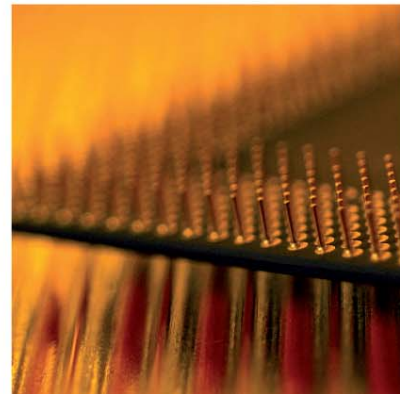




Preliminary Results  
16 May 2007



# Cautionary Statement and Disclaimer

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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 an environmental, climatic, natural, 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.

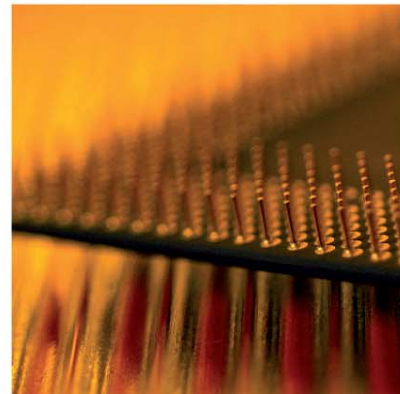
This document shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of the securities described herein, in any jurisdiction, including the United States, in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. Sterlite Industries (India) Limited ("Sterlite") has filed a registration statement in the United States under the Securities Act of 1933, as amended, in connection with the offer and sale of securities described herein. Any public offering of the securities referred to herein to be made in the United States will be made by means of a prospectus that forms a part of this registration statement and that contains detailed information about Sterlite and its management, as well as financial statements.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of Vedanta and Sterlite, to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. There can be no assurance that the results and events contemplated by the forward-looking statements contained herein will in fact occur.



**Anil Agarwal**

Chairman



# Highlights

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## ■ Record Financial Performance in 2007

- Revenues up 76% at \$6.5bn, EBITDA up 145% at \$2.7bn
- Underlying EPS up 151% at 327.0USc
- ROCE at 78.5% compared with 37.9% in 2006
- Free cash flows, up 137% at \$1.5bn
- Final dividend per share of 20USc, taking total 2007 dividend per share to 35USc

## ■ Sector leading organic growth

- \$7.5bn investment programme
- First phase of \$2.2bn completed on time and within budget
- Second phase of \$5.3bn under implementation and on schedule

