

November 17, 2005

Vedanta Resources plc

Interim results for the six months ended 30 September 2005

Highlights

- **Financial Performance**
 - Group Revenue up 104% to \$1,384.6m and Group EBITDA up 110% to \$336.5m, driven by better prices and strong volume growth
 - Operating profit up 114% to \$258.2 million
 - Strong balance sheet with net assets of \$1.9 billion and gearing of 20%
 - ROCE (excluding project capital work in progress) at 28%
 - Underlying EPS up 213% at 37.6 US cents
 - Interim dividend declared at 5.7 US cents per share

- **Operations**
 - Production of all key metals significantly higher
 - Copper expansion fully ramped up ahead of schedule
 - Zinc expansion ramp up on schedule
 - Commissioning of new Korba aluminium smelter on track and contributing to half-year production

(in US\$ millions, except as stated)

Consolidated Group Results	H1 2006	H1 2005 (restated)¹	Change
Revenue	1,384.6	677.4	104.4%
EBITDA	336.5	159.9	110.4%
<i>EBITDA Margins</i>	24.3%	23.6%	
Operating Profit	258.2	120.7	113.9%
Attributable Profit	107.9	34.3	214.6%
Basic Earnings per Share <i>(in US cents)</i>	37.6	12.0	213.3%
ROCE <i>(excluding project capital work in progress)</i>	27.8%	26.4%	
Interim Dividend <i>(US cents per share)</i>	5.7	5.5	

(1. Restated for the impact of adopting IFRS)

“Vedanta has produced another strong set of results, demonstrating delivery on our strategy and the benefits of growth across all our metals.” **said Anil Agarwal, Executive Chairman, Vedanta Resources plc.** *“The next phase of our growth strategy across all our businesses is now underway, and I look forward to reporting on further progress in the second half.”*

For further information, please contact:

Sumanth Cidambi
Associate Director – Investor Relations
Vedanta Resources plc

sumanth.cidambi@vedanta.co.in
Tel: +91 22 5646 1444

Faeth Birch
Robin Walker
Finsbury

Tel: +44 20 7251 3801

Executive Chairman's Statement

This has been an important six month period in Vedanta's growth story. Group revenue and operating profit in the first half of this year have more than doubled compared to the corresponding period last year, reflecting both the increased volumes and improved prices across the Group's metals as well as the contribution of KCM. Our 27.8% return on capital employed after excluding capital work in progress is higher than the corresponding period last year.

We have made excellent progress, both at existing operations, which are operating at capacity and at the growth projects announced since our IPO. Our zinc facilities in Chanderiya were commissioned in May 2005 and our recently expanded copper smelter in Tuticorin is now operating at its full rated capacity. The expansion of our aluminium smelter at Korba and the new alumina refinery at Lanjigarh are progressing on schedule and within budget. We are pleased that the Central Committee has submitted its recommendations. This submission allows the approval process for the mine to move forward. We remain confident in commissioning the Orissa Alumina refinery early in 2007. We have also recently announced the \$300 million 170,000 tpa zinc expansion at Chanderiya, due early in 2008, as well as the \$400 million KDMP expansion due in 2009. We are also expanding the capacity of the Nkana smelter to 300,000 tpa by putting up a new primary smelting stream at a capital cost of \$125 million to cater to the requirement of additional smelting of sulphide ore. These expansion projects are an integral part of pursuing our goal as a world class metals and mining group.

We seek continually to improve operational efficiencies and optimise the performance of our assets and to drive down our total costs of production. Measures introduced in this regard have improved our controllable costs during the period, although, like many of our peer group, we have not been immune to external factors such as energy and fuel costs. Optimising our controllable cost base is essential to our goal of delivering strong financial returns.

Given India's industrial growth and the consequent expanding domestic demand for metal, our growth projects continue to look attractive. There are also signs of growth in other markets and we expect this to yield additional export-led opportunities. In light of this environment, we are evaluating the development of a 500,000 tpa aluminium smelter at Jharsuguda in the state of Orissa.

Whilst greenfield and brownfield projects have been central to our growth, another pillar of our strategy continues to be leveraging our established skills through acquisition and KCM is a good example of this approach. KCM's contribution to our results demonstrates our ability to integrate companies we acquire into the Vedanta fold. We have put a strong team of experienced professionals into KCM, and are focusing on achieving operational efficiencies and process improvements. Vedanta has a long-standing turnaround track record and the transfer of best practices from other parts of the Group should facilitate achieving operational efficiencies in our Zambian operations. We expect these measures to result in higher output and lower costs in the second half of the financial year.

Our efforts continue with regard to the consolidation of our corporate structure. For KCM, an independent expert has been commissioned by both parties in relation to the exercise of our call option over a 28.4% stake in that company, as required under the terms of that option. As previously stated, we also aim to increase our economic interest in BALCO, but the process is taking longer than we had originally anticipated.

Vedanta's success would not be possible without our people. It is the energy of our people that makes our work environment exciting and challenging. Our growth has led us to put effective strategies in place to identify and develop talent across our organisation. These initiatives include developing career options for our diverse workforce, cultivating cross-disciplinary competencies and offering our managers challenging assignments and responsibility early on in their careers. Our goal is to be regarded as an employer-of-choice in the metals and mining industry, enabling us to readily access talent pools in the geographies in which we operate. We have created decentralised organisations at each of our subsidiary entities whilst aligning them to the common group goals. This enables them to efficiently accelerate their decision-making cycles.

Mr. Peter Sydney-Smith, our Group Finance Director left the Board in August and Mr. D D Jalan has been appointed as our Group Chief Financial Officer.

Looking ahead for the rest of the year, we continue to see solid and steady growth in the underlying demand for our metals. The additional volumes coming from our newly commissioned projects meet this strong demand. The prospects of our outstanding project pipeline combined with the cost reduction and efficiency measures which we are implementing lead me to express a positive outlook for the remainder of the year. I look forward to reporting further progress in our business at the year end.

Anil Agarwal
Executive Chairman

Operating and Finance Review

Summary

During the first half of the year, the Group has delivered further growth in Revenue and profitability. Compared with the first half of last year, Group revenue is up 104.4% to \$1,384.6 million, Group EBITDA is up 110.4% to \$336.5 million and operating profit is up 113.9% to \$258.2 million. Attributable profit was up 214.6% to \$107.9 million and basic earnings per share (based on Attributable Profit) are 213.3% higher at 37.6 US cents. These results include the full contribution from KCM for the six month period and reflect strong growth in production volumes in each of our key metals and a favourable price environment. Like several of our peers we have experienced some upward pressure on account of fuel, coal prices and other input costs, but we have sought to manage these costs closely to limit their impact on our profitability. Operating conditions were fairly stable, and with the completion of the ramp-up of our newly commissioned facilities in the second half of this financial year and the lower cost power increasingly becoming available from our captive power plants, we expect to see an appreciable reduction in our operating costs.

