. A large part of the higher investment income was earned from investing the proceeds from the Sterlite ADR issue and higher returns on the investment of surplus cash generated from operations in HZL. Moreover, we have improved our yield on the investment of surplus cash. We have repaid some of the borrowings in our subsidiaries which have resulted in lower interest payments except for the new loan contracted for acquisition of Sesa Goa earlier in this financial year.

Taxation

The effective tax rate in H1 2008 has been reduced to 26.0% from the FY 2007 rate of 27.1%. The lower projected effective tax rate, as compared to the full year rate, reflects the likely impact of various initiatives undertaken by us in some of our major operating subsidiaries as well as tax credits arising from the revision of our tax estimates. Of the overall tax charge, current tax has increased marginally from approximately 20.7% to approximately 21.3% mainly because of change in profit mix among subsidiaries and also due to the acquisition of Sesa Goa whose cash tax rate is close to the marginal tax rate in India. The tax rate is sensitive to availability of various incentives which differ from subsidiary to subsidiary due to differing tax rates in India and Zambia and also to the change in profit mix among subsidiaries.

Attributable Profit

Attributable profit for H1 2008 was $465.0 million compared with $447.6 million in the corresponding prior period, an increase of 3.9%. Higher operating profit, higher investment revenues and the lower effective tax rate were factors which contributed to higher profit for the current period. However, these factors were largely offset by the lower effective holding in Sterlite and its subsidiaries after the issuance of fresh equity by Sterlite in the current period.

Earnings Per Share

Basic earnings per share increased to 161.6 US cents per share in H1 2008 compared with 156.1 US cents per share in H1 2007. Whilst the profit after tax has increased by 15% over H1 2007, Basic EPS has only increased by 3.5% due to the higher share of minorities on account of change in profit mix among subsidiaries and the dilution of Vedanta's shareholding in Sterlite. However, underlying EPS is lower as compared with H1 2007 as the underlying profit for H1 2008 is adjusted for profit on disposal of subsidiary.

Balance Sheet

Vedanta's balance sheet continues to be strong with shareholders' equity at $3,662.2 million, up from $2,326.9 million at 31 March 2007. Apart from additions to retained earnings from operations, $698.5 million was added to shareholders' equity by Sterlite's offering of shares on the New York Stock Exchange ("NYSE").

Our gearing at 30 September 2007 was negative (net cash) indicating a large potential to raise funds, if required, for future growth. Net cash of $2,277 million at 30 September 2007 represents an increase of $1,845 million from the position at 31 March 2007. Cash and cash equivalents together with liquid investments as at 30 September 2007 were $5,031 million, a result of strong operational cash flows and the infusion of funds from Sterlite's equity offering. Our gross debt was $2,725 million of which $535 million was operating subsidiary debt. External debt held by operating subsidiaries has reduced marginally from $560.8 million at 31 March 2007

We continue to focus on minimising the working capital usage in the operations and these measures have resulted in a reduction of gross working capital i.e. inventory and trade receivables expressed as a percentage of turnover from 28% at 31 March 2007 to 27.8% at 30 September 2007. Our capital employed increased to $6,153 million at 30 September 2007 up from $3,719 million at 31 March 2007 mainly on account of net addition to property, plant and equipment of $3,391 million of which $2,408 million relates to the Sesa Goa acquisition, partially reduced by lower working capital on account of higher efficiencies.

ROCE on an adjusted capital employed basis (capital employed reduced by project capital work-in-progress) and on a comparable basis (excluding Sesa Goa) was 74.3% which is in line with H1 2007. At the time of the acquisition of Sesa Goa, we have recognised property, plant and equipment of $2.2 billion relating to the fair value of Sesa Goa's mining reserves. Therefore, ROCE including Sesa Goa is 44.3% in H1 2008. This ratio is expected to be significantly higher for the full year since a large proportion of Sesa Goa's annual profits arise in the second half of the financial year due to a seasonal business cycle.

We continue to focus on maintaining a strong balance sheet to fund our future growth.

Cash Flow and Debt

(in $ millions, except as stated)

	30 September 2007	30 September 2006	31 March 2007
EBITDA	**1,364.6**	**1,290.5**	2,703.0
Special items	29.8	(22.6)	1.7
Working capital movements	168.7	(340.2)	(542.1)
Changes in long term creditors and non-cash items	26.4	(28.1)	(11.5)
Sustaining capital expenditure	(98.7)	(94.5)	(194.4)
Sale of tangible fixed assets	–	1.7	28.9
Net interest (paid)/received	15.1	(25.2)	(39.5)
Dividend received	32.9		10.7
Tax paid	(255.0)	(175.6)	(475.6)
Free Cash Flow	**1,283.8**	**606.0**	**1,504.2**
Expansion Capital Expenditure	(722.0)	(285.8)	(934.5)
Acquisitions	(755.7)	(36.6)	(59.5)
Dividends paid	(86.3)	(55.1)	(126.1)
Sale of non core business/ subsidiary	83.1	–	32.1
Issue of shares of subsidiary to minority	1,969.4	–	–
Other movements	72.2	(0.6)	28.4
Movement in net(debt)/cash	**1,844.5**	**227.9**	**444.6**

While operating profits were almost at the same levels as those in H1 2007, our improved efficiencies in working capital management have resulted in a higher proportion of operating profit being converted to free cash flow. We generated $1,283.8 million as free cash flow, which represents 103.8% of our operating profit. Our working capital efficiency which is gross working capital expressed as a percentage to turnover has reduced from 28% to 27.8%. This reduction was achieved despite a significant increase in volumes in all our businesses from expanded capacities and de-bottlenecking initiatives.

We invested $98.7 million in sustaining capital expenditure during H1 2008 to maintain our assets and to improve operational efficiencies. Of the $1,283.8 million of free cash flow, we invested $722.0 million in funding of growth projects and paid $86.3 million as dividend.

We raised fresh debt of $1 billion to acquire Sesa Goa and the entire proceeds were used to fund the acquisition.