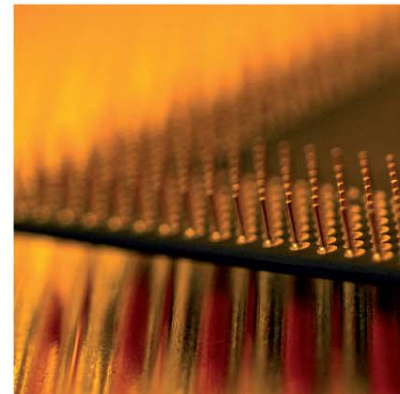
## ■ Leveraging established skills

- Acquisition of Sesa Goa: entry into attractive iron ore business



**Navin Agarwal**

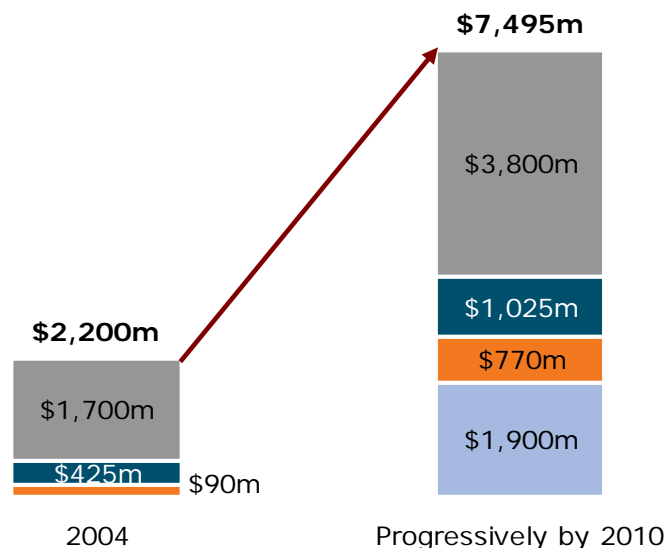
Deputy Chairman



# Accelerating Organic Growth

## Investment programme

■ Aluminium ■ Zinc-Lead ■ Copper ■ Independent Power

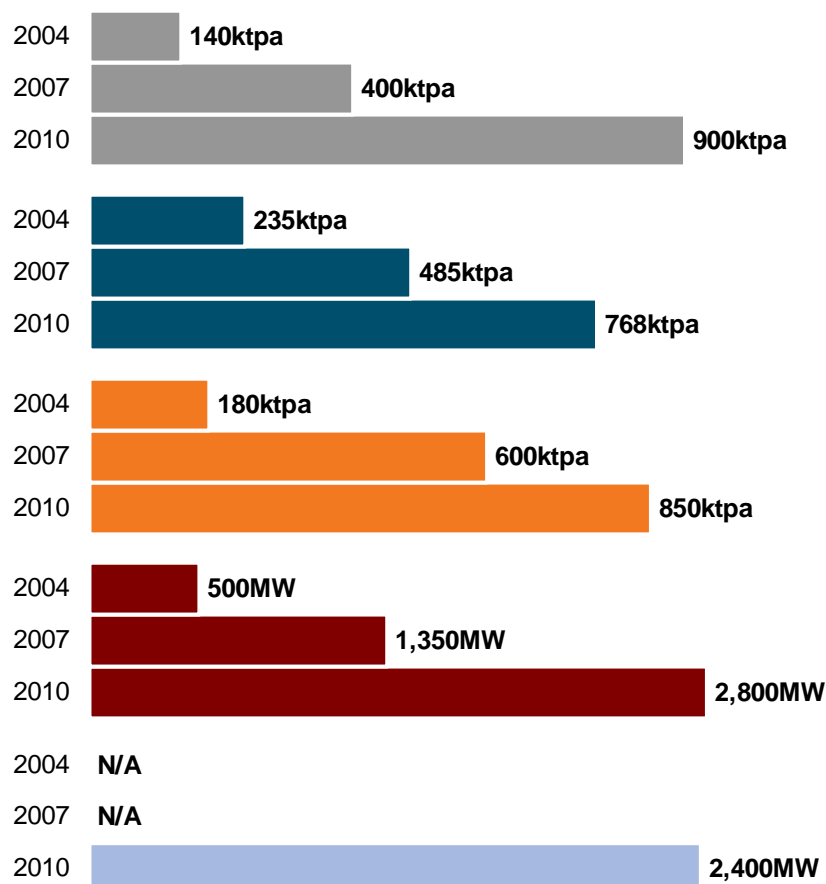


Total capex (\$m)	Budget	Actual
BALCO	900	779
HZL	425	313

- Industry leading capital costs
- Phase 1 delivered on time and within cost

## Production capacity\*

■ Aluminium ■ Zinc-Lead ■ Copper ■ Captive Power ■ Independent Power



\*2010 figures indicate planned capacity

# Sesa Goa Acquisition

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## Rationale

- Entry into the highly attractive iron ore business
  - Strong price outlook for iron ore
  - Ideally positioned to capitalise on India's rich iron ore deposits
  
- Natural fit for Vedanta
  - Leverages our proven mining and project management skills
  - Long life resource base and low cost operations
  
- Strong growth potential
  - Low cost de-bottlenecking / expansions
  - Additional prospecting and mining licenses
  - Consolidation opportunities
  
- Immediately earnings and cash flow accretive
  - Debt free company
  - Strong cash position

## Growth Potential

- Opportunity to scale up existing operations
  - Potential to substantially increase current production of 10mt at low capital cost
  - Long life reserves and resources
  
- Access to additional prospecting and mining leases
  
- Substantial expansion opportunities in pig iron and met coke
  - Low capital cost
  - Patented in-house technology
  - Low cost of production
  - Offers scale benefits of vertical integration
  
- Consolidation opportunities
  - Highly fragmented Indian industry offers bolt-on opportunities