Segmental Revenue and EBITDA are presented in the table below.

(in US\$ millions, except as stated)

	H1 2006	H1 2005 (restated) ¹
Revenue		
Aluminium	155.8	122.8
Copper		
— India	596.5	316.8
— Zambia	304.9	—
Zinc	271.9	196.0
Others	55.5	41.8
	<u>1,384.6</u>	<u>677.4</u>
EBITDA		
Aluminium	37.6	33.8
Copper		
— India / Australia	81.5	42.0
— Zambia	90.3	—
Zinc	124.0	84.0
Others	3.1	0.1
	<u>336.5</u>	<u>159.9</u>

(1. Restated for the impact of adopting IFRS)

Production volumes

We reported significant increases in production volumes across all the three metals, in our production report release of 11 October 2005. The increase in volumes comes largely from our newly commissioned facilities. Production of copper at KCM was marginally affected by an industrial action, which was quickly resolved.

Projects

As the various projects that we have started since the IPO come on line, our production volumes continue to ramp up significantly.

The ramp up of our 120,000 tpa copper smelter at Tuticorin is now complete and is delivering to its rated capacity.

A total of 121 pots out of 288 are now commissioned at our 250,000 tpa aluminium expansion at Korba together with three out of the four 135 MW power units of the 540 MW captive power plant. The remaining power unit and pots are expected to be commissioned by December 2005 and March 2006, respectively as scheduled.

The mine expansion at Rampura Agucha is complete and is performing at its rated capacity. The ramp up of the 170,000 tpa zinc smelter at Chanderiya is progressing. The smelter ramp up at Chanderiya initially faced teething issues that have since been resolved. The project is expected to stabilise shortly and is likely to be fully ramped-up in the second half of the current financial year. To cater for increasing Indian and global demand, a second 170,000 tpa smelter will be built at Chanderiya at a cost of \$300 million. Preliminary work on this project in terms of ordering equipment has begun. This project is expected to be completed by early 2008.

We have also announced the \$400 million KDMP expansion to increase the copper ore output from the Konkola mine from 2 million tpa to 6 million tpa. This project is due for completion in late 2009. We are expanding the capacity of our Nkana smelter to 300,000 tpa by putting up a primary smelting stream. This expansion is expected to have a capital cost of \$125 million and will cater to the requirement of additional smelting of sulphide ore. This smelter is expected to be completed by 2008.

The detailed engineering for our proposed 1.4 million tpa alumina refinery at Lanjigarh is largely complete and deliveries of major equipment and vessels are on schedule. Overall, construction at the alumina refinery is progressing well. Mechanical completion of the refinery is expected in mid 2006. In response to the public interest submission, we are pleased that the Central Committee has submitted its recommendations. This submission allows the approval process for the mine to move forward. We remain confident in commissioning the Orissa Alumina refinery early in 2007.

Effective interest/minorities

The Company has exercised its call option over the Indian government's 49% stake in BALCO and the completion of this process is taking longer than anticipated. An independent valuation process of the 28.4% stake owned by ZCI in KCM is currently underway to determine an exercise price for the group's call option over that stake. The company has no obligation to purchase ZCI's stake, upon conclusion of the independent expert's work, expected by the end of December 2005.

Dividend

The Board has recommended an interim dividend of 5.70 US cents per share. This is marginally higher than one third of last year's dividend of 17.05 US cents per share. In accordance with our dividend policy, the Board will pay an interim dividend which is one third of the previous year's full payment.

Demand

The Indian economy is currently demonstrating a GDP growth of ~8% per annum. Industrial production grew at ~9% per annum in the first half of financial 2006 accompanied by a robust growth of ~10% per annum in the manufacturing sector, during the same period, according to estimates by the Centre for Monitoring Indian Economy; and is expected to grow at this pace for the remainder of the year. Increased activity in the manufacturing sector, continuing liberalisation and a high rate of infrastructure growth in areas such as construction and power have lead to an increased demand for metals, which are likely to witness double digit growth rates.

Outlook

We believe that the additional volumes delivered through our projects combined with strong demand and a favourable price environment provides a positive outlook for the remainder of the financial year.

Operating Review

Aluminium

(in US\$ millions, except as stated)

	H1 2006	H1 2005 (restated) ¹	Change	FY 2005 (restated) ¹
Revenue	155.8	122.8	26.9%	281.7
EBITDA	37.6	33.8	11.2%	75.6
<i>EBITDA Margins</i>	24.1%	27.5%		26.8%
Operating Profit	27.8	26.1	6.5%	57.4
Production Volume (000 tons)				
— Aluminium	82	66	24.2%	136
— Alumina	142	130	9.2%	279
Average LME Prices (US\$/ton)	1810	1694	6.8%	1779
Unit Costs (US\$/ton)				
— BALCO	1551	1303	19.0%	1347
— MALCO	1530	1395	9.7%	1466

(1. Restated for the impact of adopting IFRS)

The existing production facilities at BALCO and MALCO continue to operate at full capacity and have benefited from the increase in metal prices. Continual efforts are being made to improve efficiencies and productivity at the existing plants.

The new Korba smelter produced about 12,000 tons of metal in the six month period and was the main contributor to the increased production compared with H1 2005. Three out of the four power units have been commissioned and 121 pots have now been brought on line. We expect the remaining power unit and pots to be commissioned by December 2005 and March 2006, respectively as scheduled.

EBITDA has risen by 11% over the corresponding period of the previous year, driven by strong metal prices and volumes. Energy costs and the rising cost of coal, power, and other inputs during the period accounted for nearly all of the increase in unit costs compared with H1 2005. Coal prices continue to be high and, given the current policy framework, we plan to meet part of our requirement of coal through imports which will have a further adverse impact on the costs of power. Operating costs of the new Korba smelter are expected to stabilise once operations are closer to capacity. We continue to source alumina from external sources at prevailing market prices for the expanded capacity at Korba.

Demand for aluminium in India continues to grow at approximately 10% per annum, driven mainly by the power and construction sectors. Power transmission and electrical applications continue to be the largest users of aluminium in the country. With the increased capacity coming on line, we are well positioned to service this market.

