

Creating Value

Preliminary Results

1 June 2006

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Anil Agarwal
Chairman

Creating Value

- Record Financial Performance in 2006
 - Revenues up 97% to \$3,702m
 - EBITDA up 143% to \$1,102m
 - Underlying EPS up 166% to 130.2USc
 - Excellent free cash flow, up 211% to \$635m

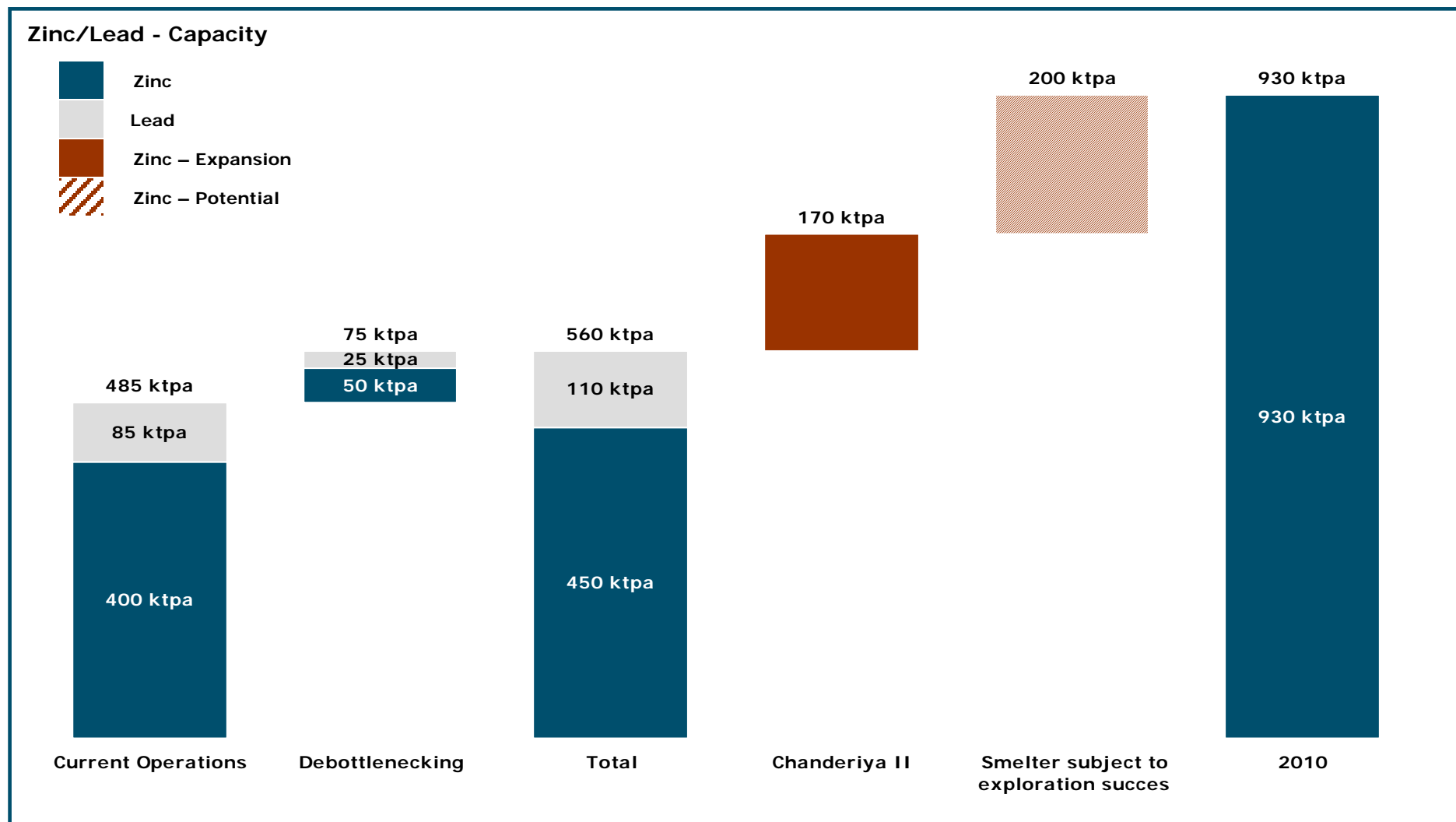
- Volume led growth
 - Increase in production volumes
 - Phase I growth projects largely completed
 - Phase II projects initiated

- Clear growth vision
 - Development of projects – greenfield and brownfield
 - To become the only company with a production portfolio of 1 mtpa in EACH of our three metals – unique in our industry
 - Achieving a cost leadership position