# Delivering Industry Leading Returns



Optimise performance of existing assets



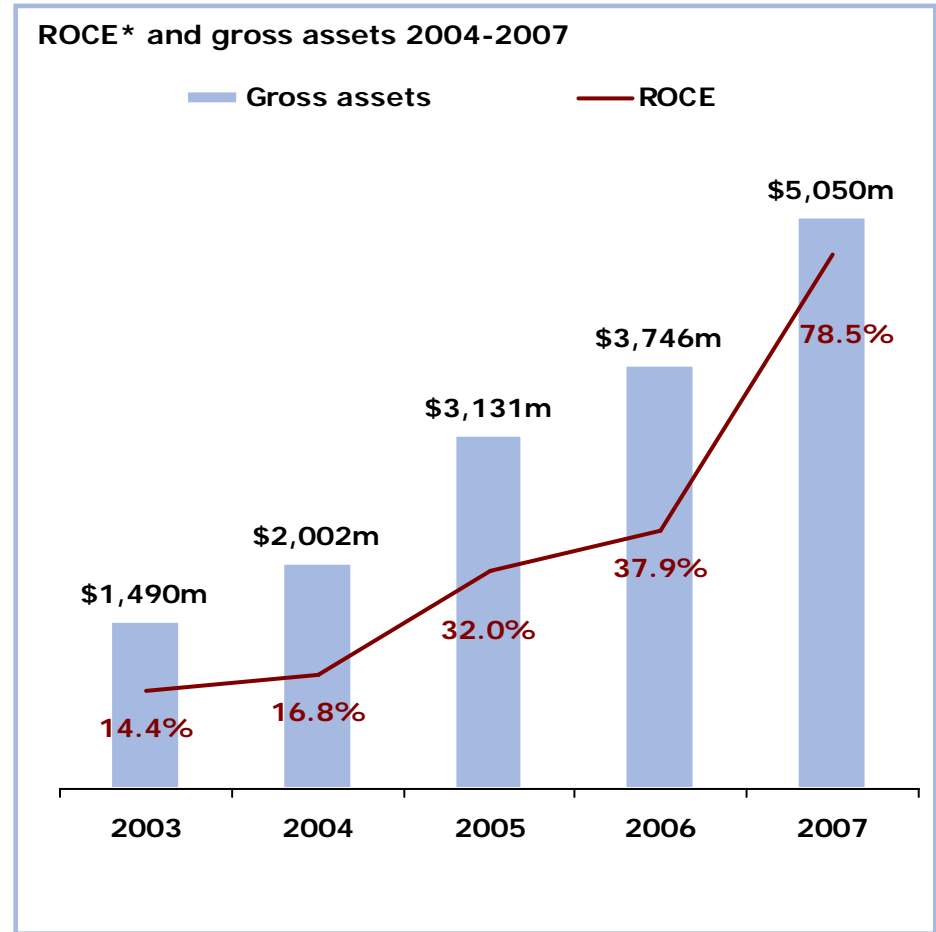
Organic growth



Consolidate group structure



Acquisitions

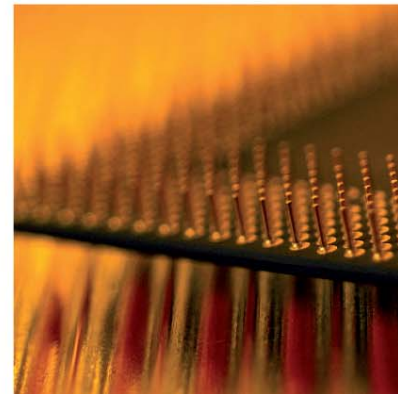


\* ROCE excludes capital work in progress



**Kuldip Kaura**

Chief Executive Officer



## 2007 Operational Highlights

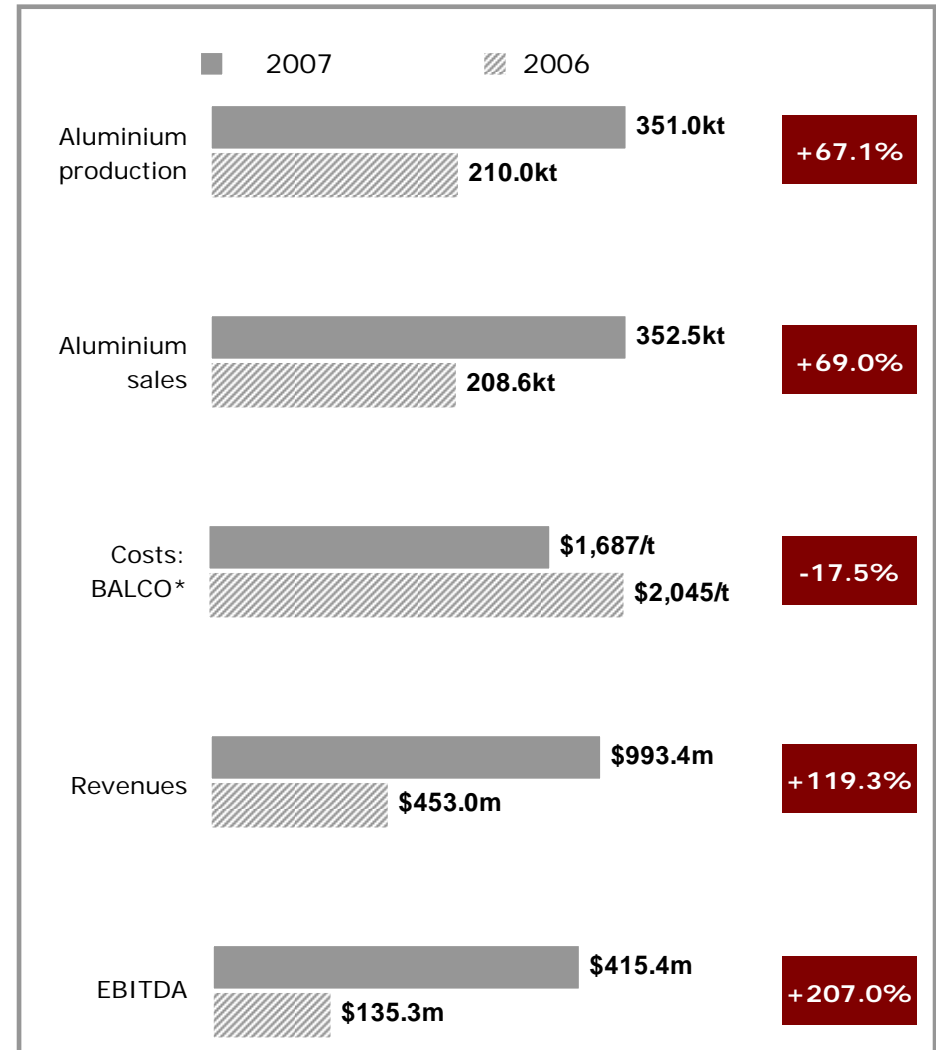
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- Record Financial Performance in 2007
  - Revenues up 76% at \$6.5bn, EBITDA up 145% at \$2.7bn
- Phase 1 expansion potential realised
  - Production volumes across all metals improved substantially
- Increased contribution from Aluminium and Zinc businesses
- Stable operating costs despite ongoing industry cost pressures
- Phase 2 projects on course – industry leading cost and timeframe
- Exploration – continuing to replace and expand our reserves in zinc
- HSE: 12 month LTIFR\* at 2.51, an improvement of 35% over 2005-06

\*LTIFR: Lost Time Injury Frequency Rate

# Aluminium Operations

- Realising expansion potential
  - Consistent production at rated capacity in Q3 and Q4 at Korba II
  - Continuous improvement at existing plants
  - CPP generation improved
  
- Lower operating costs
  - Substantial improvement in smelting cost at Korba II
  
- 2008
  - Debottlenecking smelters
  - Alumina feed from Lanjigarh
  - Jharsuguda project on track



\* Refers to Korba II only

# Jharsuguda Aluminium Project

- 500ktpa Project at Jharsuguda
  - Phase 1: 250ktpa
  - Phase 2: 250ktpa
  - CPP: 1,215MW
- Total capex \$2.1bn
- On track for target completion
  - Phase 1 – Mid-2009
  - Phase 2 – End 2010