Copper - India and Australia

(in US\$ millions, except as stated)

	H1 2006	H1 2005 (restated) ¹	Change	FY 2005 (restated) ¹
Revenue	596.5	316.8	88.3%	765.5
EBITDA	81.5	42.0	94.0%	87.0
<i>EBITDA Margins</i>	13.7%	13.3%		11.4%
Operating Profit	62.3	25.0	149.2%	50.5
Production Volume (000 tons)				
— Cathode	124	77	61.0%	172
— Rod	80	53	50.9%	125
— Mined metal content	18	20	(10.0%)	40
Average LME Prices (US cents/lb)	162.3	127.9	26.9%	136.0
TC/RCs (US cents/lb)	15.7	6.6	137.9%	8.6
Unit Costs (US cents/lb)	6.5	8.5	(23.5%)	7.1

(1. Restated for the impact of adopting IFRS)

Revenue rose strongly by 88% to \$596.5 million on the back of both higher volumes and LME prices. The benefit of the increase in LME prices was largely offset by the matching rise in the purchase cost of copper concentrate. EBITDA increased by 94% to \$81.5 million primarily on account of improved TC/RCs and lower costs of production, despite reductions in metal tariffs.

The expanded capacity of the smelter at Tuticorin has been ramped up swiftly and ahead of schedule and the benefit of this in terms of increased volumes of cathode production is now being achieved. Lower mine production reflects the closure of TCM in July 2005 for which closure costs were fully provided.

Average TC/RCs improved significantly during the current six month period to 15.7 US cents/lb from 6.6 US cents/lb in the comparable prior period. We expect average TC/RCs to improve further in the remainder of FY 2006.

Unit costs were further reduced to 6.5 US cents /lb during the current six month period compared to 8.5 US cents/lb in the comparable prior period, as a result of additional volumes arising out of our expanded capacity, better metal recovery and improved by-product management.

Demand for copper in India continues to grow at around 7% per annum. This consumption is driven mainly by the power sector, construction and the automotive sectors. With power generation facilities set to double by 2012, the outlook for copper demand in India looks promising.

Copper - Zambia

(in US\$ millions, except as stated)

	H1 2006	H1 2005 (restated) ¹	Change	FY 2005 (restated) ^{1,2}
Revenue	304.9	—	NA	249.2
EBITDA	90.3	—	NA	76.0
EBITDA Margins	29.6%	—	NA	30.5%
Operating Profit	63.3	—	NA	52.7
Production Volume (000 tons)				
— Cathode	81	—	NA	68
— Mined metal content	54	—	NA	43
Average LME Prices (US cents/lb)	162.3	—	NA	136.0
Unit Costs (US cents/lb)	113.2	—	NA	106.2

(1. Restated for the impact of adopting IFRS, 2. Pertains to the five months from November 2004 to March 2005)

The group's 51% interest in KCM was acquired in November 2004. The results of KCM are fully consolidated with the Group results for the six months ended 30 September 2005. No prior period comparatives are available.

Industrial action in July 2005 marginally affected production at KCM but was quickly resolved. Despite this temporary setback and a nationwide fuel crisis in Zambia, production levels remained relatively unchanged. We have undertaken several initiatives including process improvements, transfer of best practices, the construction of a new acid plant and the appointment of a new management team. We believe the impact of these actions will be reflected in KCM's performance for the second half of FY 2006 and onwards.

Zinc

(in US\$ millions, except as stated)

	H1 2006	H1 2005 (restated) ¹	Change	FY 2005 (restated) ¹
Revenue	271.9	196.0	38.7%	486.4
EBITDA	124.0	84.0	47.6%	218.5
EBITDA Margins	45.6%	42.9%		44.9%
Operating Profit	102.0	69.7	46.3%	190.6
Production Volume (000 tons)				
— Refined metal	123	104	18.3%	212
— Mined metal content	220	167	31.7%	355
Average LME Prices (US\$/ton)	1286	1003	28.2%	1108
Unit Costs (US\$/ton)	707	683	3.5%	695

(1. Restated for the impact of adopting IFRS)

Revenues have increased by 38.7% and EBITDA by 47.6% in the first half of FY 2006 on higher volumes and improved prices despite the impact of tariff reductions.

The expansion and the ramp up of the Rampura Agucha mine was reflected in the substantial increase in production of zinc concentrate. Refined zinc production in the first half of the year reflects the ramp up of the new 170,000 tpa smelter at Chanderiya, which contributed 21,000 tons of metal in the first half of the year. The smelter ramp up at Chanderiya initially faced teething issues that have since been resolved.

Costs of production of refined zinc increased to \$707 per ton largely due to increases in coal costs, and increases in royalties which are linked to the LME price. We expect the full production ramp up and availability of cheap captive power to result in lower costs during the second half of the year.

Demand for zinc in India continues to grow at around 12% per annum, fuelled by demand for galvanised steel used in the infrastructure, power and automotive sectors. The group's domestic market share in zinc remains strong and has grown since last year. We believe the outlook for zinc continues to be strong in both domestic and export markets. To cater to this increased demand, we are developing a further 170,000 tpa smelter at Chanderiya. Additionally, our new 50,000 tpa lead plant is likely to be commissioned in the current quarter. As a result of this expansion, our production of lead and silver as by-products will increase.

Finance Review

Summary consolidated financial information

(in US\$ millions, except as stated)

	H1 2006	H1 2005 (restated) ¹	Change	FY 2005 (restated) ¹
Revenue	1,384.6	677.4	104.4%	1884.2
EBITDA	336.5	159.9	110.4%	454.0
EBITDA Margin	24.3%	23.6%		24.1%
Operating Profit	258.2	120.7	113.9%	328.0
Profit Before Tax	257.1	111.9	129.8%	386.3
Profit After Tax	185.5	70.6	162.7%	299.3
Attributable Profit	107.9	34.3	214.6%	178.9
Underlying Profit	107.9	34.6	211.8%	140.1
Basic EPS (US cents)	37.6	12.0	213.3%	62.5
Return on Capital Employed (excluding project capital work in progress)	27.8%	26.4%		32.0%
Net Assets (per share)	6.47	4.67	38.5%	6.09
Net (Debt)/Cash	(455.7)	113.7		(74.3)
Gearing	19.7%	NA		4.1%
Expansion capital expenditure	315.1	357.6		1028.9

(1. Restated for the impact of adopting IFRS)

Operating Profit and Profit Before Tax

Group operating profit increased by 113.9% to \$258.2 million compared with the prior period. Had the impact of KCM been excluded, group operating profit would have been \$194.9 million, an increase of 61.5%. Profit before tax increased by 129.8% to \$257.1 million compared with H1 2005. Had the impact of KCM been excluded, profit before tax would have increased by 70% to \$190.1 million.