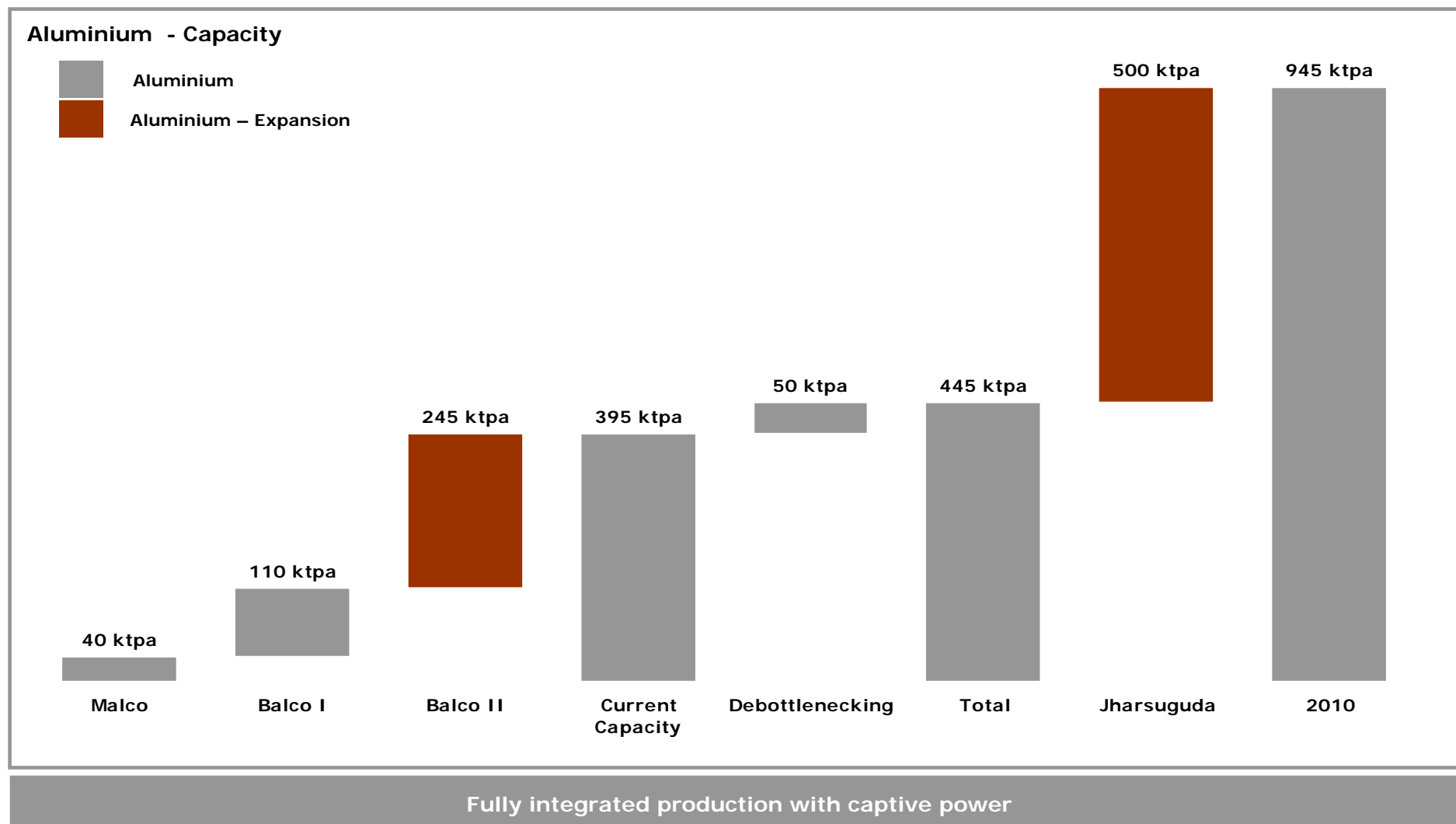


Navin Agarwal
Vice-Chairman

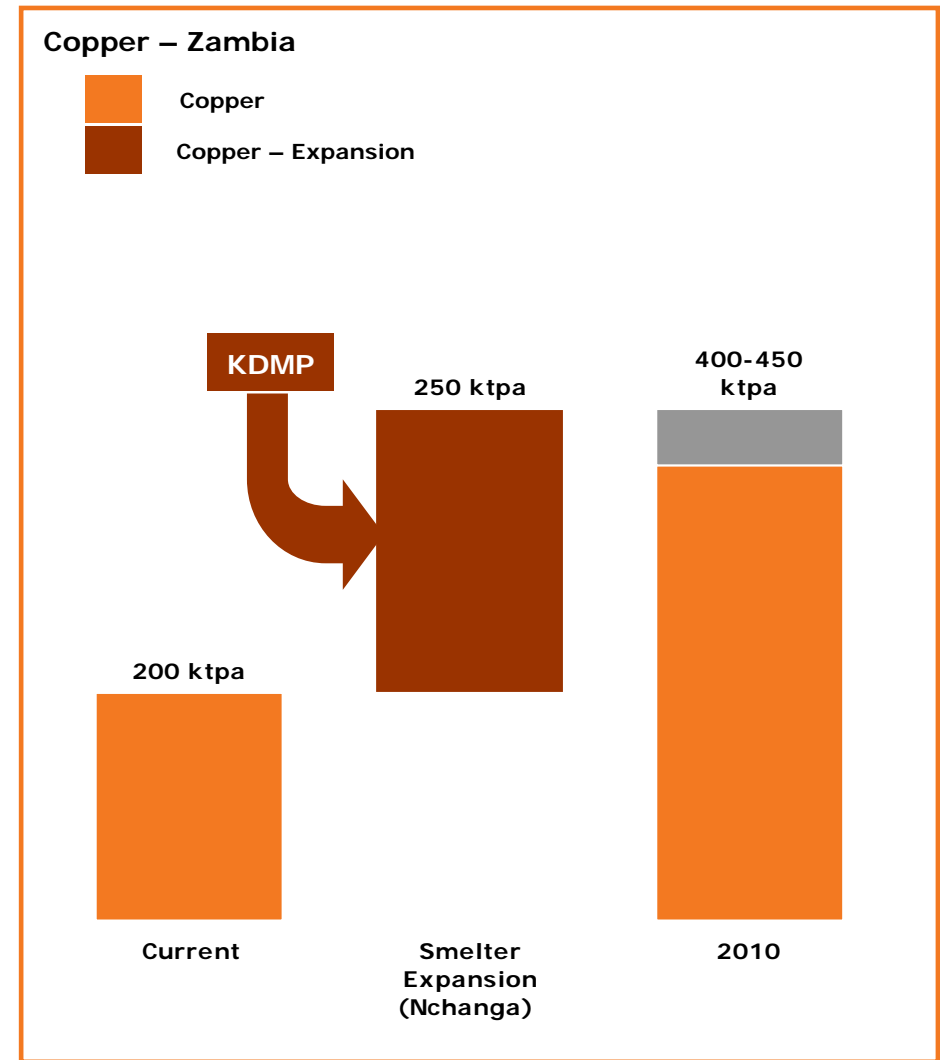
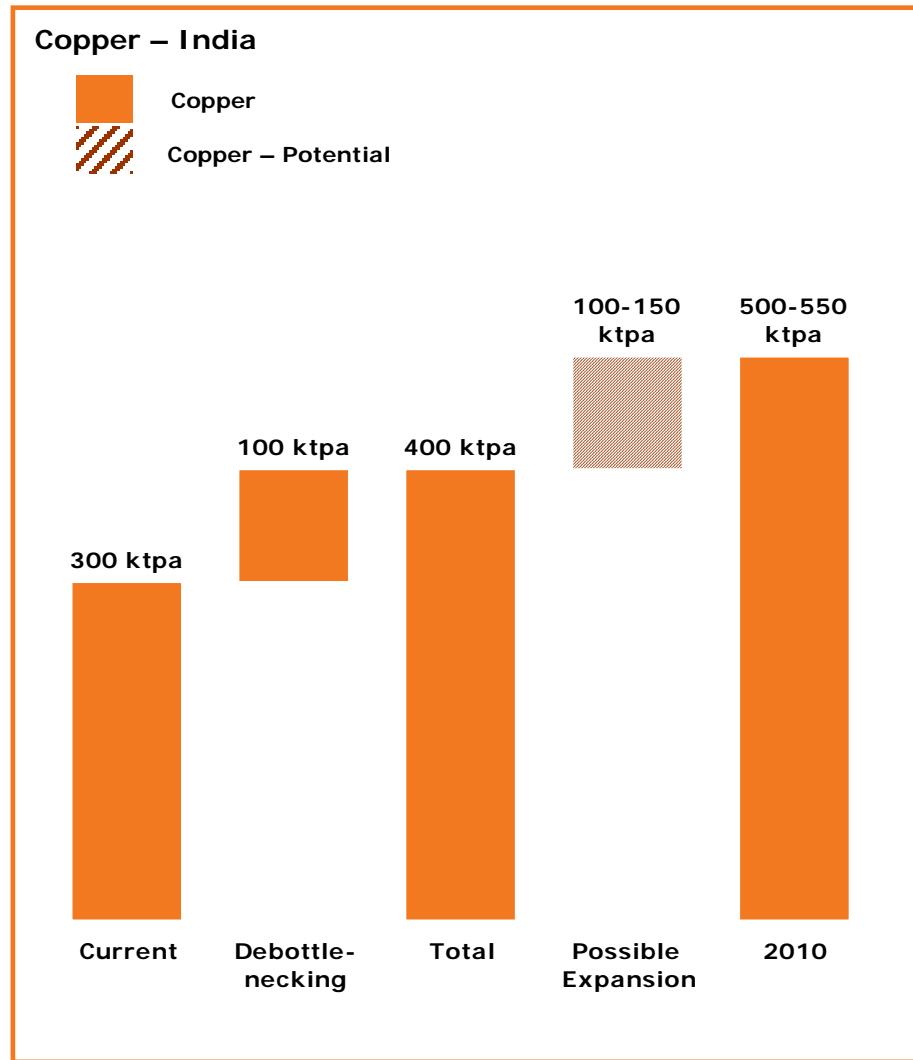
Achieving 1 million tpa – Zinc and Lead



Achieving 1 million tpa - Aluminium



Achieving 1 million tpa – Copper



Cost of Production - Vision

	Current		Vision
Zinc	Top Quartile CoP \$691/t	<ul style="list-style-type: none"> Chanderiya I/Chanderiya II expansion and further debottlenecking of existing capacities Efficient hydro technology Low cost captive power 	Top Decile CoP \$500/t
Aluminium	3rd Quartile CoP \$1,497/t	<ul style="list-style-type: none"> Balco II/Jharsuguda expansion Debottlenecking of existing capacities Fully captive sourcing of Alumina Low cost captive power 	Top Quartile CoP \$950/t
Copper - India	Top Decile CoP 6.1c/lb	<ul style="list-style-type: none"> Debottlenecking of existing capacity Multiple cost reduction initiatives 	Top Decile CoP 5.0c/lb
Copper - Zambia	127.9c/lb	<ul style="list-style-type: none"> KDMP development New cost efficient smelter Increase productivity of existing operations 	95.0c/lb



Kuldip Kaura
Chief Executive Officer

2006 Operational Performance Snapshot

- Group revenues up 97% to \$3,702m and group EBITDA up 143% to \$1,102m
 - Production volumes across all metals improved substantially
 - Better prices