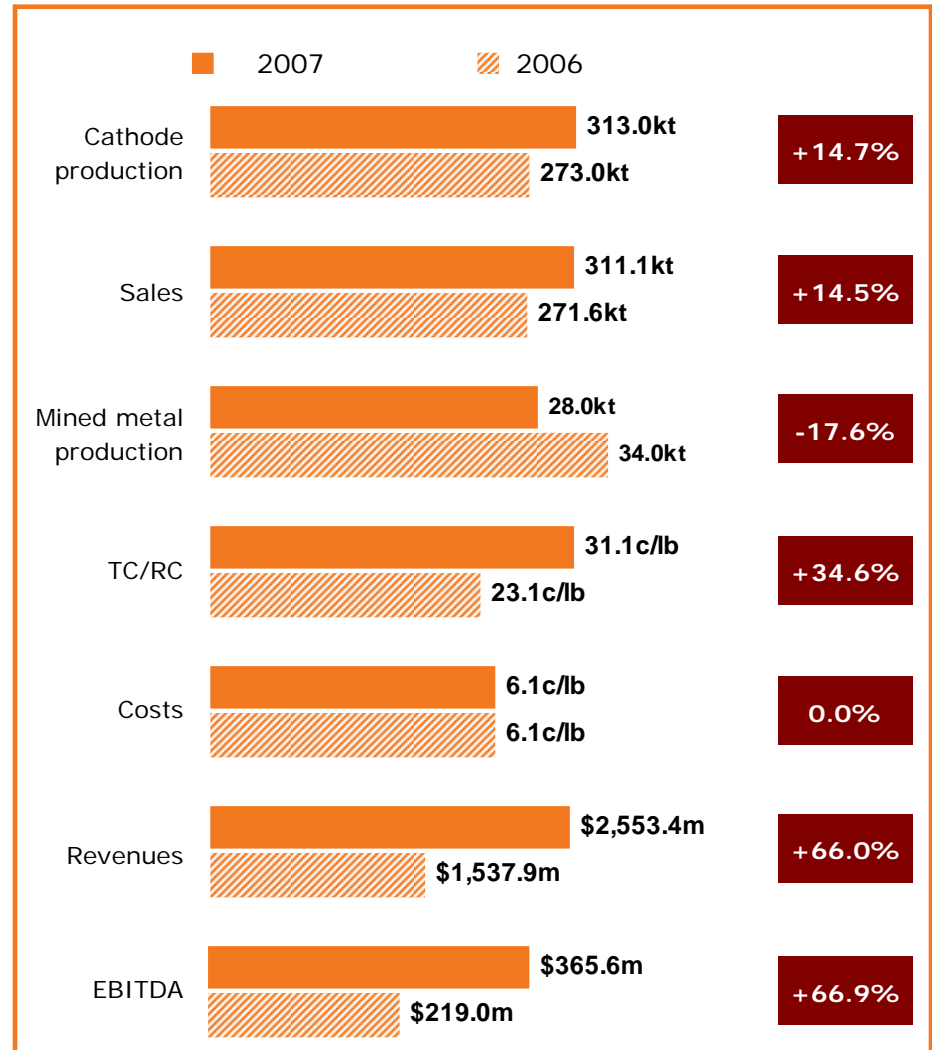
# Vedanta Alumina Limited

- 1.0mtpa-1.4mtpa Alumina refinery project at Lanjigarh
- Total capex \$800m
- Commissioning date March 2007
- Stream 1 under commissioning
  - Power plant unit 1 running
  - Bauxite charging commenced