Tax

The projected effective tax rate for FY 2006 is approximately 27.0% compared with 22.5% for FY 2005. The effective tax rate in FY 2005 was 29.4%, unadjusted for the effect of the IFRS restatement. The lower projected effective tax rate in the current year reflects a reduction in the nominal tax rate in India from 36.6% last year to 33.7% in the current year. The tax rate is also sensitive to the availability of various tax incentives which differ from subsidiary to subsidiary and also due to differing tax rates in India and Zambia, which affect the profit mix.

Attributable Profit and Earnings Per Share

Attributable profit for H1 2006 was \$107.9 million, up 214.6% as compared to the previous period. The increase is primarily due to an increase in profit for the period as well as a decrease in the share of minority interests in profits. Share of minority interests in profits has reduced to 41.8% for the period as compared to 51.4% for the comparable prior period. EPS based on Attributable Profit has increased by 213.3% to 37.6 US cents compared with the corresponding prior period.

Balance Sheet

Capital employed is \$2.3 billion at 30 September 2005 compared with \$1.8 billion at 31 March 2005. Approximately half this increase is attributable to fixed assets and the remainder to increases in working capital. Working capital has increased largely due to higher levels of inventory and trade receivables. Inventory values, across our metals, primarily reflect higher LME prices, increasing production capacities and higher precious metal content. Trade and other receivables reflect higher volumes and prices. We expect working capital levels to decline in the second half of the current financial year. ROCE (excluding project capital work in progress), one of our key performance indicators, at 27.8 % is higher than the corresponding period of the previous year by 1.4% reflecting the incremental returns generated by our asset expansions and ongoing efficiency measures.

Cash flow and debt

The group's gearing continues to be low with net debt of \$456 million representing a gearing ratio of 19.7 per cent compared with 4.1 per cent at 31 March 2005. Net debt comprises cash and other liquid funds totalling \$1,459 million and borrowings of \$1,915 million. Net debt has increased by \$381 million since March 2005 primarily on account of project funding and higher working capital in Sterlite. The Group's capital expenditure for the period was \$355 million. Interest cover is 14.6 times and the Company's credit rating continues to be at the level of India's sovereign rating.

Impact of IFRS

On 27 September 2005, Vedanta Resources plc issued an IFRS restatement relating to its 2005 financial statements. The adoption of IFRS has had an immaterial impact upon the group's EBITDA and cash flows. All comparative amounts set out in this document are in line with the IFRS restatement.

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 Vedanta, particular uncertainties arise from the behavior 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 political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. Vedanta Resources plc does not undertake to update our forward-looking statements.”

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 and Australia. The major metals produced are aluminium, copper, zinc and lead. For further information, please visit www.vedantaresources.com.

Consolidated Income Statement

	Note	Six months ended 30 September 2005 US \$ million	Six months ended 30 September 2004 US \$ million	Year ended 31 March 2005 US \$ million
Revenue				
Continuing operations		1,384.6	677.4	1,635.0
Acquisitions		-	-	249.2
Group revenue	3	1,384.6	677.4	1,884.2
Cost of sales		(1,055.2)	(506.5)	(1,415.7)
Gross profit		329.4	170.9	468.5
Other operating income		16.2	9.7	25.9
Distribution costs		(30.2)	(18.7)	(51.5)
Administrative expenses		(57.2)	(40.0)	(92.6)
Administrative expenses – special items	4a	-	(1.2)	(22.3)
Operating profit	3	258.2	120.7	328.0
Investment revenues		22.3	17.1	37.5
Finance costs		(23.1)	(24.1)	(30.1)
Share of loss of associate		(0.3)	(1.8)	(5.6)
Special item – negative goodwill	4b	-	-	56.5
Profit before taxation		257.1	111.9	386.3
Income tax expense	5	(71.6)	(41.3)	(87.0)
Profit for the period/year		185.5	70.6	299.3
Attributable to:				
Equity holders of the parent		107.9	34.3	178.9
Minority interests		77.6	36.3	120.4
		185.5	70.6	299.3
Basic earnings per ordinary share (US Cents) (not annualised)	6	37.6	12.0	62.5
Diluted earnings per ordinary share (US Cents) (not annualised)	6	37.3	11.4	61.5

Consolidated Balance Sheet

	As at 30 September 2005	As at 30 September 2004	As at 31 March 2005
	US \$ million	US \$ million	US \$ million
ASSETS			
Non-current assets			
Goodwill	12.1	11.5	12.2
Property, plant and equipment	2,550.9	1,533.6	2,288.6
Investment in associate	2.9	5.1	3.3
Financial asset investments	27.3	23.5	24.8
Other non-current assets	21.0	23.4	34.6
Other financial assets (derivatives)	37.5	-	-
Deferred tax asset	87.7	-	90.0
	2,739.4	1,597.1	2,453.5
Current assets			
Inventories	646.8	265.2	337.7
Trade and other receivables	441.1	241.9	339.6
Current asset investments	292.9	132.9	262.0
Cash and cash equivalents	1,166.3	838.1	1,185.6
	2,547.1	1,478.1	2,124.9
TOTAL ASSETS	5,286.5	3,075.2	4,578.4
LIABILITIES			
Current liabilities			
Short term borrowings	(516.5)	(198.0)	(194.7)
Convertible loan notes	(5.9)	(49.5)	(23.7)
Trade and other payables	(817.0)	(583.8)	(675.0)
Other current financial liabilities (derivatives)	(46.6)	-	-
Provisions	(12.8)	(11.6)	(37.0)
Current tax liabilities	(19.6)	(23.6)	(15.1)
	(1,418.4)	(866.5)	(945.5)
Net current assets	1,128.7	611.6	1,179.4
Non-current liabilities			
Medium and long term borrowings	(1,349.8)	(609.8)	(1,303.5)
Trade and other payables	(12.1)	(12.1)	(41.2)
Other financial liabilities (derivatives)	(76.9)	-	-
Deferred tax liabilities	(245.8)	(226.1)	(234.9)
Provisions	(266.8)	(22.0)	(247.2)
Non equity minority interests	(59.4)	-	(59.4)
	(2,010.8)	(870.0)	(1,886.2)
Total liabilities	(3,429.2)	(1,736.5)	(2,831.7)
Net Assets	1,857.3	1,338.7	1,746.7
EQUITY			
Share capital	28.7	28.6	28.7
Share premium account	18.6	18.6	18.6
Share based payment reserves	3.1	1.8	2.5
Other reserves	143.5	(20.6)	43.9
Retained earnings	958.5	918.9	1,016.8
Equity attributable to equity holders of the parent	1,152.4	947.3	1,110.5
Minority interests	704.9	391.4	636.2
Total Equity	1,857.3	1,338.7	1,746.7