- Phase 1 expansion projects in copper and zinc completed

- Korba aluminium smelter project being ramped up progressively

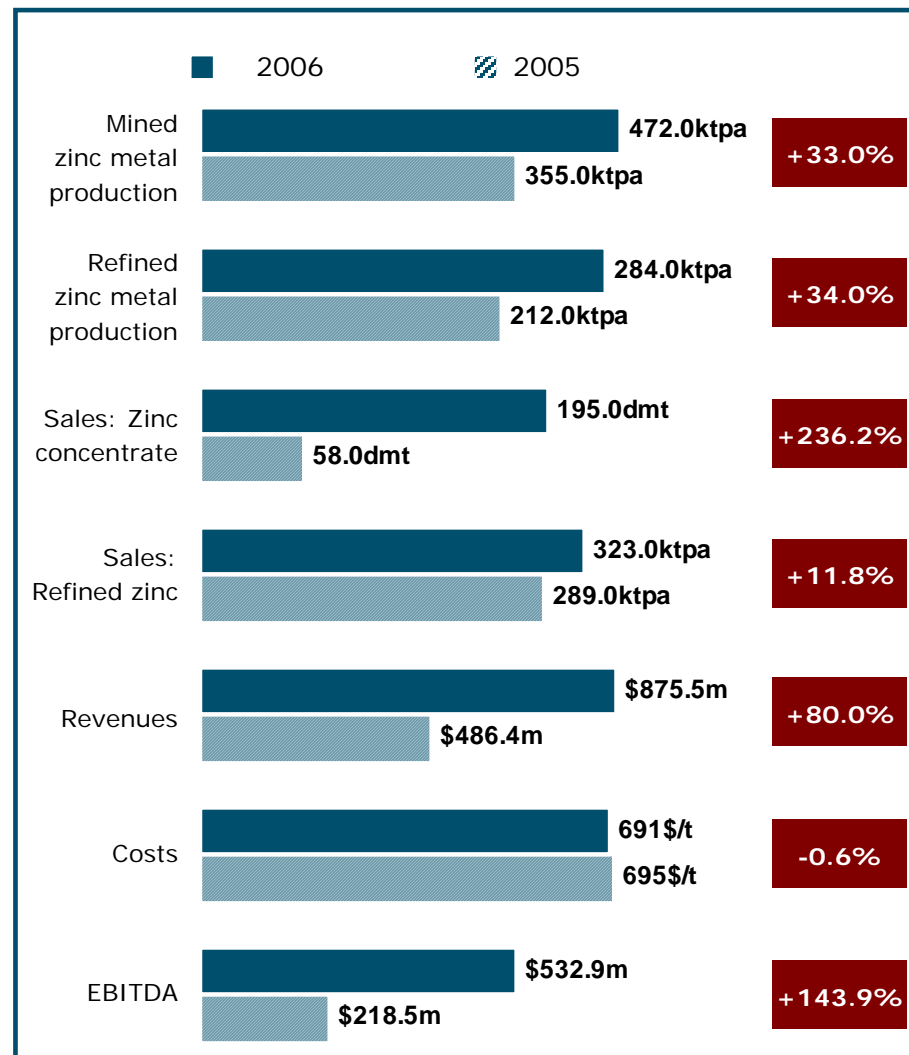
- Orissa alumina refinery project progressing well

- HSE: 12 month LTIFR at 3.84, an improvement of 30% over 2005

LTIFR: Lost Time Injury Frequency Rate

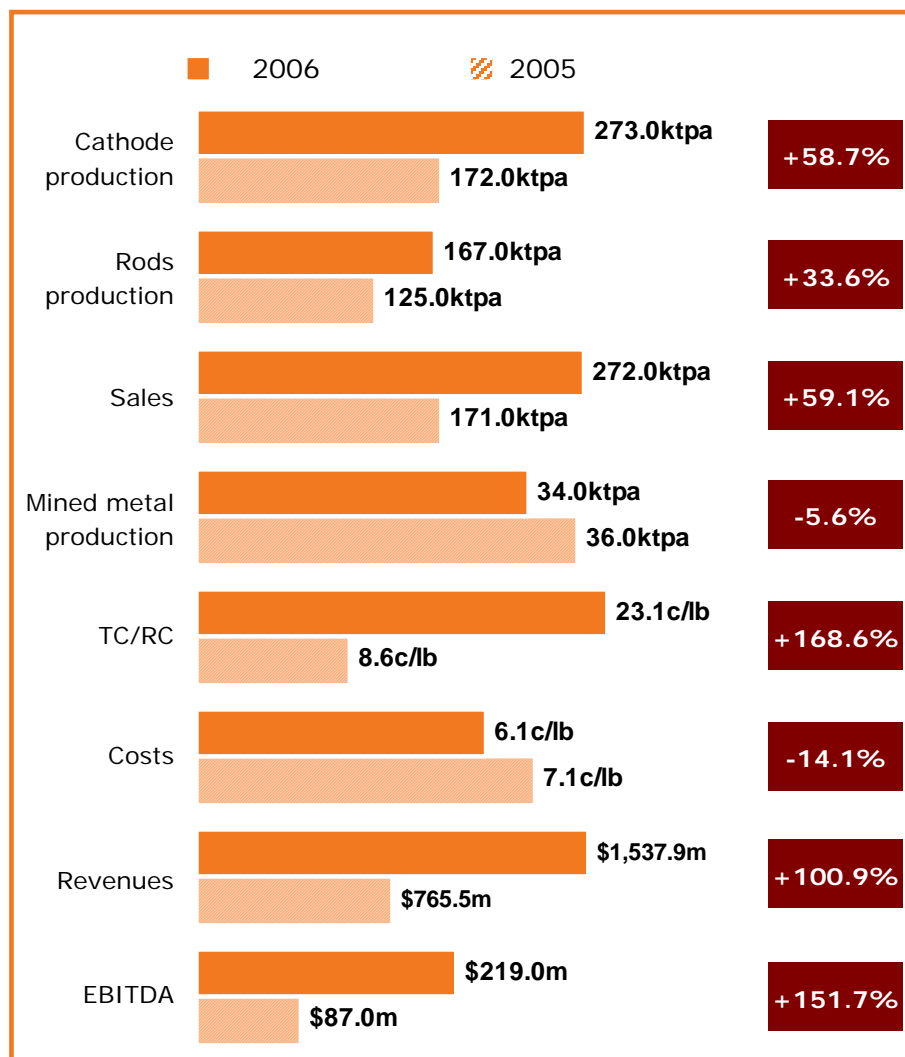
Zinc Operations

- 2006: Expansion stabilisation
- 2007: Realising the full potential of expansion
 - Volume impact of Chanderiya I
 - Energy efficient technology
 - Low cost power
 - Productivity gains
- Chanderiya Phase II expansion on track
- Ongoing in-mine explorations



Copper – India Operations

- Tuticorin smelter fully ramped up and operating at rated capacity
- Unit costs reduced by 14%
 - Additional volumes
 - Improved by product management
 - Better metal recovery - 98%
- Continuous improvement in CoP
- Concentrate sourcing on track
- Debottlenecking

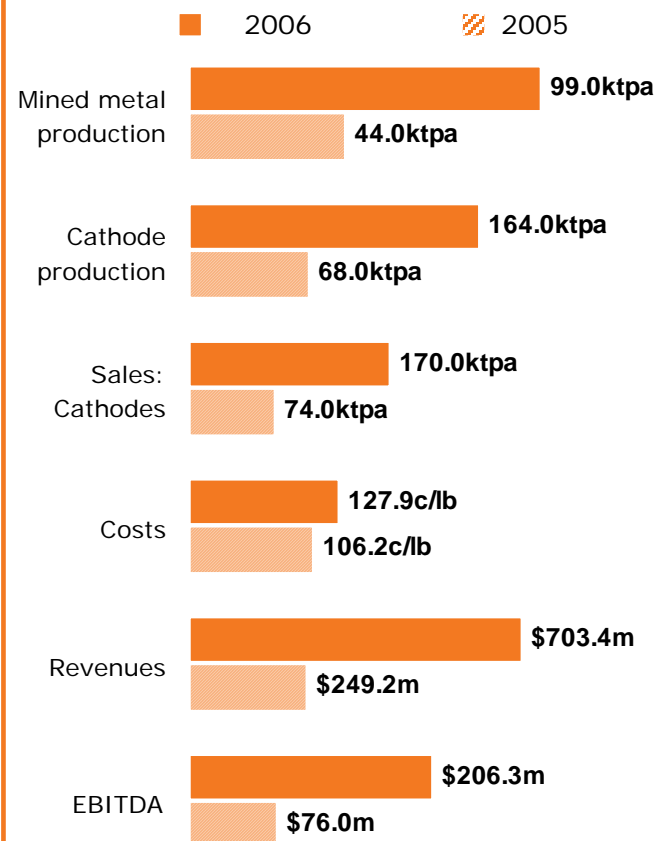


Copper – Zambia Operations

- Volume and costs affected

- TLP volume improvement
 - Reclamation volume up
 - Fitawola ore increase
 - Increased acid availability

- Nkana smelter
 - Planned shutdown to fix critical availability issues



Note: Prior period comparatives for Copper-Zambia not comparable as KCM was acquired on 5-Nov-04