American Depositary Shares

In June 2007, Sterlite raised $2.0 billion in an IPO (net of expenses) by listing its shares on the NYSE. At the time of its listing, this was the largest ever IPO by an Indian company in the United States of America. The offering was over-subscribed and Sterlite issued 150 million shares at $13.44 per share. The proceeds from the issue are proposed to be utilised in acquiring the equity stake of the Government of India in HZL, for our commercial energy project at Jharsuguda and for other corporate purposes.

The offering resulted in reduction of Vedanta's shareholding in Sterlite from 75.9% to 59.9%. This reduction has not resulted in any change in control and hence Sterlite continues to be consolidated in Vedanta's condensed consolidated financial information. This reduction has been accounted in Vedanta's consolidated financial statements as an equity transaction. The carrying amount of the minority interest has been adjusted to reflect the change in Vedanta's interest in the net assets of Sterlite. The difference between the amount by which the minority interest is so adjusted of $1,270.9 million and the consideration received of $1,969.4 million is recognised directly in equity and attributed to equity holders of Vedanta.

Acquisitions

In April 2007, we acquired a controlling 51% stake in Sesa Goa, India's largest private sector iron ore producer-exporter for a consideration of $981 million. By virtue of acquiring the controlling stake in Sesa Goa, we also acquired Sesa Goa's subsidiary, Sesa Industries Limited, a company engaged in the manufacture and sale of pig iron.

After acquiring the 51% stake in Sesa Goa, we made an open offer for an additional stake of 20%, as required by current Indian takeover regulations. The open offer was taken up by a very small proportion of the shareholders, since the market price increased and exceeded the offer price in the intervening period. The transaction is now complete and at 30 September 2007, Vedanta's holding in Sesa Goa is 51.2%. To fund this acquisition, we raised a debt of $1 billion.

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 the recognition of assets in the form of mining properties and leases of $2.2 billion. We believe that this acquisition gives us an entry into the ferrous metals business where we see a large potential for growth and enhancement in shareholder value.

Disposals

During H1 2008 we disposed our 84.2% equity shareholding in Sterlite Gold and its Armenian subsidiary which was engaged in gold mining and processing for a total consideration of $111 million comprising $86 million for its equity value against a carrying value of $53 million and $25 million towards the settlement of borrowings which Sterlite Gold owed to Vedanta companies. The related costs of disposal were $3.0 million.

Whilst we continued to negotiate with the Armenian Government to resolve the outstanding issues in the implementation agreement, we also evaluated our options to exit this business and in August 2007 we entered into an agreement for disposal of the business.

We tendered our shares in Sterlite Gold in an all-cash offer to the buyer at a price of $0.3845 per Sterlite Gold share which we believe is good for Vedanta shareholders since it represents a premium for Vedanta's controlling interest in Sterlite Gold. We completed the sale of the business in September 2007 and we have recorded a net gain of $29.8 million in the income statement of H1 2008.

Projects

All the expansion projects announced at the time of our IPO in December 2003 are largely complete. We completed all these projects at or below the estimated cost and in totality we have saved about 10% of the estimated cost of $2.2 billion.

The cost of our Phase II expansion projects was earlier estimated to be $5.3 billion. We have recently reviewed our project costs and we estimate that the cost of our KDMP and Nchanga smelter expansion projects would be higher than the earlier estimates by $274 million and $92 million respectively due to increase in targeted output in the mine, general inflation, engineering changes and soil and earth quake rating increase. We expect to reduce the impact of the cost increase by generating early revenue stream by mid-shaft loading and overall advancement of the schedule.

(in $ millions, except as stated)

Phase 1 Expansion projects	Estimated cost	At 30 September 2007		Committed but not yet spent	Status
		Committed	Spent		
Lanjigarh alumina refinery	800.0	800.0	677.7	122.3	In progress
Total	**800.0**	**800.0**	**677.7**	**122.3**	

(in $ millions, except as stated)

Phase 2 Expansion projects	Estimated cost	At 30 September 2007		Committed but not yet spent	Status
		Committed	Spent		
Jharsuguda aluminium smelter	2,100.0	1,759.3	540.6	1,218.7	In progress
Konkola Deep copper mine	674.0	368.0	161.5	206.5	In progress
Nchanga copper smelter	372.0	303.5	189.6	113.9	In progress
Chanderiya zinc smelter	300.0	297.5	253.9	43.6	In progress
Wind power project	164.4	132.0	97.4	34.6	In progress
Zinc debottlenecking	170.0	134.4	43.3	91.1	In progress
Commercial Energy-Jharsuguda	1,900.0	1,463.5	156.9	1,306.6	In progress
Total	**5,680.4**	**4,458.2**	**1,443.2**	**3,015.0**	
Grand total (Phase 1 + Phase 2)	**6,480.4**	**5,258.2**	**2,120.9**	**3,137.3**	

Compliance and Risk Management

Following the recent listing of Sterlite on the NYSE, we have started work on compliance with the Sarbanes-Oxley Act ("SOX"). Sterlite and its subsidiaries are included in this exercise. Sterlite is required to be compliant with the internal control aspect of SOX by March 2009 but we expect this process to be completed ahead of the target date.

During H1 2008, we recognised losses of approximately $80 million on strategic hedging transactions for some quantities of copper and zinc. Outstanding hedged quantities at 30 September 2007 were 45,600 tonnes in respect of copper and 17,925 tonnes in respect of zinc and lead. All these positions will be settled during FY 2008.

We have a robust risk management system in place. Our risk management process is coordinated by our management assurance function and regularly reviewed by our Audit Committee. The periodical assurance process includes physical verification of inventory, management information systems and business process and controls. Overall internal control environment and risk management program is reviewed by our Audit Committee on behalf of the Board of Directors.

Risks and Uncertainties

Our businesses are subject to several risks and uncertainties and result from the business environment in which we operate and other factors over which we have little or no control. These risks include operational, financial, health & safety, environmental, political, market-related and strategic risks. Details of the principal risks affecting our business and our actions to mitigate them have been detailed in our most recent Annual Report.

More specifically for the second half of this financial year, the risks which the directors believe could have a material impact on the financial performance and position of our businesses include: a decline in LME prices of Copper, Zinc, Aluminium and Lead, a decline in iron ore prices; a weakening of the US dollar particularly against Indian Rupee; a reduction in Treatment Costs and Refining Charges in our Indian copper operations; as well as unexpected delays in the completion of our expansion projects and ramping up of production in the newly expanded capacities.