Consolidated Cash Flow Statement

	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
	US \$ million	US \$ million	US \$ million
Operating activities			
Profit before taxation	257.1	111.9	386.3
Adjustments for:			
Depreciation	78.4	38.1	103.8
Investment income	(22.3)	(17.1)	(37.5)
Interest expense	23.1	24.1	30.1
Other non-cash items	(5.9)	2.2	(27.3)
Other adjustments	0.3	(1.6)	6.0
Operating cash flows before movements in working capital	330.7	157.6	461.4
Increase in inventories	(304.1)	(79.6)	(61.0)
Increase in receivables	(96.2)	(38.2)	(79.1)
Increase/(decrease) in payables	106.9	57.0	(18.1)
Cash generated from operations	37.3	96.8	303.2
Interest / investment income received	20.5	33.1	60.6
Interest paid	(26.6)	(31.8)	(64.1)
Income taxes paid	(37.9)	(15.0)	(65.8)
Dividends paid	(33.1)	(15.8)	(15.8)
Net cash from operating activities	(39.8)	67.3	218.1
Cash flows from investing activities			
Acquisition of subsidiary	-	(4.4)	(28.3)
Cash acquired with subsidiary	-	-	41.2
Purchases of property, plant and equipment	(270.7)	(270.2)	(535.3)
Proceeds on disposal of property, plant and equipment	-	1.6	14.1
Dividends paid to minority interests of subsidiaries	(9.0)	(1.7)	(7.7)
Purchase of current asset investments	(32.3)	(74.3)	(193.4)
Investment in associate	-	-	(6.2)
Purchase of financial asset investments	-	(0.2)	-
Buyback of shares from minority interests of subsidiaries	-	-	(2.3)
Other movements	-	-	29.4
Net cash used in investing activities	(312.0)	(349.2)	(688.5)
Cash flows from financing activities			
Issue of ordinary shares	-	-	0.1
Proceeds from rights issue of subsidiary company	-	0.6	-
Increase/(decrease) in short term borrowings	258.9	(195.8)	(96.6)
Increase in long-term borrowings	80.8	169.0	607.0
Proceeds from issue of shares to minority interests of subsidiaries	-	-	1.7
Net cash from financing activities	339.7	(26.2)	512.2
Net (decrease)/increase in cash and cash equivalents	(12.1)	(308.1)	41.8
Exchange difference	(7.2)	(1.1)	(3.5)
Cash and cash equivalents at beginning of period/year	1,185.6	1,147.3	1,147.3
Cash and cash equivalents at end of period/year	1,166.3	838.1	1,185.6

Consolidated Statement of Changes in Equity

US\$ million	Attributable to equity holders of the Company						Minority interests	Total equity
	Share capital	Share premium	Share based payment reserves	Other reserves*	Retained earnings	Total		
As at 31 March 2005	28.7	18.6	2.5	43.9	1,016.8	1,110.5	636.2	1,746.7
Adjustment for adoption of IAS 39**	-	-	-	(3.2)	(8.9)	(12.1)	(2.1)	(14.2)
As at 1 April 2005	28.7	18.6	2.5	40.7	1,007.9	1,098.4	634.1	1,732.5
Profit for the period	-	-	-	-	107.9	107.9	77.6	185.5
Movement on increase in minority interests	-	-	-	-	0.2	0.2	16.8	17.0
Exchange differences on translation of foreign operations	-	-	-	(5.5)	-	(5.5)	(4.0)	(9.5)
Transfers	-	-	-	125.0	(125.0)	-	-	-
IPO related credit	-	-	-	-	0.6	0.6	-	0.6
Movement in fair value of cash flow hedges and financial investments	-	-	-	(16.7)	-	(16.7)	(10.6)	(27.3)
Dividends paid	-	-	-	-	(33.1)	(33.1)	(9.0)	(42.1)
Recognition of share based payment	-	-	0.6	-	-	0.6	-	0.6
As at 30 September 2005	28.7	18.6	3.1	143.5	958.5	1,152.4	704.9	1,857.3

US\$ million	Attributable to equity holders of the Company						Minority interests	Total equity
	Share capital	Share premium	Share based payment reserves	Other reserves*	Retained earnings	Total		
As at 1 April 2004	28.6	18.6	-	12.7	919.9	979.8	367.0	1,346.8
Profit for the period	-	-	-	-	34.3	34.3	36.3	70.6
Movement on decrease in minority interests	-	-	-	-	(19.5)	(19.5)	18.3	(1.2)
Exchange differences on translation of foreign operations	-	-	-	(33.3)	-	(33.3)	(22.6)	(55.9)
Dividends paid	-	-	-	-	(15.8)	(15.8)	(7.6)	(23.4)
Recognition of share based payment	-	-	1.8	-	-	1.8	-	1.8
As at 30 September 2004	28.6	18.6	1.8	(20.6)	918.9	947.3	391.4	1,338.7

US\$ million	Attributable to equity holders of the Company						Minority interests	Total equity
	Share capital	Share premium	Share based payment reserves	Other reserves*	Retained earnings	Total		
As at 1 April 2004	28.6	18.6	-	12.7	919.9	979.8	367.0	1,346.8
Profit for the year	-	-	-	-	178.9	178.9	120.4	299.3
Acquisition of subsidiary	-	-	-	-	-	-	98.7	98.7
Movement on decrease in minority interests	-	-	-	-	(32.4)	(32.4)	56.3	23.9
Exchange differences on translation of foreign operations	-	-	-	13.2	-	13.2	1.5	14.7
Transfers	-	-	-	18.0	(18.0)	-	-	-
Shares issued under Reward Plan	0.1	-	-	-	-	0.1	-	0.1
Dividends paid	-	-	-	-	(31.6)	(31.6)	(7.7)	(39.3)
Recognition of share based payment	-	-	2.5	-	-	2.5	-	2.5
As at 31 March 2005	28.7	18.6	2.5	43.9	1,016.8	1,110.5	636.2	1,746.7

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

** Details of the accounting policy change are provided in note 10.

Notes to the Financial Information

1. Basis of preparation

The financial information in this interim financial report is stated under International Financial Reporting Standards ('IFRS'). The financial information for the year ended 31 March 2005 has been derived from the Group's statutory accounts prepared under United Kingdom Generally Accepted Accounting Principles ('UK GAAP'), for that period as filed with the Registrar of Companies and subsequently under IFRS. The auditors' report on the statutory accounts for the year ended 31 March 2005 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 Company published details of the restatement of its financial information under IFRS for the year ended 31 March 2005 and the six month period ended 30 September 2004 on 27 September 2005 entitled 'Adoption of International Financial Reporting Standards'. Details of the Company's news release, including full disclosure of its accounting policies, the restatements under IFRS, together with the auditors' reports thereon, are available on the Company's website at www.vedantaresources.com. A summary of the IFRS reconciliations derived from this news release is included herewith as note 9.