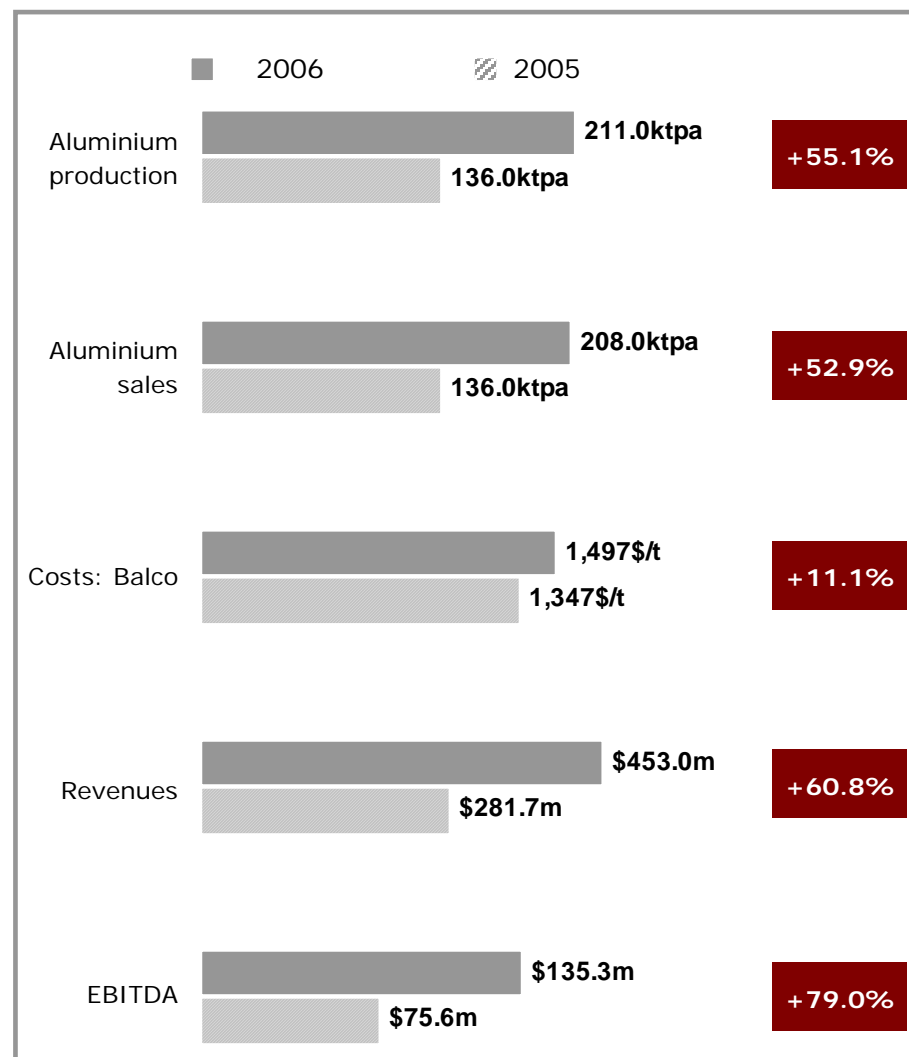
Aluminium Operations

- Korba expansion

- Continuous improvement in Korba smelter I volumes

- Increase in input costs, principally carbon, coal and alumina

- Lower power costs, higher efficiency



Demand and Markets

- Strong economic growth set to continue in India with key growth drivers
- Major investment in infrastructure driven by Indian government policy
- India's advantage as a natural resources destination
- Robust demand for metals continues in emerging markets

Our Unique Advantage

Key market challenges	Vedanta response
Energy	 <ul style="list-style-type: none"> ■ Fully integrated captive power facilities ■ Secured low cost coal resources ■ Adoption of energy efficient technologies
Skills shortage	 <ul style="list-style-type: none"> ■ Recruiting high quality manpower from India's readily available skilled talent pool ■ Best in class compensation packages ■ Experienced laterals successfully hired for specialist functions
Equipment availability	 <ul style="list-style-type: none"> ■ Proven effective procurement strategy ■ Lack of supply constraint in operating environments (India & Zambia)
Labour costs	 <ul style="list-style-type: none"> ■ Low cost skilled talent pool ■ Performance linked incentives and robust LTIP in place
Cost optimisation	 <ul style="list-style-type: none"> ■ Debottlenecking ■ Vertical integration