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34
(b) the interim management report includes a fair view of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Chief Executive Officer	Chief Financial Officer
Kuldip Kaura	Dindayal Jalan
14 November 2007	14 November 2007

Condensed Consolidated Income Statement

	Note	Six months ended 30 September 2007 $ million	Six months ended 30 September 2006 $ million	Year ended 31 March 2007 $ million
Revenue	**3**	**3,887.9**	**3,004.5**	**6,502.2**
Cost of sales		(2,521.0)	(1,723.6)	(3,840.4)
Gross profit		**1,366.9**	**1,280.9**	**2,661.8**
Other operating income		30.4	57.6	102.1
Distribution costs		(72.9)	(52.5)	(106.7)
Administrative expenses		(117.4)	(89.3)	(149.6)
Administrative expenses – special items	4	29.8	(22.6)	(1.7)
Operating profit	3	**1,236.8**	**1,174.1**	**2,505.9**
Investment revenues		135.1	60.8	127.5
Finance costs		(59.3)	(67.1)	(147.7)
Share of loss of associate		-	(1.2)	(1.3)
Profit before taxation		**1,312.6**	**1,166.6**	**2,484.4**
Income tax expense	5	(341.1)	(320.5)	(672.7)
Profit for the period/year		**971.5**	**846.1**	**1,811.7**
Attributable to:				
Equity holders of the parent		465.0	447.6	934.2
Minority interests		506.5	398.5	877.5
		971.5	**846.1**	**1,811.7**
Earnings per share				
Basic (US Cents) (not annualised)	6a	161.6	156.1	325.6
Diluted (US Cents) (not annualised)	6a	150.0	144.7	305.4

Condensed Consolidated Balance Sheet

$ million	Note	As at 30 September 2007	As at 30 September 2006	As at 31 March 2007
ASSETS				
Non-current assets				
Goodwill		13.5	11.7	12.1
Property, plant and equipment		7,228.5	3,054.7	3,838.0
Financial asset investments		33.1	34.4	34.6
Other non-current assets		34.7	24.7	27.3
Other financial assets (derivatives)		68.0	68.3	72.1
Deferred tax assets		32.7	28.8	28.3
		7,410.5	**3,222.6**	**4,012.4**
Current assets				
Inventories		1,120.0	941.2	879.7
Trade and other receivables		1,040.3	740.5	942.9
Other current financial assets (derivatives)		44.1	72.1	51.5
Liquid investments		4,559.0	205.7	600.4
Cash and cash equivalents	10	472.1	2,014.1	1,584.8
		7,235.5	**3,973.6**	**4,059.3**
TOTAL ASSETS		**14,646.0**	**7,196.2**	**8,071.7**
LIABILITIES				
Current liabilities				
Short term borrowings		(1,201.1)	(179.3)	(249.1)
Trade and other payables		(1,520.9)	(1,160.5)	(1,172.4)
Other current financial liabilities (derivatives)		(165.2)	(66.1)	(101.4)
Provisions		(0.3)	(29.7)	-
Current tax liabilities		(68.0)	(93.9)	(63.0)
		(2,955.5)	**(1,529.5)**	**(1,585.9)**
Net current assets		**4,280.0**	**2,444.1**	**2,473.4**
Non-current liabilities				
Medium and long term borrowings		(924.0)	(1,205.1)	(879.3)
Convertible loan notes		(600.2)	(601.5)	(598.4)
Trade and other payables		(7.4)	(11.6)	(11.6)
Other financial liabilities (derivatives)		(86.6)	(92.1)	(94.8)
Deferred tax liabilities		(1,309.5)	(335.6)	(425.3)
Retirement benefits		(40.2)	(39.3)	(35.3)
Provisions		(232.5)	(211.3)	(230.3)
Non equity minority interests		(59.4)	(59.4)	(59.4)
		(3,259.8)	**(2,555.9)**	**(2,334.4)**
Total liabilities		**(6,215.3)**	**(4,085.4)**	**(3,920.3)**
Net assets		**8,430.7**	**3,110.8**	**4,151.4**
EQUITY				
Share capital		28.8	28.7	28.8
Share premium account		18.7	18.8	18.7
Share based payment reserves		12.6	7.1	7.3
Convertible bond reserve		117.7	123.1	119.5
Hedging reserve		(51.9)	(23.7)	(29.7)
Other reserves		1,660.8	501.9	661.0
Retained earnings		1,875.5	1,153.4	1,521.3
Equity attributable to equity holders of the parent		**3,662.2**	**1,809.3**	**2,326.9**
Minority interests		4,768.5	1,301.5	1,824.5
Total equity		**8,430.7**	**3,110.8**	**4,151.4**