The financial information prepared under International Financial Reporting Standards ('IFRSs') in respect of the six months ended 30 September 2005 is unaudited but has been reviewed by the auditors and their report is set out on page 28. The interim financial information including comparatives does not constitute statutory accounts as defined under section 240 of the Companies Act 1985.

2. Accounting policies

This interim financial report, including all comparatives, has been prepared using the same accounting policies and methods of computation as are followed in the report published by the Company in its news release on 27 September 2005. These financial statements are covered by IFRS 1 *First-time adoption of International Financial Reporting Standards*, because they form part of the period included in the Group's first IFRS financial statements for the year ending 31 March 2006. The policies have been consistently applied to all periods presented, except for those relating to the classification and measurement of financial instruments. In addition, this interim report for the six month period ended 30 September 2005 has been prepared under International Accounting Standard ('IAS') 34 *Interim financial reporting*.

IFRSs 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 2006.

Financial instruments

The Group has taken the exemption under IFRS 1 which enables it to apply IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement prospectively from 1 April 2005. As such, the financial information presented for the periods ended 30 September 2004 and 31 March 2005 exclude any adjustments relating to adoption of these two standards. The effects on the balance sheet as at 1 April 2005 of the adoption of IAS 32 and 39 are detailed in note 10.

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 2005 and 30 September 2004 and for the year ended 31 March 2005. Items after operating profit are not allocated by segment.

Six months ended 30 September 2005	Continuing Operations					Total Operations
	US\$ million	Aluminium	Copper	Zinc	Other	
Revenue						
Sales to external customers	155.8	901.4	271.9	55.5	-	1,384.6
Inter-segment sales	14.5	109.5	-	-	(124.0)	-
Segment revenue	170.3	1,010.9	271.9	55.5	(124.0)	1,384.6
Result						
Operating profit	27.8	125.6	102.0	2.8	-	258.2

Six months ended 30 September 2004	Continuing Operations					Total Operations
	US\$ million	Aluminium	Copper	Zinc	Other	
Revenue						
Sales to external customers	122.8	316.8	196.0	41.8	-	677.4
Inter-segment sales	-	90.3	-	-	(90.3)	-
Segment revenue	122.8	407.1	196.0	41.8	(90.3)	677.4
Result						
Operating profit	26.1	25.0	69.7	(0.1)		120.7

Year ended 31 March 2005	Continuing Operations					Total Operations
	US(\$ million)	Aluminium	Copper	Zinc	Other	
Revenue						
Sales to external customers	281.7	1,014.7	486.4	101.4	-	1,884.2
Inter-segment sales	26.3	193.0	-	-	(219.3)	-
Segment revenue	308.0	1,207.7	486.4	101.4	(219.3)	1,884.2
Result						
Operating profit	57.4	103.2	190.6	(23.2)		328.0

(b) EBITDA⁽¹⁾ by Segment

	Six months ended 30 September 2005 \$ million	Six months ended 30 September 2004 \$ million	Year ended 31 March 2005 \$ million
Copper	171.8	42.0	163.0
- India/ Australia	81.5	42.0	87.0
- Zambia	90.3	-	76.0
Aluminium	37.6	33.8	75.6
Zinc	124.0	84.0	218.5
Others	3.1	0.1	(3.1)
Group EBITDA	336.5	159.9	454.0
Depreciation	(78.3)	(38.0)	(103.7)
Operating special items	-	(1.2)	(22.3)
Group operating profit	258.2	120.7	328.0

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

4. Special items

(a) Administrative expenses

	Six months ended 30 September 2005 \$ million	Six months ended 30 September 2004 \$ million	Year ended 31 March 2005 \$ million
Restructuring and redundancies	-	(2.6)	(4.1)
Impairment of non-core assets	-	-	(17.8)
Profit/(loss) on sale of assets	-	1.4	(0.4)
	-	(1.2)	(22.3)

(b) Negative goodwill

	Six months ended 30 September 2005 \$ million	Six months ended 30 September 2004 \$ million	Year ended 31 March 2005 \$ million
Release of negative goodwill ⁽²⁾	-	-	56.5
	-	-	56.5

⁽²⁾ As set out in note 26 of the Group's financial statements for the year ended 31 March 2005 as presented under UK GAAP, the Group acquired KCM in November 2004. The assets and liabilities acquired were included at provisional fair values. The difference between the total consideration of \$46.1 million and provisional fair value of net assets acquired (\$102.0 million) was recognised in the UK GAAP financial statements as negative goodwill totaling \$56.5 million.

As explained in the press release dated 27 September 2005 (see note 1), under IFRS negative goodwill is not recognised in the balance sheet but is recognised immediately in the income statement.

(a) Earnings per share based on profit for the period/year

Basic earnings per share on the profit for the period/year	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
Profit for the period attributable to equity holders of the parent(\$ million)	107.9	34.3	178.9
Weighted average number of shares of the Company in issue (million)	286.7	286.4	286.4
Earnings per share on profit for the period/year (US cents per share)	37.6	12.0	62.5

Diluted earnings per share on the profit for the period/year	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
Profit for the period/year attributable to equity holders of the parent (\$ million)	107.9	34.3	178.9
Adjustment in respect of convertible bonds in Sterlite (million)	(0.4)	(1.4)	(1.9)
Profit for the period/year after dilutive adjustment	107.5	32.9	177.0
Adjusted weighted average number of shares of the Company in issue (million)	288.2	288.4	287.9
Diluted earnings per share on profit for the period/year (US cents per share)	37.3	11.4	61.5

Shares issued during the year ended 31 March 2005 were 303,000 on 18 March 2005 and 85,000 on 31 March 2005 pursuant to the exercise of the second tranche of awards under the Reward Plan. The issue of these shares has been included in determining the 2005 weighted average number of shares. No shares have been issued during the six months ended 30 September 2005.

Profit for the period would be diluted if holders of the convertible bonds in Sterlite exercised their right to convert their bond holdings into Sterlite equity. The impact on profit for the period of this conversion would be the difference between interest payable on the convertible bond and the higher charge attributable to minority interests if conversion was to occur.