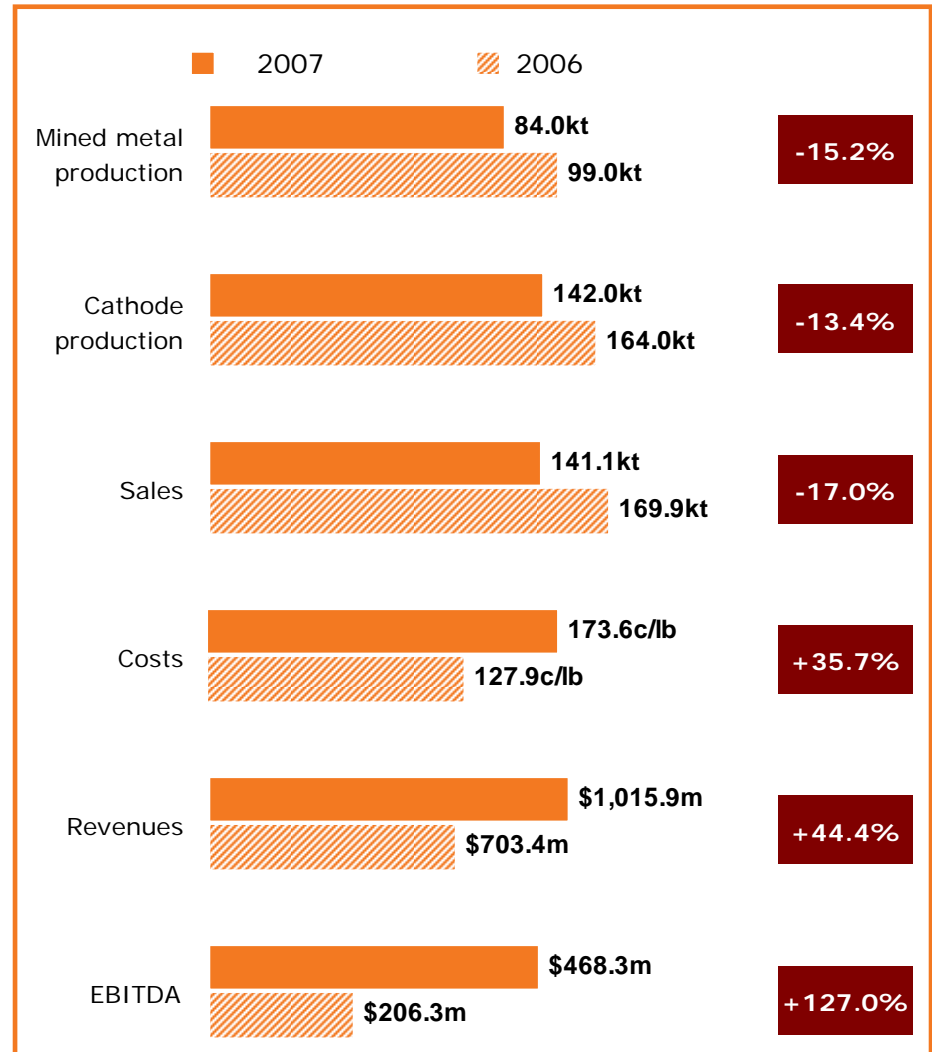
# Copper – India and Australia Operations

- Tuticorin: innovative debottlenecking
  - Capacity increased to 400ktpa
- Cost leadership
- TCRC
  - Market softening
  - Increasing tonnage on long-term contracts
- 2008
  - Achieving full potential of debottlenecking



# Copper – Zambia Operations

- Consistency of throughput critical
- 2007 impacted by:
  - Accidental stoppages of TLP
  - Low equipment availability
  - Variability of grades
- Early indications in 2008: improving consistency
- 2008
  - Focus on plant availability
  - New Director of Operations
  - Building capability