Condensed Consolidated Cash Flow Statement

$ million	Note	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Operating activities				
Profit before taxation		1,312.6	1,166.6	2,484.4
Adjustments for:				-
Depreciation		157.6	93.8	195.4
Investment revenues		(135.1)	(60.8)	(127.5)
Finance costs		59.3	67.1	147.7
Profit on disposal of property, plant and equipment		-	-	(21.0)
Share based payment charge		5.3	-	5.6
Loss on disposal of non core business		-	-	2.3
Share of loss in associate		-	1.2	1.3
Other non-cash items		21.1	(24.1)	(12.0)
Operating cash flows before movements in working capital		**1,420.9**	**1,243.8**	**2,676.2**
Increase in inventories		(94.8)	(447.7)	(361.8)
Decrease/(Increase) in receivables		86.9	(159.3)	(410.4)
Increase in payables		151.5	262.8	222.5
Cash generated from operations		**1,564.4**	**899.6**	**2,126.5**
Dividend received		32.9	5.5	10.7
Interest income received		114.5	72.2	138.6
Interest paid		(95.0)	(103.0)	(193.4)
Income taxes paid		(255.0)	(175.6)	(475.6)
Dividends paid		(57.6)	(41.0)	(84.3)
Net cash from operating activities		**1,304.2**	**657.7**	**1,522.5**
Cash flows from investing activities				
Acquisition of subsidiary	8	(990.4)	(36.6)	(54.3)
Cash acquired with subsidiary	8	4.5	0.8	0.8
Proceeds from disposal of subsidiary	9	83.4	1.1	32.3
Cash disposed of with subsidiary	9	(0.3)	-	(0.2)
Purchases of property, plant and equipment		(710.2)	(410.4)	(1,154.5)
Proceeds on disposal of property, plant and equipment		-	1.8	28.9
Dividends paid to minority interests of subsidiaries		(28.7)	(14.1)	(41.8)
Decrease/(increase) of liquid investments		(3,585.1)	39.3	(345.1)
Purchase of financial asset investments		-	-	(0.2)
Net cash used in investing activities		**(5,226.8)**	**(418.1)**	**(1,534.1)**
Cash flows from financing activities				
Issue of ordinary shares		-	-	0.2
(Decrease)/increase in short term borrowings		984.5	(11.8)	25.0
(Decrease)/increase in long-term borrowings		(78.9)	7.8	(324.8)
Redemption of preference shares in subsidiary		-	(42.1)	-
Proceeds from issue of shares to minority interests of subsidiaries		1,969.4	-	-
Net cash from financing activities		**2,875.0**	**(46.1)**	**(299.6)**
Net (decrease)/increase in cash and cash equivalents		(1,047.7)	193.5	(311.2)
Effect of foreign exchange rate changes		(65.1)	(26.7)	48.7
Cash and cash equivalents at beginning of period/year		1,584.8	1,847.3	1,847.3
Cash and cash equivalents at end of period/year	10	**472.1**	**2,014.1**	**1,584.8**

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
$ millions	**Share capital**	**Share premium**	**Share based payment reserves**	**Convertible bond reserve**	**Hedging reserve**	**Other reserves***	**Retained earnings**	**Total**	**Minority interests**	**Total equity**
As 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	-	-	-	-	-	-	447.6	447.6	398.5	846.1
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	12.4	12.4
Conversion of convertible bond	-	0.2	-	(0.2)	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	(0.6)	(23.9)	-	(24.5)	(22.4)	(46.9)
Transfers **	-					311.6	(311.6)	-	-	-
Movement in fair value of cash flow hedges and financial investments	-	-	-	-	6.0	1.1	-	7.1	5.4	12.5
Dividends paid	-						(41.0)	(41.0)	(14.1)	(55.1)
Recognition of share based payment	-	-	3.0	-	-	-	-	3.0	-	3.0
As at 30 September 2006	**28.7**	**18.8**	**7.1**	**123.1**	**(23.7)**	**501.9**	**1,153.4**	**1,809.3**	**1,301.5**	**3,110.8**

	Attributable to equity holders of the Company									
$ millions	**Share capital**	**Share premium**	**Share based payment reserves**	**Convertible bond reserve**	**Hedging reserve**	**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**

Condensed Consolidated Statement of Changes in Equity (continued)

$ millions	Share capital	Share premium	Share based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*	Retained earnings	Total	Minority interests	Total equity
	Attributable to equity holders of the Company									
At 1 April 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**
Profit for the period	-	-	-	-	-	-	465.0	465.0	506.5	971.5
Acquisition of a subsidiary (note 8)	-	-	-	-	-	-	-	-	963.0	963.0
Disposal of a subsidiary (note 9)	-	-	-	-	-	-	-	-	(9.7)	(9.7)
Convertible bond transfers	-	-	-	(1.8)	-	-	1.8	-	-	-
Sterlite ADR offering ***	-	-	-	-	-	-	698.5	698.5	1,270.9	1,969.4
Exchange differences on translation of foreign operations	-	-	-	-	0.6	247.4	-	248.0	250.2	498.2
Transfers **	-	-	-	-	-	753.5	(753.5)	-	-	-
Movement in fair value of cash flow hedges and financial investments	-	-	-	-	(22.8)	(1.1)	-	(23.9)	(8.2)	(32.1)
Dividends paid	-	-	-	-	-	-	(57.6)	(57.6)	(28.7)	(86.3)
Recognition of share based payment	-	-	5.3	-	-	-	-	5.3	-	5.3
At 30 September 2007	**28.8**	**18.7**	**12.6**	**117.7**	**(51.9)**	**1,660.8**	**1,875.5**	**3,662.2**	**4,768.5**	**8,430.7**

* Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve and the general reserves established in the statutory accounts of the Group's Indian subsidiaries.

** Under Indian law, a general reserve is created through a year-on-year transfer from the income statement. The purpose of these transfers is to ensure that distributions in a year are less than the total distributable results for that year. This general reserve becomes fully distributable in future periods.

*** In June 2007, Sterlite listed on the New York Stock Exchange and raised $ 2,025.5 million (before expenses). The offering resulted in a reduction of Vedanta's shareholding in Sterlite from 75.98% to 59.87%. This reduction has not resulted in any change in control and hence Sterlite continues to be consolidated in Vedanta's consolidated financial statements. This reduction has been accounted in Vedanta's consolidated financial statements as an equity transaction. The carrying amount of the minority interest has been adjusted to reflect the change in Vedanta's interest in Sterlite's net assets. The difference between the amount by which the minority interest is adjusted and the consideration received is recognised directly in equity and attributed to equity holders of Vedanta.

Notes to the Financial Information

1. Basis of preparation

The financial information in this interim financial report is prepared under International Financial Reporting Standards ('IFRS'). The interim condensed consolidated financial information does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The financial information for the full preceding financial year has been derived from the statutory accounts for the financial year ended 31 March 2007 as filed with the Registrar of Companies. The auditors' report on the statutory accounts for the year ended 31 March 2007 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).

The financial information prepared under IFRS in respect of the six months ended 30 September 2007 and 30 September 2006 is unaudited but has been reviewed by the auditors and their report is set out on pages 38-39.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company published full financial statements that comply with IFRS for the year ended 31 March 2007.

2. Accounting policies

This interim financial report, including all comparatives, has been prepared using the same accounting policies and methods of computation as followed in the annual financial statements for the year ended 31 March 2007 as published by the Company. In addition, this interim report for the six month period ended 30 September 2007 has been prepared under International Accounting Standard ('IAS') 34 Interim financial reporting.