The outstanding awards under the 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 these financial statements.

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

The Group's Underlying Profit is the profit for the period/year after adding back special items and their resultant tax and minority interest effects, as shown in the table below:

	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
	\$ million	\$ million	\$ million
Profit for the period/year attributable to equity holders of the parent	107.9	34.3	178.9
Administrative expenses - special items	-	1.2	22.3
Special item - negative goodwill	-	-	(56.5)
Tax effect of special items	-	(0.4)	(1.6)
Minority interest effect of special items	-	(0.5)	(3.0)
Underlying profit for the period/year	107.9	34.6	140.1

Basic earnings per share on Underlying Profit for the period/year	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
Underlying profit for the period/year (\$ million)	107.9	34.6	140.1
Weighted average number of shares of the Company in issue (million)	286.7	286.4	286.4
Earnings per share on Underlying Profit for the period/year (US cents per share)	37.6	12.1	48.9

Diluted earnings per share on Underlying Profit for the period/year	Six months ended 30 September 2005	Six months ended 30 September 2004	Year ended 31 March 2005
Underlying profit for the period/year (\$ million)	107.9	34.6	140.1
Adjustment in respect of convertible bonds in Sterlite (\$ million)	(0.4)	(1.4)	(1.9)
Underlying profit for the period/year after dilutive adjustment (\$ million)	107.5	33.2	138.2
Adjusted weighted average number of shares of the Company in issue (million)	288.2	288.4	287.9
Diluted earnings per share on Underlying Profit/year for the period (US cents per share)	37.3	11.5	48.0

7. Movement in net debt ⁽¹⁾

US\$ million	Cash and cash equivalent	Debt due within one year			Debt due after one year		Current financial asset investments	Total net debt
		Debt carrying value	Debt related derivatives ⁽²⁾	Debt carrying value	Debt related derivatives ⁽²⁾			
Opening balance at 1 April 2005	1,185.6	(218.4)	-	(1,303.5)	-	262.0	(74.3)	
IAS 32 and IAS 39 adjustments	1.0	5.4	(15.1)	15.8	(17.5)	-	(10.4)	
Adjusted opening balance sheet at 1 April 2005	1,186.6	(213.0)	(15.1)	(1,287.7)	(17.5)	262.0	(84.7)	
Cash flow	(12.1)	(258.9)	-	(80.8)	-	32.3	(319.5)	
Other non-cash changes	(1.0)	(52.7)	11.7	14.0	(21.9)	-	(49.9)	
Foreign exchange differences	(7.2)	2.2	-	4.8	-	(1.4)	(1.6)	
As at 30 September 2005	1,166.3	(522.4)	(3.4)	(1,349.7)	(39.4)	292.9	(455.7)	

⁽¹⁾ Net debt being total debt after fair value adjustments under IAS 32 and 39, cash and cash equivalents and current asset investments.

⁽²⁾ Debt related derivatives exclude commodity related derivative financial assets and liabilities.

8. Other disclosures

Capital commitments

Contractual commitments to acquire fixed assets were US\$434.2 million at 30 September 2005 (at 31 March 2005: US\$538.3 million).

Contingent liabilities

There were no material changes in contingent liabilities during the period.

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 SOTL, Sterlite Gold Limited ("Sterlite Gold"), Volcan and Duratube Limited ("Duratube") which are related by virtue of having the same controlling party as the Group. As 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

	Six months ended 30 September 2005	Year ended 31 March 2005
	\$ million	\$ million
Sales to SOTL	2.6	24.7
Acquisition of fixed assets	-	0.1
Amounts receivable at period/year end	1.9	16.7

Sterlite Gold

	Six months ended 30 September 2005	Year ended 31 March 2005
	\$ million	\$ million
Provision of commercial services and others	-	0.2
Amounts receivable at period/year end	-	0.2

Volcan

	Six months ended 30 September 2005	Year ended 31 March 2005
	\$ million	\$ million
Benefit of tax deduction gained by Vedanta	-	3.8
Reimbursement of bank charges	0.2	(0.5)
Amounts receivable at period/year end	-	-

Duratube

	Six months ended 30 September 2005	Year ended 31 March 2005
	\$ million	\$ million
Acquisition of fixed assets	-	0.1

IFL

	Six months ended 30 September 2005	Year ended 31 March 2005
	\$ million	\$ million
Sales to IFL	16.2	24.4
Net interest received	0.3	0.3
Trade debtors receivable	2.9	3.6
Loan balance receivable	6.2	6.2
Amounts receivable at period/year end	9.1	9.8

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.

During the year ended 31 March 2005, Sterlite advanced loans to IFL amounting to \$6.2 million for working capital purposes. The loans were advanced from 2 April 2004 to 7 February 2005 and are repayable within two years. The loans bear interest at 7% per annum and interest accrued during the year ended 31 March 2005 amounted to \$0.3 million. The loan has been classified as investment in associate. During the period ended 30 September 2005, Sterlite advanced no further loans to IFL.

Transactions with Volcan

• **Vedanta Resources plc**

Pursuant to the terms of the Tax Deed of Indemnity dated 1 December 2003 entered into by the Company, Volcan and its shareholders, Volcan was paid \$3.8 million by the Company on 4 January 2005. The payment equated to the estimated tax deduction that was expected to be utilised by the Company in its tax computation for the period ended 31 March 2004, and related to the shares transferred to Mr BP Gilbertson, a former Chairman of the Company at the time of Listing. To the extent the Company does not benefit from this tax deduction, including the circumstance where the deduction may be disallowed by HM Revenue & Customs, Volcan has agreed that it will reimburse the Company.

Transactions with Sterlite Gold and SOTL

Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite, SOTL and Sterlite Gold, the Company and Sterlite provide various commercial services in relation to SOTL's and Sterlite Gold's businesses on an arms length basis and at normal commercial terms.

For the period from 10 December 2003 to 31 March 2005, the commercial services provided to SOTL and Sterlite Gold were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to SOTL and Sterlite Gold during this period amounted to \$0.03 million and \$0.1 million, respectively. There was no material charge during the six months ended 30 September 2005.

Political and Public Awareness Trust

During the period, the Group contributed did not contribute to the Political and Public Awareness Trust in the period (2005: \$1.3 million). This trust makes contributions to political parties and related causes. The trust is a related party as it is controlled by members of the Agarwal family.

Sterlite Foundation

During the period, \$0.3 million was paid by HZL to the Sterlite Foundation (2005: \$0.8 million paid by Balco and HZL). 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.

