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Vedanta Resources plc Enters Commercial Energy Business

The Board of Vedanta Resources plc ("Vedanta") has approved a project to enter into the commercial energy business in India. The first phase of this project involves the setting up a 2400 MW green field power plant in Jharsuguda, Orissa at a total cost of \$1.9 billion. The power business will be operated through Sterlite Energy Limited (SEL), a wholly owned subsidiary of Sterlite Industries India Limited.

Demand for power in India to support its growing economy has in recent years exceeded supply. Per capita consumption of power in India, despite having increased significantly in recent years, continues to lag behind power consumption in other leading developed and emerging economies by a large margin. To sustain the strong recent economic growth in India, the Ministry of Power in India has set an ambitious target of providing "Power for All" with a target of achieving an installed capacity of 212,000 MW by 2012 by adding approximately 100,000 MW of generation capacity. India has large thermal coal resources, and the coal industry is in a process of government deregulation that is expected to increase the availability of coal. We believe these factors make the power generation business an attractive growth opportunity in India and that, by leveraging our project execution and operating skills in building and operating captive power plants, Sterlite may compete successfully in this business.

The Group proposes to set up a 4x600 MW coal based thermal power plant at Jharsuguda, Orissa. SEL has commenced construction of the first phase of the project. It will comprise 4 units of 600 MW each. The second phase of the project, which has not yet been approved by the Board of Vedanta, is for 1200 MW comprising 2 units of 600 MW each. The power generated will be sold to the State Electricity Boards and power trading companies. It would require approximately 13 million tpa of coal to run the 2400 MW power plant, which would be obtained from coal blocks to be allotted.

The total investment is based on the green-field nature of the project and is estimated at US\$1.9 billion, to be phased over 4 years. This investment includes boiler and generating unit common facilities like coal handling systems, water treatment plant, cooling water systems, instrumentation, control tower and all necessary infrastructure including railway networks, water pipelines and a township for employees. The investment will be funded through a combination of internal resources and external financing.

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About Vedanta Resources plc

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

About Sterlite Industries India Limited

Sterlite Industries (India) Limited, a majority subsidiary of Vedanta Resources plc, is one of India's leading diversified Metals and Mining companies with interests and operations in aluminium, copper and zinc and lead. The company's main operating subsidiaries are Hindustan Zinc Limited for its zinc and lead operations; Copper Mines of Tasmania Pty Limited for its copper operations in Australia; and Bharat Aluminium Company Limited for its aluminium operations. The company operates its copper operations in India itself.

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," 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.