IFRS and International Financial Reporting Interpretations Committee ('IFRIC') interpretations are subject to ongoing review and possible amendment or interpretative guidance which may affect the financial statements for the year ending 31 March 2008.

Foreign exchange rates

The following exchange rates to US dollar ($) have been applied:

	Average rate to six months ended 30 September 2007	Average rate to six months ended 30 September 2006	Average rate to year ended 31 March 2007	As at 30 September 2007	As at 30 September 2006	As at 31 March 2007
Indian Rupee	40.86	45.96	45.29	39.74	45.96	43.59
Australian Dollar	1.20	1.33	1.31	1.13	1.34	1.25

3. Segmental analysis

(a) Business segments

The following tables present revenue and profit information regarding the Group's business segments for the six months ended 30 September 2007 and 30 September 2006 and for the year ended 31 March 2007. Items after operating profit are not allocated by segment.

Six months ended 30 September 2007

	Aluminium	Copper	Zinc	Iron Ore	Other	Elimination	Total Operations
Revenue							
Sales to external customers	566.7	2,191.1	964.3	161.4	4.4	-	3,887.9
Inter-segment sales	1.2	-	-		-	(1.2)	-
Segment revenue	**567.9**	**2,191.1**	**964.3**	**161.4**	**4.4**	**(1.2)**	**3,887.9**
Result							
Operating profit	**157.8**	**302.6**	**713.1**	**40.5**	**22.8**	**0.0**	**1,236.8**

Six months ended 30 September 2006

	Aluminium	Copper	Zinc	Iron Ore	Other	Elimination	Total Operations
Revenue							
Sales to external customers	396.2	1,678.4	881.5	-	48.4	-	3,004.5
Inter-segment sales	27.1	-	-	-	-	(27.1)	-
Segment revenue	**423.3**	**1678.4**	**881.5**	**-**	**48.4**	**(27.1)**	**3,004.5**
Result							
Operating profit	**109.2**	**392.0**	**679.3**	**-**	**(6.4)**	**-**	**1,174.1**

Year ended 31 March 2007

	Aluminium	Copper	Zinc	Iron Ore	Other	Elimination	Total 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							
Operating profit	**415.4**	**833.9**	**1,453.9**	**-**	**(0.2)**	**-**	**2,505.9**

(b) EBITDA(1) by Segment

$ million	**Six months ended 30 September 2007**	**Six months ended 30 September 2006**	**Year ended 31 March 2007**
Aluminium	192.4	136.4	415.4
Copper	356.9	456.1	833.9
- India/Australia	145.0	211.7	365.6
- Zambia	211.9	244.4	468.3
Zinc	740.4	703.5	1,453.9
Iron Ore	78.1	-	-
Other	(3.2)	(5.5)	(0.2)
Group EBITDA	**1,364.6**	**1,290.5**	**2,703.0**
Depreciation	(157.6)	(93.8)	(195.4)
Operating special items	29.8	(22.6)	(1.7)
Group operating profit	**1,236.8**	**1,174.1**	**2,505.9**

(1) EBITDA being Earnings before interest, taxation, depreciation and amortisation, and special items (note 4).

4. Special items

Administrative expenses

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Restructuring and redundancies	-	(2.5)	(2.6)
Impairment of investment in associate	-	(0.4)	(0.5)
Provision for guarantees given on behalf of associate	-	(17.1)	(17.3)
Loss on sale of property, plant and equipment	-	(0.3)	(0.8)
Profit on disposal of non core assets	-	-	21.8
Profit on disposal of subsidiary (note 9)	29.8	-	-
Loss on disposal of non core business	-	(2.3)	(2.3)
	29.8	**(22.6)**	**(1.7)**

5. Income tax expense

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Current tax:			
Foreign tax:			
- India	262.3	227.7	484.4
- Zambia	0.7	1.2	2.1
- Australia	17.1	-	29.7
- Other	-	14.4	(2.0)
	280.1	**243.3**	**514.2**
Deferred tax:			
Current year movement in deferred tax	61.0	77.2	156.3
Attributable to decrease in the rate of Indian corporation tax	-	-	2.2
	61.0	**77.2**	**158.5**
Total income tax expense	**341.1**	**320.5**	**672.7**
Effective tax rate	26.0%	27.5%	27.1%

6. Earnings per share

(a) Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the period.

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 period (adjusted for the effects of dilutive options).

6. Earnings per share (continued)

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

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Net profit attributable to equity holders of the parent	465.0	447.6	934.2

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Weighted average number of Ordinary Shares for basic earnings per share	287.7	286.8	286.9
Effect of dilution:			
Convertible loan notes	27.9	27.9	27.9
Share options	3.1	3.5	3.1
Adjusted weighted average number of Ordinary Shares for diluted earnings per share	**318.7**	**318.2**	**317.9**

Basic earnings per share on the profit for the period/year	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Profit for the period attributable to equity holders of the parent ($million)	465.0	447.6	934.2
Weighted average number of Ordinary Shares of the Company in issue (million)	287.7	286.8	286.9
Earnings per share on profit for the period/year (US cents per share)	**161.6**	**156.1**	**325.6**

Diluted earnings per share on the profit for the period/year	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Profit for the period/year attributable to equity holders of the parent ($ million)	465.0	447.6	934.2
Adjustment in respect of convertible bonds of Vedanta ($ million)	13.0	12.8	36.7
Adjustment in respect of convertible bonds of Sterlite ($ million)	-	-	-
Profit for the period/year after dilutive adjustment	**478.0**	**460.4**	**970.9**
Adjusted weighted average number of Ordinary Shares of the Company in issue (million)	318.7	318.2	317.9
Diluted earnings per share on profit for the period/year (US cents per share)	**150.0**	**144.7**	**305.4**

6. Earnings per share (continued)

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

The outstanding awards under the Long Term Incentive Plan ('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 this financial information.