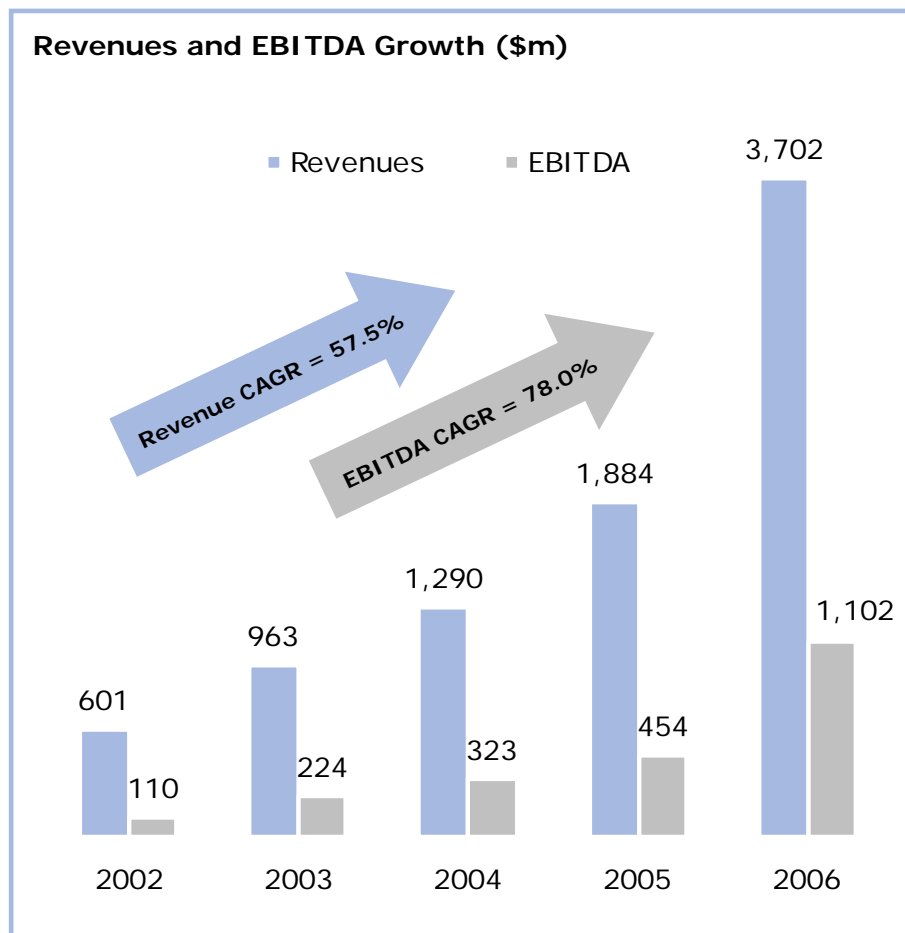


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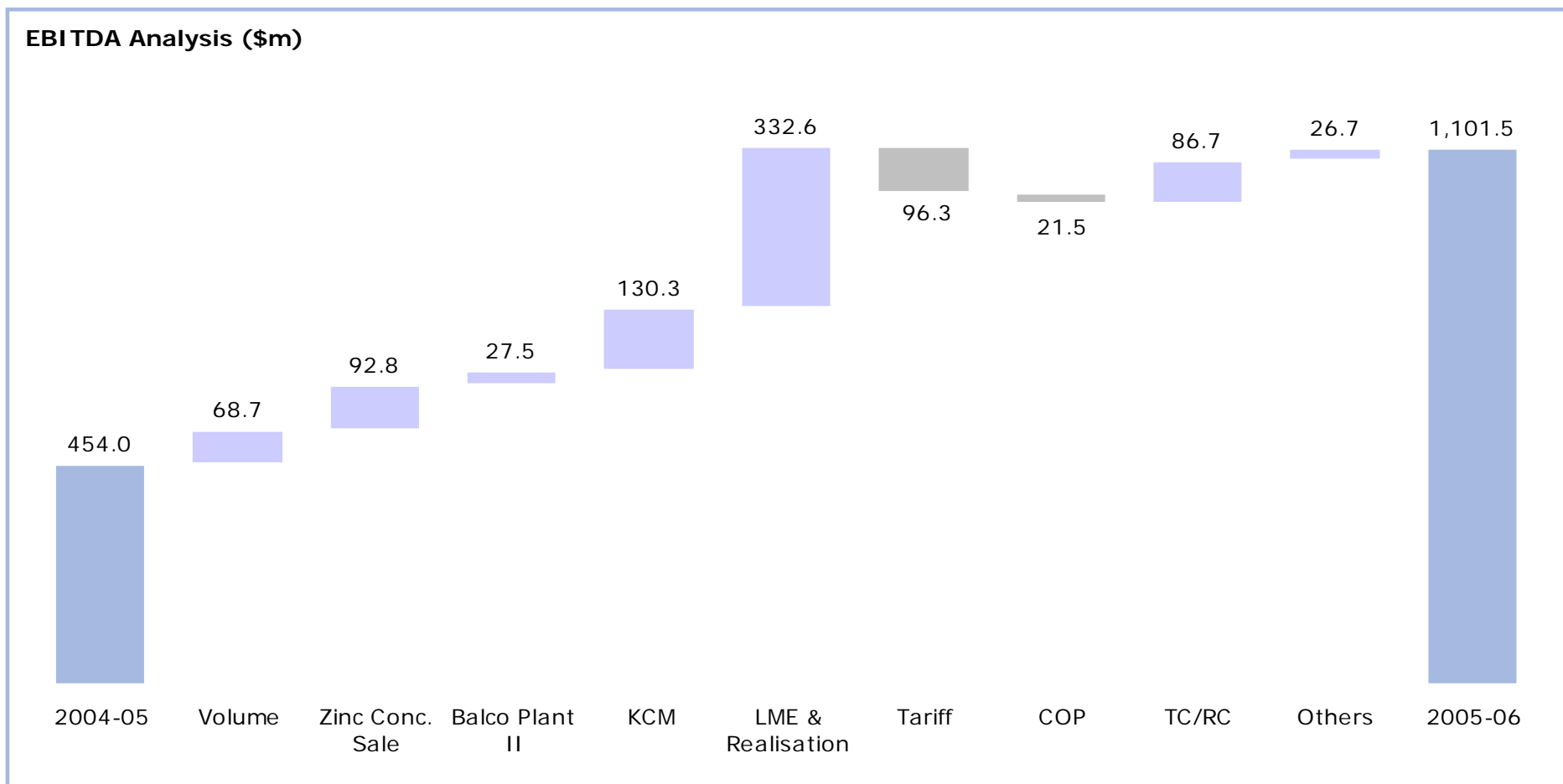
Chief Financial Officer

Income Statement

(\$m, except as stated)	2006	2005
Revenues	3,701.8	1,884.2
EBITDA	1,101.5	454.0
<i>EBITDA margin</i>	<i>29.8%</i>	<i>24.1%</i>
Profit before tax	934.7	386.3
Depreciation and goodwill	157.7	103.7
Net interest payable	7.7	(7.4)
Profit for the period (underlying)	373.5	140.1
Underlying EPS (USc)	130.2	48.9
<i>Effective tax rate</i>	<i>30.0%</i>	<i>22.5%</i>
Minority share of PAT taken by minority interests	42.9%	40.2%
Dividend per share (USc)	20.0	17.05



EBITDA Reconciliation



Strong Free Cash Flows and Balance Sheet

(\$m)	2006	2005	Summary balance sheet (\$m)	2006	2005
EBITDA	1,101.5	454.0	Property, plant and equipment	2,763.0	2,288.6
Working capital	(169.7)	(181.7)	Net assets	2,338.8	1,746.7
Sustaining capital expenditure	(80.6)	(67.1)	Net debt	11.9	74.3
Net interest paid	(20.5)	17.2	<i>Gearing</i>	0.5%	4.1%
Taxes paid	(186.5)	(65.8)	<i>ROCE (excluding CWIP)</i>	37.9%	32.0%
Operating exceptional/others	(9.4)	47.8			
Free cash flows	634.8	204.4			
Expansion capital expenditure	(605.4)	(734.6)			
Dividends, including to internal minorities	(58.3)	(23.5)			
Equity component of convertible loan notes	123.3	-			
Deconsolidation of SEWT	(58.7)	-			
FX and other	26.7	57.1			
Movement in net debt	62.4	(496.6)			

Capital Expenditure

Phase I expansion projects (\$m)	Budget	Spend to 31 March 2006	Committed, not spent	Status
Alumina				
Lanjigarh refinery	800.0	417.1	188.1	In progress
Aluminium				
Korba smelter	550.0	471.5	14.6	In progress
Korba power plant	350.0	289.7	5.6	Completed
Copper				
Tuticorin smelter	87.0	87.0	-	Completed
Zinc-Lead				
Chanderiya smelter	335.0	264.7	2.9	Completed
Rampura Agucha mine	90.0	45.2	-	Completed
Total	2,212.0	1,575.2	211.2	

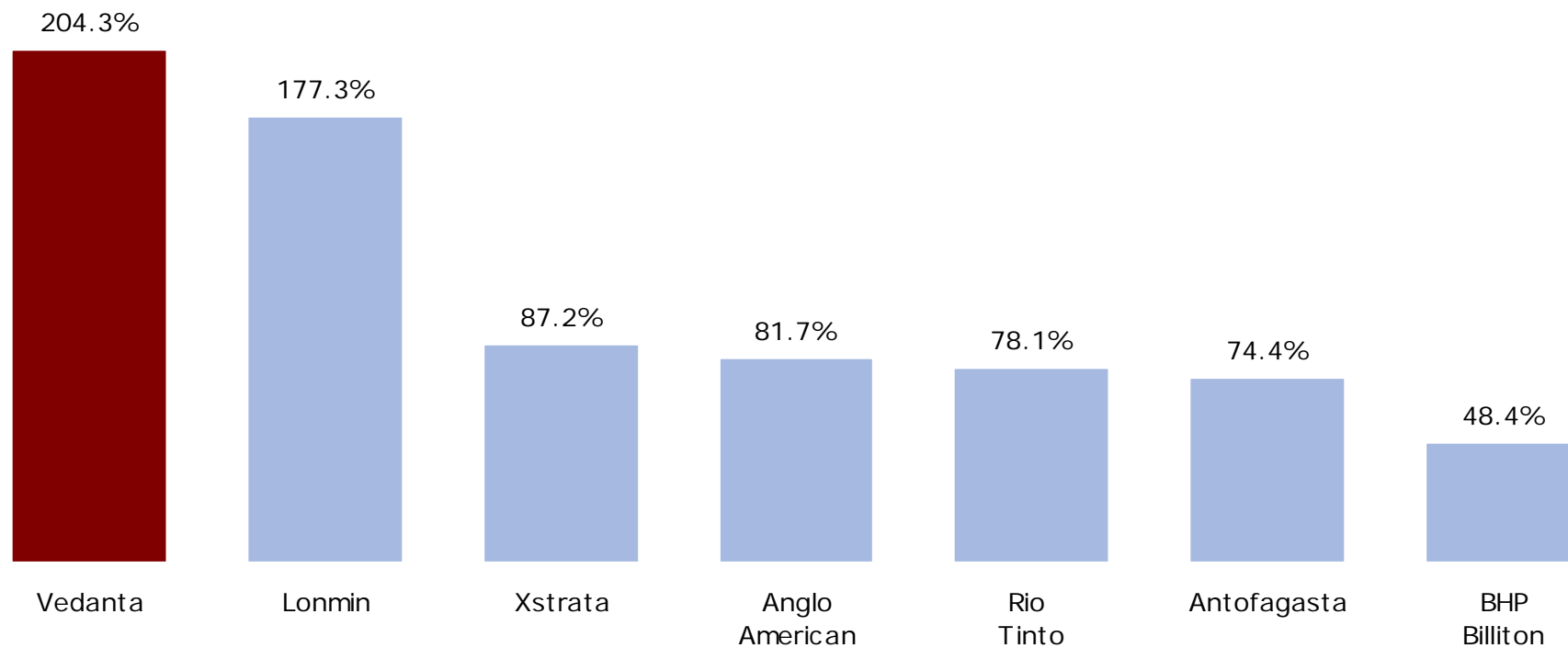
Phase II expansion projects (£m)	Budget	Spend to 31 March 2006	Committed, not spent	
Aluminium				
Jharsuguda	2,100.0	32.1	763.3	
Copper				
Konkola Mine	400.0	4.3	62.0	
Nchanga Smelter	280.0	3.1	46.7	
Zinc				
Chanderiya	300.0	9.3	89.3	
Total	3,080.0	48.8	961.3	