9. IFRS Reconciliations

(a) Reconciliation of “shareholders’ equity” under UK GAAP to “equity attributable to equity holders of the parent” under IFRS (excluding IAS 32/39)

	As at 31 March 2005	As at 30 September 2004	As at 01 April 2004
	US \$ million	US \$ million	US \$ million
Shareholders’ equity under UK GAAP	1,047.1	956.2	990.9
Reversal of negative goodwill and amortisation	64.6	8.2	8.6
Post retirement benefits	(6.6)	(6.2)	(6.6)
Deferred tax	(88.6)	(94.8)	(100.3)
Interim dividend	(15.8)	-	-
Proposed dividend	48.9	15.8	15.8
Minority interest	45.3	52.3	56.3
Capitalisation of trial run expenses	12.8	12.1	12.9
Capitalisation of major overhaul expenses	0.5	1.1	0.6
Capitalisation of interest cost	0.8	0.9	0.3
Depreciation	(1.2)	(1.1)	(1.2)
Discounting of long term provision	0.8	0.8	0.3
Dismantling cost	0.4	0.4	0.5
Inventory valuation	1.5	1.6	1.7
Equity attributable to equity holders of the parent under IFRS	1,110.5	947.3	979.8

(b) Reconciliation of “Profit for the year/period” under UK GAAP to “equity attributable to equity holders of the parent” under IFRS (excluding IAS 32/39)

	Year ended 31 March 2005	Six months ended 30 September 2004
	US \$ million	US \$ million
Profit for the year/period under UK GAAP	234.7	70.6
Overhaul expenses	(0.1)	0.6
Share based payments	(2.5)	(1.8)
Capitalisation of interest income/ expense	0.9	0.6
Deferred tax	10.6	0.2
Reversal of goodwill amortisation	(0.4)	0.2
Inventory valuation	(0.4)	0.2
Negative goodwill generated during the year/period	56.5	-
Profit for the year/period under IFRS	299.3	70.6

10. Adoption of IAS 32 and IAS 39

The consolidated balance sheet as at 31 March 2005 has been adjusted to apply IAS 32 and IAS 39 prospectively from 1 April 2005 as set out below:

	IFRS 31 March 2005 US \$ million	IAS 32/39 US \$ million	IFRS 1 April 2005 US \$ million
ASSETS			
Non-current assets			
Goodwill	12.2	-	12.2
Property, plant and equipment	2,288.6	-	2,288.6
Investment in associate	3.3	-	3.3
Financial asset investments	24.8	1.3	26.1
Other non-current assets	34.6	(12.4)	22.2
Other financial assets (derivatives)	-	12.4	12.4
Deferred tax asset	90.0	-	90.0
	2,453.5	1.3	2,454.8
Current assets			
Inventories	337.7	-	337.7
Trade and other receivables	339.6	-	339.6
Other current financial assets (derivatives)	-	2.5	2.5
Current asset investments	262.0	-	262.0
Cash and cash equivalents	1,185.6	1.0	1,186.6
	2,124.9	3.5	2,128.4
TOTAL ASSETS	4,578.4	4.8	4,583.2
LIABILITIES			
Current liabilities			
Short term borrowings	(194.7)	-	(194.7)
Convertible loan notes	(23.7)	5.4	(18.3)
Trade and other payables	(675.0)	3.2	(671.8)
Other current financial liabilities (derivatives)	-	(38.7)	(38.7)
Provisions	(37.0)	-	(37.0)
Current tax liabilities	(15.1)	-	(15.1)
	(945.5)	(30.1)	(975.6)
Net current assets/(liabilities)	1,179.4	(26.6)	1,152.8
Non-current liabilities			
Medium and long term borrowings	(1,303.5)	15.8	(1,287.7)
Trade and other payables	(41.2)	18.6	(22.6)
Other financial liabilities (derivatives)	-	(29.9)	(29.9)
Deferred tax liabilities	(234.9)	6.6	(228.3)
Provisions	(247.2)	-	(247.2)
Non equity minority interests	(59.4)	-	(59.4)
	(1,886.2)	11.1	(1,875.1)
Total liabilities	(2,831.7)	(19.0)	(2,850.7)
Net Assets	1,746.7	(14.2)	1,732.5
EQUITY			
Share capital	28.7	-	28.7
Share premium account	18.6	-	18.6
Share based payment reserves	2.5	-	2.5
Other reserves	43.9	(3.2)	40.7
Retained earnings	1,016.8	(8.9)	1,007.9
Equity attributable to equity holders of the parent	1,110.5	(12.1)	1,098.4
Minority interests	636.2	(2.1)	634.1
Total Equity	1,746.7	(14.2)	1,732.5

Independent Review Report to Vedanta Resources plc

We have been instructed by the company to review the financial information for the six months ended 30 September 2005 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity, and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority and the requirements of International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards (IFRSs)

As disclosed in note 2, the next annual financial statements of the Group will be prepared in accordance with IFRSs as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with and the requirements of IFRS 1, "First-time Adoption of International Financial Reporting Standards" and IAS 34 relevant to interim reports. The accounting policies are consistent with those that the directors intend to use in the annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRSs as adopted for use in the EU.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

Deloitte & Touche LLP
Chartered Accountants
London
16 November 2005

Glossary and Definitions

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, two copper mines in Australia and an integrated operation in Zambia consisting of three mines, a leaching plant and a smelter

CSR

Corporate social responsibility

Directors

The directors of the Company

Dollar or \$

United States dollars, the currency of the United States of America

EBITDA

Earnings before interest, taxation, depreciation, goodwill amortisation and special items (see note 3)

EBITDA Margin

EBITDA as a percentage of turnover

Effective Holdings and Economic Interest

The Group's Economic Interest in operating companies is different from its Effective Holdings as a consequence of the Sterlite shares owned by the SEWT. The Effective Holdings are derived by combining the Group's direct and indirect shareholdings in the operating companies. The shares held by the SEWT in Sterlite are recorded as a reduction in shareholders' funds, as if the shares were cancelled. This has the effect of the Group's Economic Interest being higher compared to its Effective Holdings. The Group's Economic 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)

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

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

KDMP

Konkola Deep Mining Project

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

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

Reward Plan

Vedanta Resources Share Reward Plan

SEWT

Sterlite Employee Welfare Trust, a long-term investment plan for Sterlite senior management

SOTL

Sterlite Optical Technologies Limited, a company incorporated in India

SOVL

Sterlite Opportunities and Ventures Limited, a company incorporated in India

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 Profit

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