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

The Group's Underlying Profit is the attributable profit for the period/year after adding back special items and their resultant tax and minority interest effects:

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Profit for the period/year attributable to equity holders of the parent	465.0	447.6	934.2
Administrative expenses - special items	(29.8)	22.6	1.7
Tax effect of special items	-	(1.7)	3.7
Minority interest effect of special items	-	(5.3)	(1.5)
Underlying profit for the period/year	**435.2**	**463.2**	**938.1**

Basic earnings per share on Underlying Profit for the period/year	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Underlying profit for the period/year ($ million)	435.2	463.2	938.1
Weighted average number of Ordinary Shares of the Company in issue (million)	287.7	286.8	286.9
Earnings per share on Underlying Profit for the period/year (US cents per share)	**151.3**	**161.5**	**327.0**

7. Dividends

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Amounts paid as distributions to equity holders:			
Final dividend paid for 2006-07: 20 US cents per share (2005-06 : 14.3 US cents per share)	57.6	41.0	41.1
Interim dividend paid 2006-07: 15 US cents per share	-	-	43.2

Proposed interim dividend for the six months ended 30 September 2007 was 16.5 US cents per share.

8. Business combination

On 23 April 2007, Vedanta acquired 100% of Finsider International Company Limited ('Finsider'), an investment holding company incorporated in United Kingdom, from Mitsui & Company, Japan for a consideration of US$ 981.0 million (excluding acquisition expenses of $9.4 million). Finsider held 51.0% of Sesa Goa Limited ("Sesa Goa"), a public limited company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange of India, which in turn held 88.8% of Sesa Industries Limited ("Sesa Industries"). Thus, by virtue of Vedanta acquiring Finsider, Sesa Goa and Sesa Industries became subsidiaries of Vedanta with an effective date of 23 April 2007, being the date at which control passed to Vedanta. As a result, the financial information of Finsider, Sesa Goa and Sesa Industries has been consolidated from 23 April 2007.

Sesa Goa is a company mainly involved in iron ore mining, processing and the manufacture of metallurgical coke. Sesa Industries is involved in pig iron operations.

The consolidated net assets of Finsider acquired are detailed in the table below.

$ million	**Book value**	**Fair value adjustments**	**Fair value**
Assets			
Non-current assets			
Property, plant and equipment	119.0	2,289.5	2,408.4
Other non-current assets	0.2	-	0.2
	119.2	**2,289.5**	**2,408.6**
Current assets			
Inventories	80.1	9.1	89.2
Trade and other receivables	79.3	-	79.3
Liquid investments	230.2	-	230.2
Other current financial asset (derivatives)	2.0	-	2.0
Cash and cash equivalents	4.5	-	4.5
	396.1	**9.1**	**405.2**
Liabilities			
Current liabilities			
Short term borrowings	(2.0)	-	(2.0)
Trade and other payables	(45.6)	-	(45.6)
Current tax liabilities	(8.2)	-	(8.2)
	(55.8)	**-**	**(55.8)**
Non-current liabilities			
Deferred tax liabilities	(17.7)	(781.3)	(799.0)
Provisions	(2.0)	-	(2.0)
	(19.7)	**(781.3)**	**(801.0)**
Net assets	**439.8**	**1,517.3**	**1,957.0**
Less: Minority interests recognised on first acquisition			(966.6)
			990.4
Satisfied by :			
Cash consideration paid			981.0
Acquisition expenses			9.4
			990.4

8. Business combination (continued)

The Company has carried out a provisional fair value assessment of the assets acquired. The assets have been valued provisionally as a result of time constraints between the date of acquisition and 30 September 2007. The fair values may be amended if necessary, in accordance with IFRS 3 Business Combination, in light of subsequent knowledge or events to the extent that these reflect conditions as at the date of acquisition.

Since the date of acquisition, the Finsider group has contributed $161.4 million to the revenue and $40.5 million to the net profit of the Group for the period ended 30 September 2007. If Finsider had been acquired at the beginning of the period, the revenue of the Group would have been $220.8 million higher and the net profit of the Group would have been $55.3 million higher. Overall production and consequent shipment of finished goods is significantly lower during the interim period, due to seasonal monsoon conditions in the region.

The Group acquired a further 71,451 shares, equating to a 0.182% interest in Sesa Goa on 24 September 2007 following an open offer for consideration of $3.6 million in cash. The total holding in Sesa Goa following this transaction was 51.2%. The impact on minority interests as a result of the offer was a decrease of $3.6 million. The total increase in minority interests resulting from the acquisition of Sesa Goa was $963.0 million.

9. Disposal of a subsidiary

In September 2007, Vedanta, through one of its subsidiaries, sold all of the issued and outstanding shares it held in Twin Star International (84.2%) which was the owner of 223,417,031 common shares of Sterlite Gold Limited for a consideration of $85.9 million. Further, Vedanta received $25.0 million towards settlement of outstanding debt which Sterlite Gold and its subsidiaries owed to Vedanta and its group companies.

Sterlite Gold, through its wholly owned subsidiary in Armenia, Ararat Gold Recovery Company LLC `AGRC', was engaged in gold mining activities in Armenia. Sterlite Gold also held 100% interests in the following companies on the date of its disposal:

- First Dynasty Mines (USA) LLC
- First Dynasty Mines Armenia Limited
- AGRC Services Limited
- First Dynasty Mines Holding Company Limited

All the companies listed above were non-operating.

From January 2007, the gold mining operations in Armenia were suspended pending resolution of some of the key clauses of the implementation agreement entered into with the Government of the Republic of Armenia. Due to delay in finding a resolution, Vedanta continued to explore other alternatives and in August 2007 entered into an agreement with a third party for sale of the business together with all assets and liabilities. The agreement involved the sale of Vedanta's full shareholding in Sterlite Gold at a price of $0.3845 per Sterlite Gold share equating to the total of $85.9 million and the settlement by the purchaser of Sterlite Gold's $25.0 million payables to the Vedanta Group.

9. Disposal of a subsidiary (continued)

The gain on disposal of Sterlite Gold operations of $29.8 million has been recognised in the income statement under the caption Administrative expenses - special items.

Sterlite Gold's operations constituted an insignificant proportion of Vedanta's revenues and were presented in the "Other" segment in accordance with IAS 14 Segment Reporting.

The impact on minority interests resulting from the disposal of Twin Star International, Sterlite Gold and its subsidiaries was a decrease of $9.7 million.