Appendices

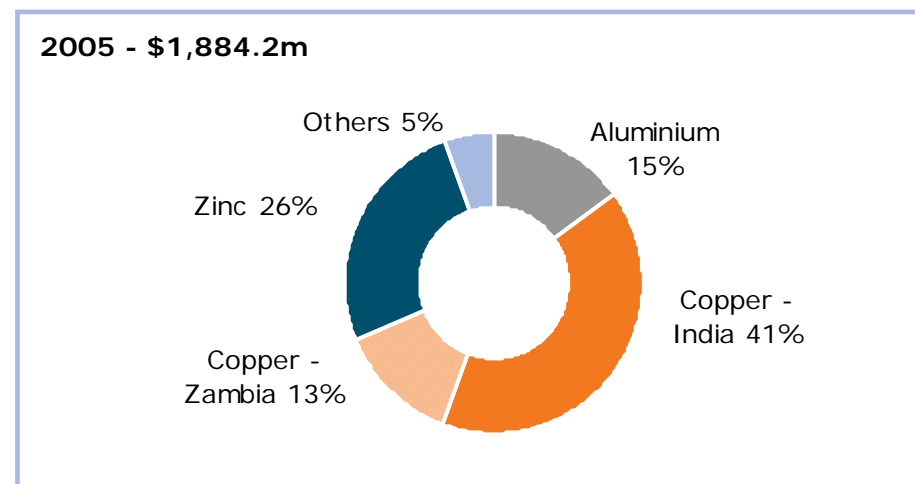
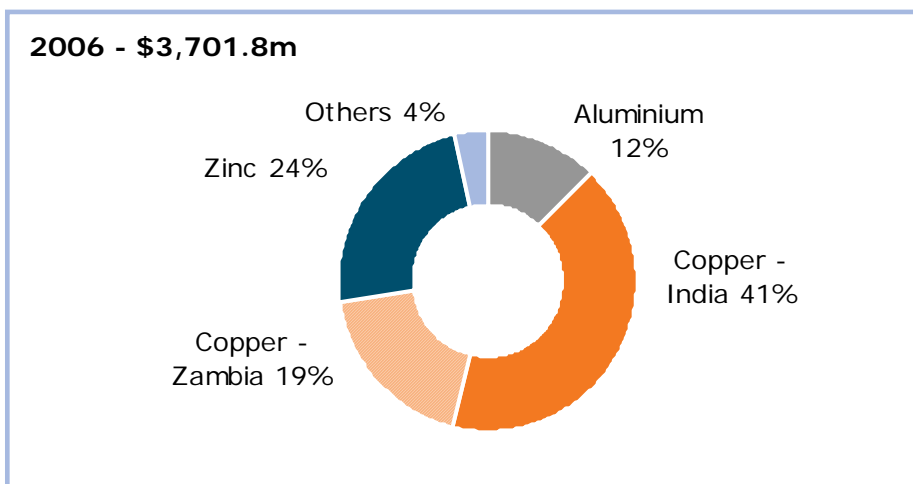
A. Industry Leading Returns

UK Listed Mining Companies' Total Shareholder Return (%) - 1 April 2005 to 31 March 2006



Source: DataStream; Excludes Kazakhmys as it was listed for only part of the year

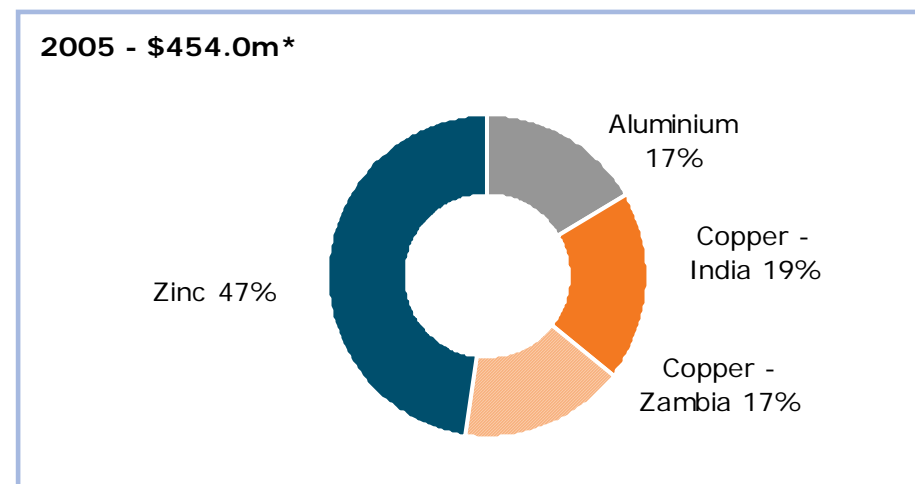
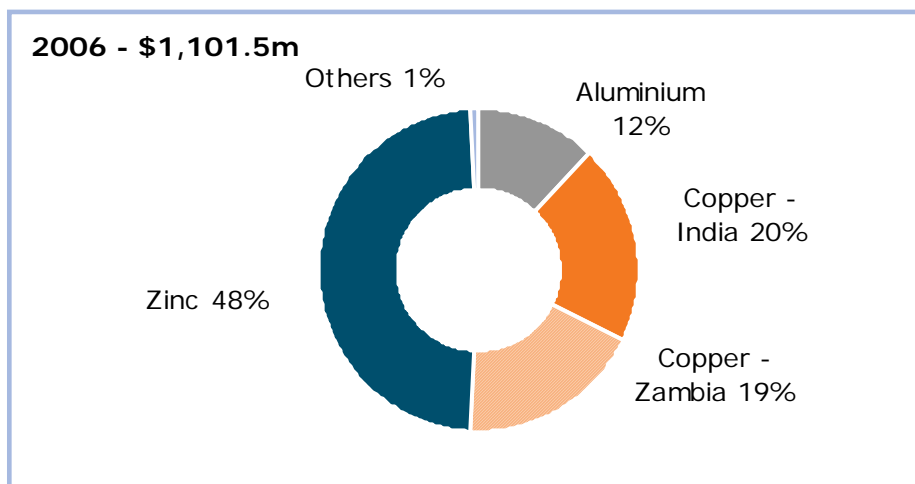
B. Revenue Segmentation Analysis



(\$m)	2006
Aluminium	453.0
Copper	
India	1,537.9
Zambia	703.4
Zinc	875.5
Others	132.0
Total	3,701.8

(\$m)	2005
Aluminium	281.7
Copper	
India	765.5
Zambia	249.2
Zinc	486.4
Others	101.4
Total	1,884.2

C. EBITDA Segmentation Analysis



*Percentages exclude Other contribution of \$(3.1)m

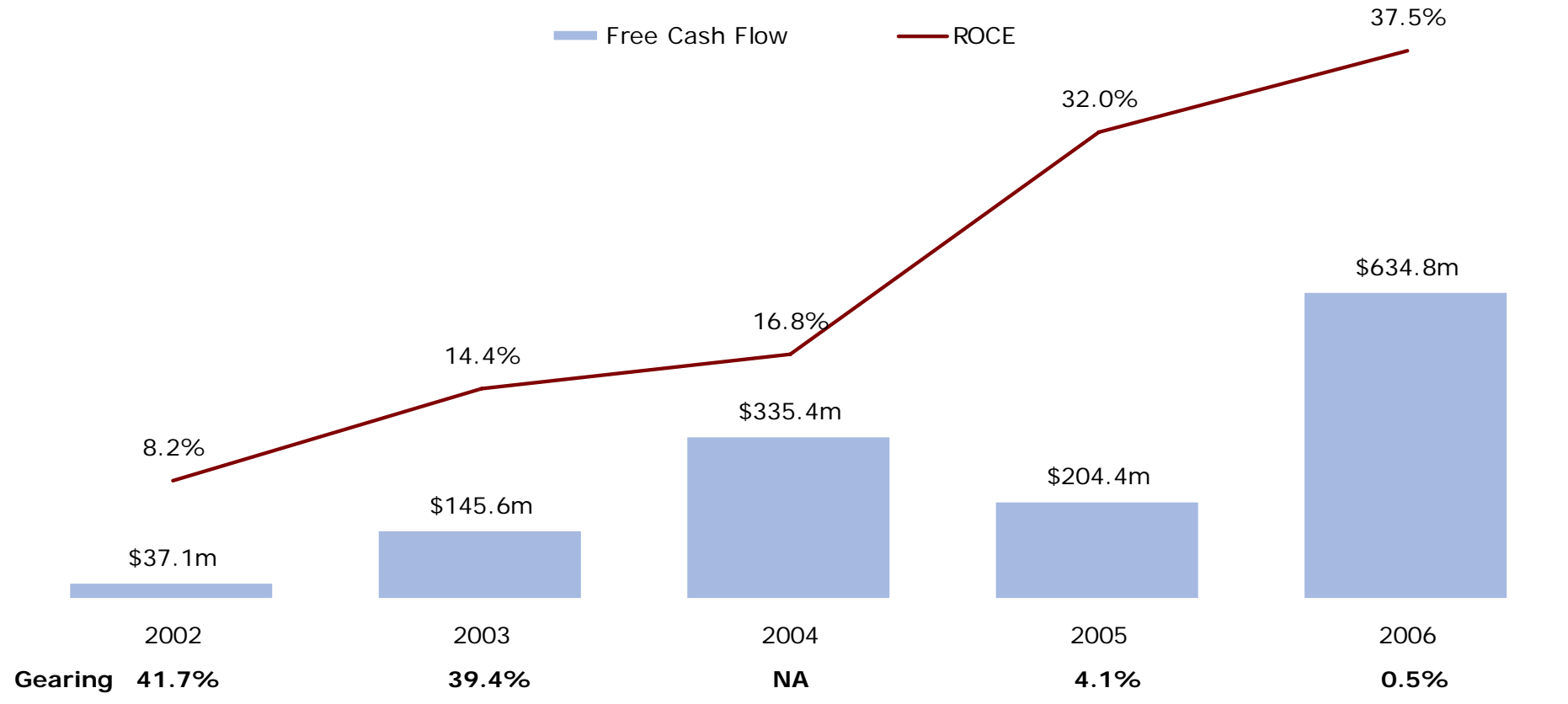
(\$m)	2006
Aluminium	135.3
Copper	
India	219.0
Zambia	206.3
Zinc	532.9
Others	8.0
Total	1,101.5

