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1st June 2004

Sterlite Industries (India) Limited – Rights Issue

Vedanta Resources plc (“Vedanta”) is pleased to announce that the Securities and Exchange Board of India (“SEBI”) has approved the rights issue put forward by Vedanta’s Indian listed principal subsidiary, Sterlite Industries (India) Limited (“Sterlite”).

The Board of Sterlite met yesterday to finalise the terms of the rights issue and has approached SEBI for approval of these terms.

It is proposed that one new share will be issued for every 2 existing shares, at a price of INR 550. This will raise approximately INR 19,500 million (circa US\$430 m) for Sterlite.

The price of INR 550 compares to a three-month average of INR 504.

Vedanta will fully support the issue of new Sterlite shares and has undertaken to take up its entire pro-rata entitlement under the rights issue.

This initiative will advance Vedanta’s stated strategy of applying the proceeds raised in the London listing to fund its US\$2 billion investment programme and of releasing value contained in the current group ownership structure.

Peter Sydney-Smith, Vedanta’s Finance Director, said:

“We will fully support the rights issue and believe it is very attractive for shareholders. It follows our stated strategy of consolidating our ownership of group companies and enables us to fund some of the group’s major capital projects with the proceeds of our London listing.”

- ends -

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Notes to Editor

Vedanta is a diversified metals and mining group with zinc, copper and aluminium operations in India and two copper mines in Australia.

Vedanta holds its interests in these operations through two Indian-listed subsidiaries, Sterlite and the Madras Aluminium Company ("Malco").

Sterlite is Vedanta's principal subsidiary and is currently listed on the Bombay Stock Exchange. Vedanta, through its wholly owned subsidiaries, currently owns 62.4 per cent. of the issued share capital of Sterlite. In addition, Malco owns a further 7.13 per cent. of Sterlite. As a result, Vedanta currently has an effective interest of 68.1 per cent. in Sterlite.

Vedanta's copper operations are owned and operated by Sterlite. Sterlite also holds a 64.9% stake in the group's zinc business, Hindustan Zinc Ltd ("HZL"), and 51% of the Bharat Aluminium Company ("Balco").

When Vedanta listed on the London Stock Exchange in December 2003, one of its principal stated strategies was to consolidate its group structure by increasing its direct ownership in the Group's underlying businesses. At that time, Vedanta had a direct holding in Sterlite of 55.1 per cent. and as a result of Vedanta's 80 per cent. holding in Malco, which in turn holds 7.1 per cent. of Sterlite, had an effective interest of 60.8 per cent in Sterlite. Since then a number of initiatives have been pursued to implement this strategy.

These initiatives have included:

- The acquisition in November 2003 of a further 18.9 per cent. of the issued share capital of HZL from the Government of India for a total consideration of INR3,238 million (US\$71.6 million), increasing Sterlite's holding in HZL to 64.9 per cent.
- The acquisition on 6 January 2004 of 4.98 per cent. of the issued share capital of Sterlite from SEWT for a consideration of INR739 per share (after adjusting for the one to one bonus share issue made by Sterlite at the end of January 2004). The total consideration for this acquisition was INR2,644 million (US\$58 million).
- The acquisition announced on 14 April 2004 of 2.4 per cent. of the issued share capital of Sterlite from the SEWT by Twin Star for a consideration of INR550 per share. The total consideration for this acquisition was INR936 million (US\$21.4 million).

Furthermore, the announced rights issue could result in an increase of Vedanta's interest in Sterlite.