The net assets of Twin Star International consolidated at the date of disposal, at 27 September 2007 and 31 March 2007 were as follows:

$ million	As on 27 September 2007	As on 31 March 2007
Assets		
Non-current assets		
Property, plant and equipment	91.7	94.1
Financial asset investments	-	3.3
	91.7	**97.4**
Current assets		
Inventories	2.3	3.2
Trade and other receivables	4.4	4.4
Cash and cash equivalents	0.3	1.6
	98.7	**106.6**
Liabilities		
Current liabilities		
Borrowings from Vedanta Group	(25.6)	(5.9)
Trade and other payables	(4.3)	(3.9)
Current tax liabilities	(1.4)	(1.4)
	(31.3)	**(11.2)**
Non-current liabilities		
Long term borrowings	-	(41.6)
Deferred tax liabilities	(14.3)	(14.3)
	(45.6)	**(67.1)**
Net assets	**53.1**	**39.5**
Reduction in minority interest	9.7	
Cash consideration	**85.9**	
Net assets disposed	(53.1)	
Disposal expenses	(3.0)	
Profit on disposal	**29.8**	

$25.0 million of borrowings due to the Vedanta Group were repaid, as part of the sale and purchase agreement, after the balance sheet date.

10. Movement in net debt [(1)]

		Debt due within one year		Debt due after one year			
$ million	Cash and cash equivalents	Debt carrying value	Debt related derivatives[(2)]	Debt carrying value	Debt related derivatives[(2)]	Liquid investments	Total net (debt)/cash
At 1 April 2006	**1,847.3**	**(239.8)**	**2.8**	**(1,836.4)**	**(30.2)**	**244.4**	**(11.9)**
Cash flow	193.5	53.9	-	(7.8)	-	(39.3)	200.3
Disposal of non core business	-	23.1	-	-	-	-	23.1
Other non-cash changes	-	(20.9)	2.9	20.4	6.6	0.5	9.5
Foreign exchange differences	(26.7)	4.4	-	17.2	-	0.1	(5.0)
As at 30 September 2006	**2,014.1**	**(179.3)**	**5.7**	**(1,806.6)**	**(23.6)**	**205.7**	**216.0**

10. Movement in net debt (1) (continued)

US$ million	Cash and cash equivalents	Debt due within one year: Debt carrying value	Debt due within one year: Debt related derivatives(2)	Debt due after one year: Debt carrying value	Debt due after one year: Debt related derivatives(2)	Liquid investments	Total Net (Debt)/ Cash
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**

US$ million	Cash and cash equivalents	Debt due within one year: Debt carrying value	Debt due within one year: Debt related derivatives(2)	Debt due after one year: Debt carrying value	Debt due after one year: Debt related derivatives(2)	Liquid investments	Total Net (Debt)/ Cash
At 1 April 2007	**1,584.8**	**(249.1)**	**(7.1)**	**(1,477.7)**	**(18.6)**	**600.4**	**432.7**
Cash flow	(1,026.3)	(984.5)	-	78.9	-	3,585.1	1,653.2
Acquisition of subsidiaries	4.5	(2.0)	-	-	-	230.2	232.7
Disposal of non core business	(0.3)	-	-	-	-	-	(0.3)
Other non-cash changes	-	54.5	(2.9)	(100.5)	0.1	-	(48.8)
Foreign exchange differences	(90.7)	(20.0)	-	(24.9)	-	143.3	7.7
As at 30 September 2007	**472.0**	**(1,201.1)**	**(10.0)**	**(1,524.2)**	**(18.5)**	**4,559.0**	**2,277.2**

(1) Net debt 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. Other disclosures

Capital commitments

Contractual commitments to acquire fixed assets were $3,137.3 million at 30 September 2007 (30 September 2006: $ 1,813.0 million; 31 March 2007: $3,150.0 million).

Contingent liabilities and guarantees

A summary of the most significant matters is set out below:

Guarantees

As at 30 September 2007, $370.7 million of guarantees had been advanced to the Group's banks in normal course of business (31 March 2007: $198.9 million) including guarantees advanced by KCM of $211.1 million. The Group has also entered into guarantees advanced to the customs authorities in India of $607.6 million (31 March 2007: $107.6 million) relating to the payment of import duties on purchases of fixed assets at VAL $531.1 million (31 March 2007: $100.9 million) and Sesa Goa Limited $67.1 million.

Export Obligations

The Indian entities of the Group have export obligations of $1,838.0 million (31 March 2007: $1,328.4 million) over eight years, on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme laid down by the Government of India. In the event of the Group's inability to meet its obligations, the Group's liability would be $293.3 million (31 March 2007: $191.0 million), reduced in proportion to actual exports.

11. Other disclosures (continued)

Guarantees to Suppliers
The Group has given corporate guarantees to certain suppliers of concentrate. The value of these guarantees was $90.0 million at 30 September 2007 (31 March 2007: $90.0 million).

Miscellaneous Disputes – Sterlite, HZL, MALCO, BALCO and Sesa Goa
The Indian excise and related indirect tax authorities have made several claims against the above companies for additional excise and indirect duties. The claims mostly relate either to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns.

The approximate value of claims against the companies total $216.0 million (31 March 2007: $155.1 million), of which $ 35.9 million (31 March 2007: $48.9 million) is included as a provision in the balance sheet as at 30 September 2007. In the view of the Directors, there are no significant unprovided liabilities arising from these claims.

Sterlite Gold
Following the disposal of Sterlite Gold on 27 September 2007 there were no claims pending against the Group from the Armenian Government (31 March 2007: $46.5 million).

Related party transactions
The information below sets out transactions and balances between the Group and various related parties for the period. These related parties include Sterlite Optical Technologies Limited ('SOTL'), which is related by virtue of having the same controlling party as the Group, namely Volcan. As India Foils Limited ('IFL') is an associate of the Group, it is also regarded as a related party.

The tables below set out transactions with related parties that occurred in the normal course of trading.