(\$m)	2005
Aluminium	75.6
Copper	
India	87.0
Zambia	76.0
Zinc	218.5
Others	(3.1)
Total	454.0

D. Strong Cash Flow, Balance Sheet, and Returns



Free Cash Flow and ROCE*: 2002-2006



* ROCE excludes capital work in progress

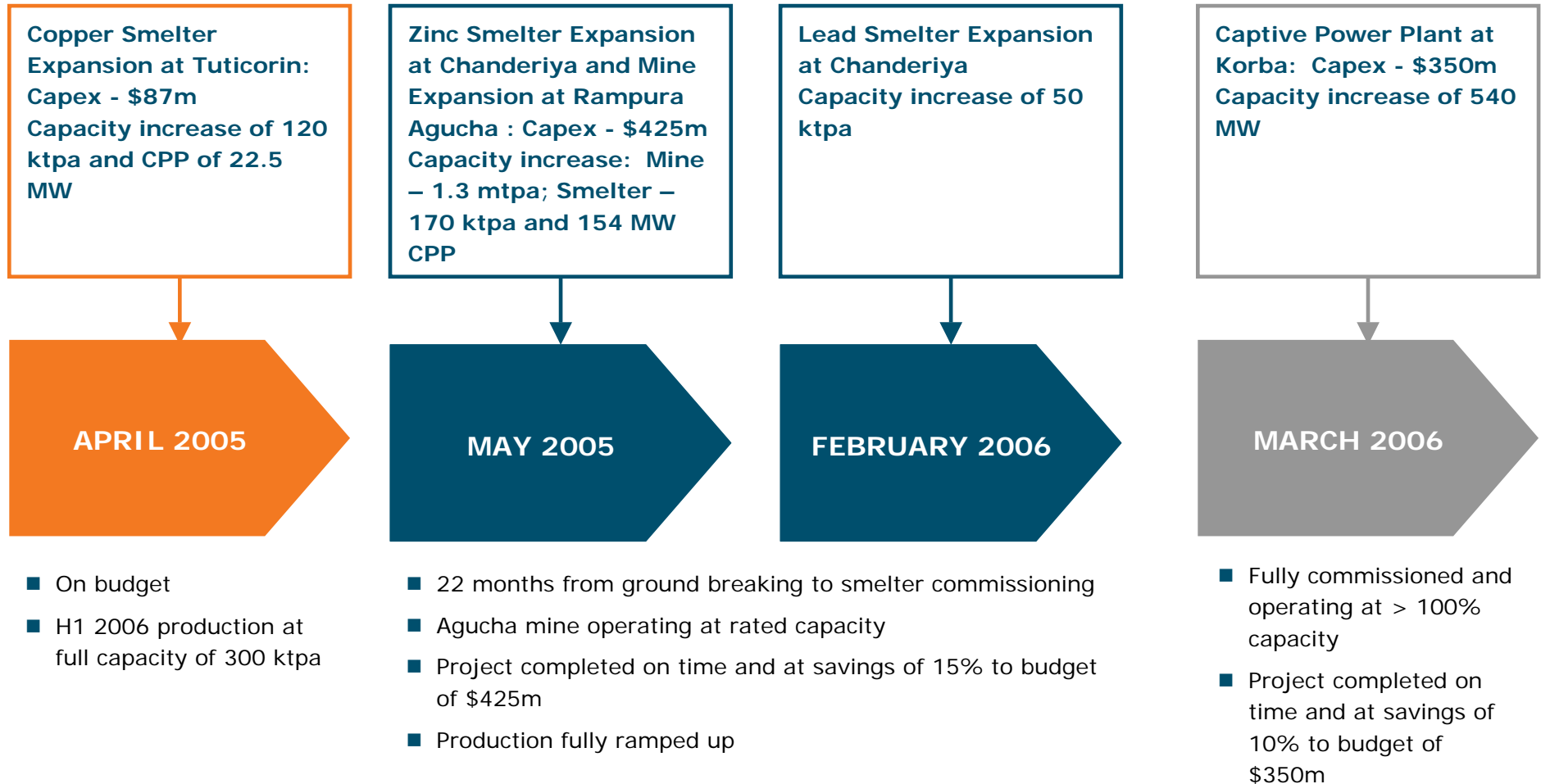
E. Sensitivity Analysis

\$m

Impact of a \$100 change in LME prices	
Copper	18.4
Aluminium	22.8
Zinc	41.4
Lead	2.7
Impact of a 2.5 USc/lb change in TCRCs	15.0
Impact of a 10% movement on EBITDA	
Indian rupee	113.8
Australian dollar	7.3
Zambian Kwacha	18.3

Note: Sensitivities are based on volumes, prices and other parameters in 2005-06

F. Phase I Projects Delivered



G. Phase I Projects Under Commissioning/ Development



**Aluminium Smelter
Expansion at Korba:
Capex - \$550m
Capacity increase of 250
ktpa**



SEPTEMBER 2006

- Expected to complete with savings of 10% over budget
- Developed at a low cost of \$2,000 per capex ton

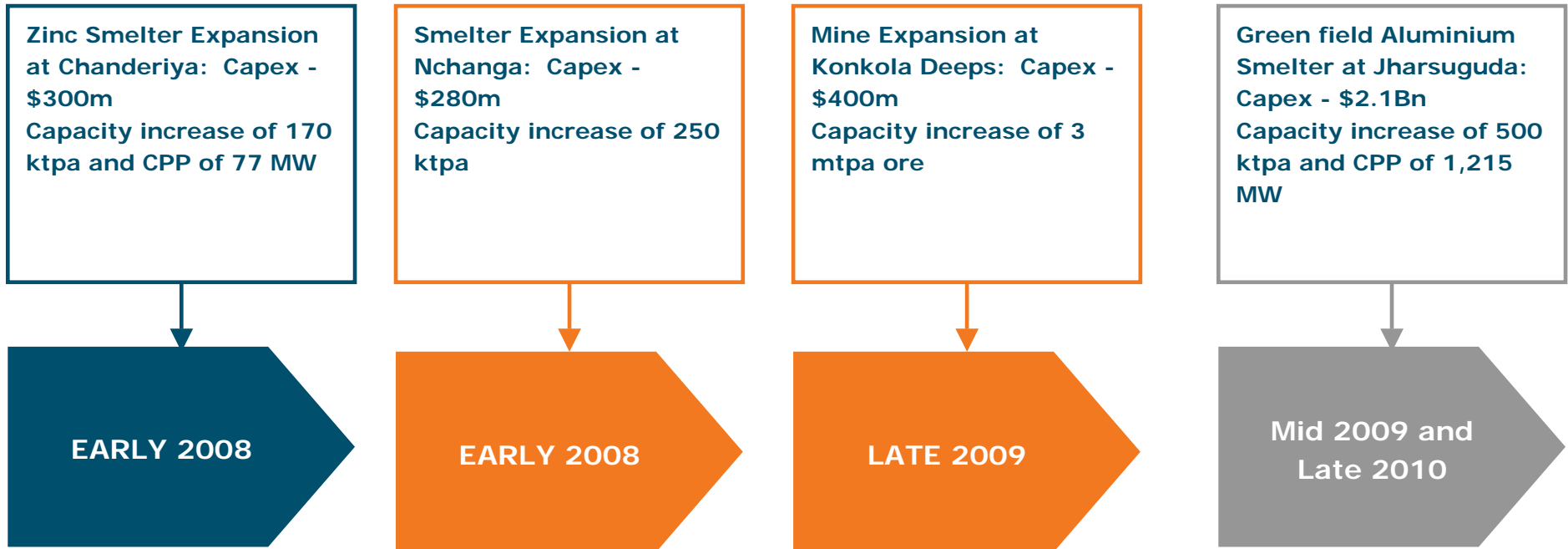
**Alumina Refinery at
Lanjigarh: Capex -
\$800m
Capacity increase of 1-
1.4 mtpa**