SOTL

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Sales to SOTL	32.1	20.5	59.0
Sale of aluminium conductor division	-	32.3	32.3
Reimbursement of expenses	-	31.1	0.2
Purchases from SOTL	-	-	1.1
Amounts receivable at period end	9.3	-	11.0

Transactions with SOTL
Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and SOTL, the Company and Sterlite provided various commercial services in relation to SOTL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2007, the commercial services provided to SOTL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to SOTL in that year amounted to $21,940. There was no material change during the six months ended 30 September 2007 (30 September 2006: $20,895).

11. Other disclosures (continued)

Related party transactions (continued)

Twin Star Infrastructure Limited

Sterlite Energy had issued cumulative convertible preference shares to Twin Star Infrastructure Limited prior to its acquisition by the Group and an amount of $6.5 million was outstanding as at 30 September 2007. During the year ended 31 March 2007, Sterlite Energy paid dividends on the cumulative convertible preference shares of $3,544 to Twin Star Infrastructure Limited.

Sterlite Foundation

During the period ended 30 September 2007, $0.4 million was paid to Sterlite Foundation (30 September 2006: $0.3 million, 31 March 2007: $0.6 million). During the period, $0.1 million (30 September 2006: $nil; 2007: $ nil) was received from the Sterlite Foundation towards reimbursement of expenses.
The Sterlite Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Sterlite Foundation is providing computer education for disadvantaged students. The Sterlite Foundation is a related party as it is controlled by members of the Agarwal family.

Sesa Community Foundation Limited

Following the acquisition of Sesa Goa, the Sesa Community Foundation Limited became a related party of the Group. During the period, $ 0.1 million was paid to the Sesa Community Foundation Limited.

The Anil Agarwal Foundation (formerly the Vedanta Foundation)

During the period, $0.1 million (30 September 2006 $ nil; 31 March 2007: $0.1 million) was received from the Anil Agarwal Foundation towards reimbursement of expenses. The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

IFL

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Sales to IFL	19.1	20.7	43.9
Guarantees	45.8	-	41.8
Trade receivables and advances	9.8	6.9	8.8
Loans receivable at period end	10.4	6.9	6.2

During the period, the Group advanced $0.7 million to IFL as short-term advances. The Group has given corporate guarantees to certain banks and financial institutions in relation to IFL, an associate of the Group, against which a provision of $19.7 million has been recognised in the financial statements (30 September 2006 : $ 17.1million; 31 March 2007: $17.3 million).

11. Other disclosures (continued)

Related party transactions (continued)

Volcan

	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
	$ million	$ million	$ million
Reimbursement of bank charges	(0.2)	(0.1)	(0.4)
Amounts receivable/(payable) at period/year end	0.1	(0.1)	-

In relation to the shares of Sterlite held by Twin Star, MALCO issued guarantees to the Income Tax Department of India, at the request of Volcan. The amount payable for the period ended 30 September 2007 was $0.2 million (30 September 2006: $0.1 million; 31 March 2007: $0.4 million).

In addition, a limited number of employees are seconded from Sterlite to IFL, SOTL and Sterlite Gold and similarly from IFL, SOTL and Sterlite Gold to Sterlite. The company which benefits from the seconded employee bears their employment costs.

Transactions with Directors and their Connected Persons

The remuneration of the directors and the executive committee members of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

$ million	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007
Short-term employee benefits	9.5	2.7	5.4
Post employment benefits	0.4	0.4	0.3
Share based payments	3.4	4.7	0.7
	13.3	**7.8**	**6.4**

Independent Review Report to Vedanta Resources Plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report to Vedanta Resources Plc (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP
Chartered Accountants
14 November 2007
London
United Kingdom

Glossary and definitions

ADR
American Depository Receipts

Aluminium Business
The aluminium business of the Group comprising its fully-integrated bauxite mining, alumina refining and aluminium smelting in India

Attributable Profit
Profit for the financial year before dividends to the shareholders of Vedanta Resources plc

BALCO
Bharat Aluminium Company Limited, a company incorporated in India

Board
The board of directors of the Company

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

Capital Employed
Net assets before net (debt)/cash

Cash Tax Rate
Current taxation as a percentage of profit on ordinary activities before taxation

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

Company or Vedanta
Vedanta Resources plc

Copper Business
The copper business of the Group comprising a copper smelter, a refinery and two copper rod plants in India, a copper mine in Australia and an integrated operation in Zambia consisting of three mines, a leaching plant and a smelter

CSR
Corporate social responsibility

CY
Calendar Year

Directors
The directors of the Company

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

Glossary and definitions (continued)

EBITDA
Earnings before interest, taxation, depreciation, goodwill amortisation and special items (see note 4)

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

EPS
Earnings per Ordinary Share

Executive Directors
The executive directors of the Company

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

Free Cash Flow
Cash flow arising from EBITDA after net interest, taxation, Sustaining Capital Expenditure and working capital movements (see Financial Review)

FY
Financial year

GAAP
Generally Accepted Accounting Principles

Gearing
Net debt as a percentage of Capital Employed

Government
The Government of the Republic of India

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

IFL
India Foils Limited, a company incorporated in India

Glossary and definitions (continued)

IFRS
International Financial Reporting Standards

Interest Cover
EBITDA divided by finance cost

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

LIBOR
London Inter Bank Offered Rate

Listing
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

LME
London Metals Exchange

London Stock Exchange
London Stock Exchange plc

LTIP
Vedanta Resources Long Term Incentive Plan

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

mt or tonnes
Metric tonnes

MW
Megawatts of electrical power

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

NYSE
New York Stock Exchange

Ordinary Shares
Ordinary shares of $0.10 each in the Company

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

Glossary and definitions (continued)

Reward Plan
Vedanta Resources Share Reward Plan

Sesa Goa
Sesa Goa Limited, a company incorporated in India engaged in the business of mining iron ore

SEWT
Sterlite Employee Welfare Trust, a long-term investment plan for Sterlite senior management, not controlled by the Group.

SOTL
Sterlite Optical Technologies Limited, a company incorporated in India

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

SOX
Sarbanes-Oxley Act

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

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

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

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

tpa
Metric tonnes per annum

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

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

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

Underlying EPS
Underlying earnings per ordinary share on underlying profit

Glossary and definitions (continued)

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

VAL
Vedanta Alumina Limited, a company incorporated in India

Volcan
Volcan Investments Limited, a company incorporated in the Bahamas

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

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