MARCH 2007

- Mechanical completion expected by June 2006
- Project on track for commissioning on time
- Expected savings of 15% over budget of \$800m

H. Phase II Projects Under Development

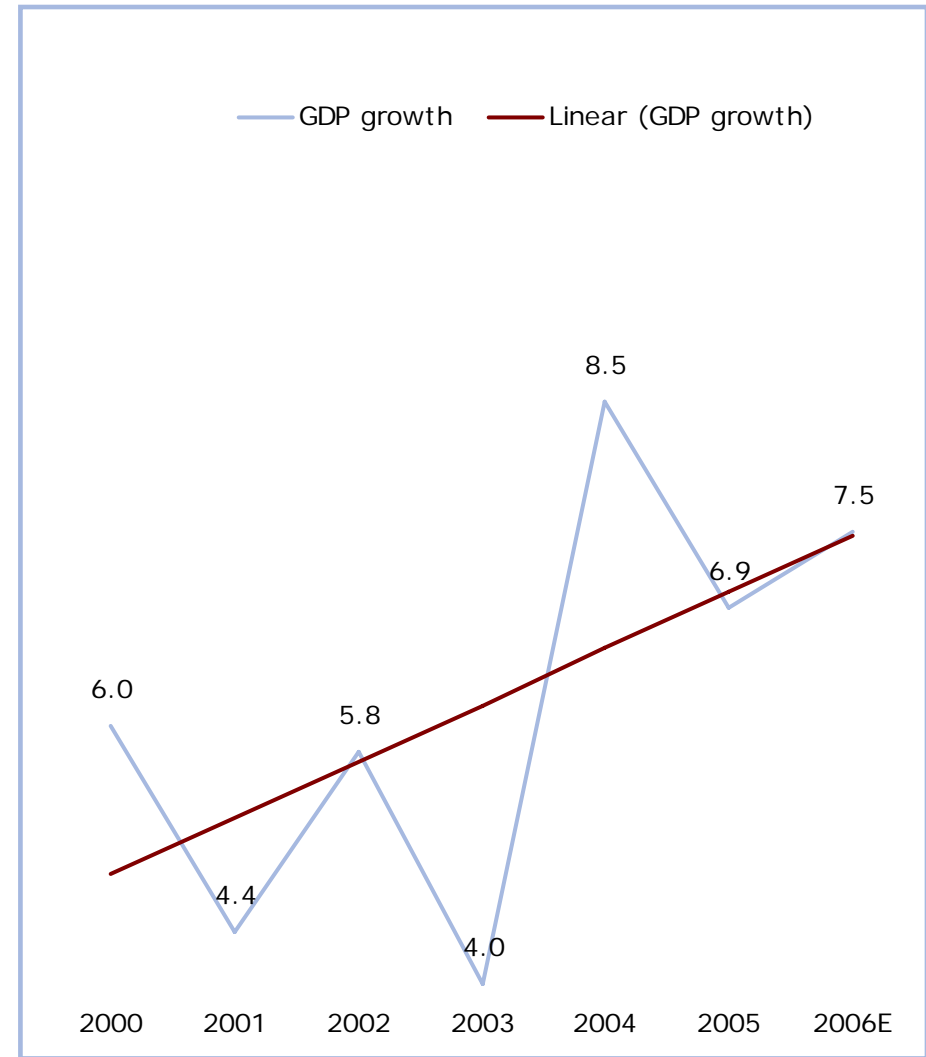


- Total capital expenditure of \$3.1 Bn
- Projects located close to resources
- Benefit from economies of scale and further improves low cost position
- Phase II projects leverage on existing strengths/ core competencies
- Reduced overall project and business risk, supporting rapid growth

I. India Outlook - Experiencing Sustained Strong Economic Growth



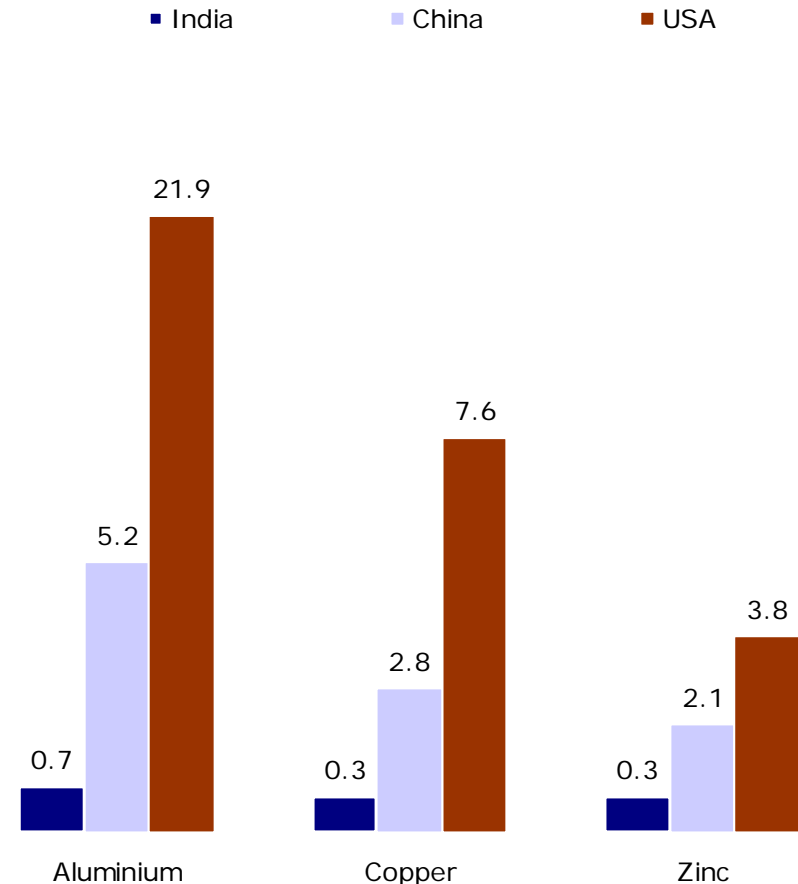
- Strong economic growth set to continue
 - GDP **CAGR** 2000-05: 2.8%
 - GDP growth in 2006E >7.5% p.a
 - Long-term GDP growth ~7.5%+
- Key growth drivers
 - investment
 - growing consumption
 - outsourcing
- Growing confidence in long-term growth
 - S&P outlook upgraded to “Positive”
 - Fiscal consolidation and reform program
 - Growing working population
 - Positive investment climate and stronger corporate balance sheets
 - FX reserves ~\$157 Bn, up 10.3% Y-o-Y



J. India Outlook – Strong Demand for Base Metals

- Low per capita consumption offering immense domestic growth opportunity
 - Economy has traditionally been consumer and services driven
- Major investment in infrastructure driven by government policy:
 - Sustained GDP growth of 7%+ requires infrastructure spend of ~\$100Bn by 2010
 - National Marine Development Program
 - \$13.6Bn planned investment on 219 projects between 2004-2014
 - Railways Freight Corridor Program - \$13.3 Bn planned investment on building ~10,000 km of track between 2005-2012
 - *National Urban Renewal Mission* and *Bharat Nirman*, focused on creating urban and rural infrastructure seen as a positive for investment activity
- Public private partnerships to build out infrastructure: airport and port modernisation, power projects, etc

Per Capita Metal Consumption (kg)



K. India Outlook - Supply Side Wealth

- Wealth of under-exploited resources:
 - 3rd largest worldwide reserves of iron ore
 - 4th largest worldwide reserves of coal
 - 5th largest worldwide reserves of bauxite
- Phased deblocking of 20Bn tons of coal for energy and power projects between 2006-2012
- Low capital cost of developing mining projects / smelters
- Access to highly qualified specialist talent pool
- Locational advantage
 - Supply to SE Asia / China