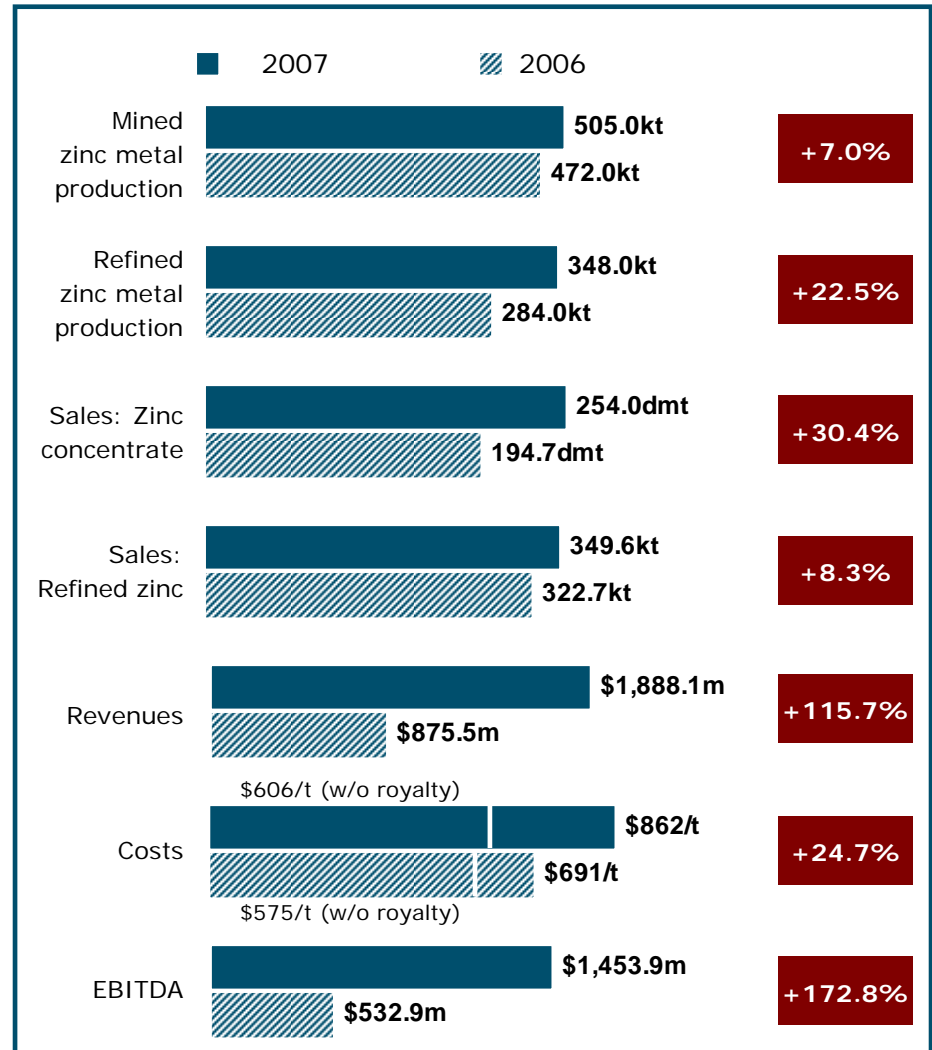
# Copper – Zambia Projects

- 6mtpa KDMP Project
- 250kt Nchanga Smelter Project
- Total capex \$680m
- On track for target completion
  - Smelter – Mid-2008
  - KDMP expansion – Late 2009



# Zinc Operations

- Realising expansion potential
  - Excellent performance from mines
  - Smelter produced 95kt in Q4
  - CPP generation improved
- Operating costs stable
- 2008
  - Full capacity realisation of Phase 1 expansion
  - 170,000mt smelter expansion ahead of schedule
  - 88,000mt debottlenecking project on track
- Increase in exploration activities
- Progress on Wind Power Project
  - 125MW ordered
  - 38.4MW commissioned, balance in 2008



## HZL – Projects

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- Chanderiya II expansion
  - 170ktpa Zinc Expansion Project
  - 80MW captive power plant
  - Mine expansion +1mtpa
  
- Total capex \$300m: on budget
  
- Ahead of target completion date
  - Advanced to end-2007

- Debottlenecking project
  - Metal production +88,000mt
  - 80MW captive power plant
  
- Total capex \$170m
  
- On schedule for completion mid-2008

# HZL – Projects



## Market and Demand

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- Global metals demand supported by strong Chinese consumption
  
- Indian economy on high growth path
  - GDP: 9%; IPP: 11%
  - Power, infrastructure, manufacturing sectors driving growth
  
- Ideally located to service the high growth Asian markets
  
- LME accredited products
  - Increased acceptability
  - Ability to realise premiums at par with best in industry
  
- Good marketing organisation, network and customer base

## Outlook for FY2008

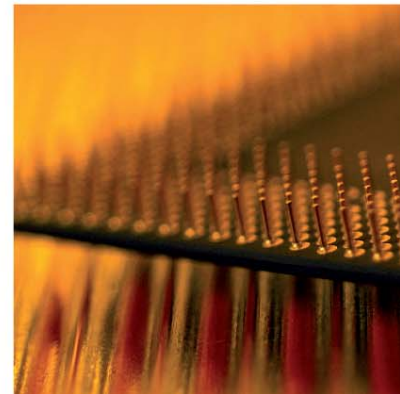
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- Demand for commodities to remain robust in FY2008
- Expansion projects progressing on track
- Higher volumes across all metals
- Unit costs of production expected to be reduced further
- KCM: focus on improving plant availability and building capability



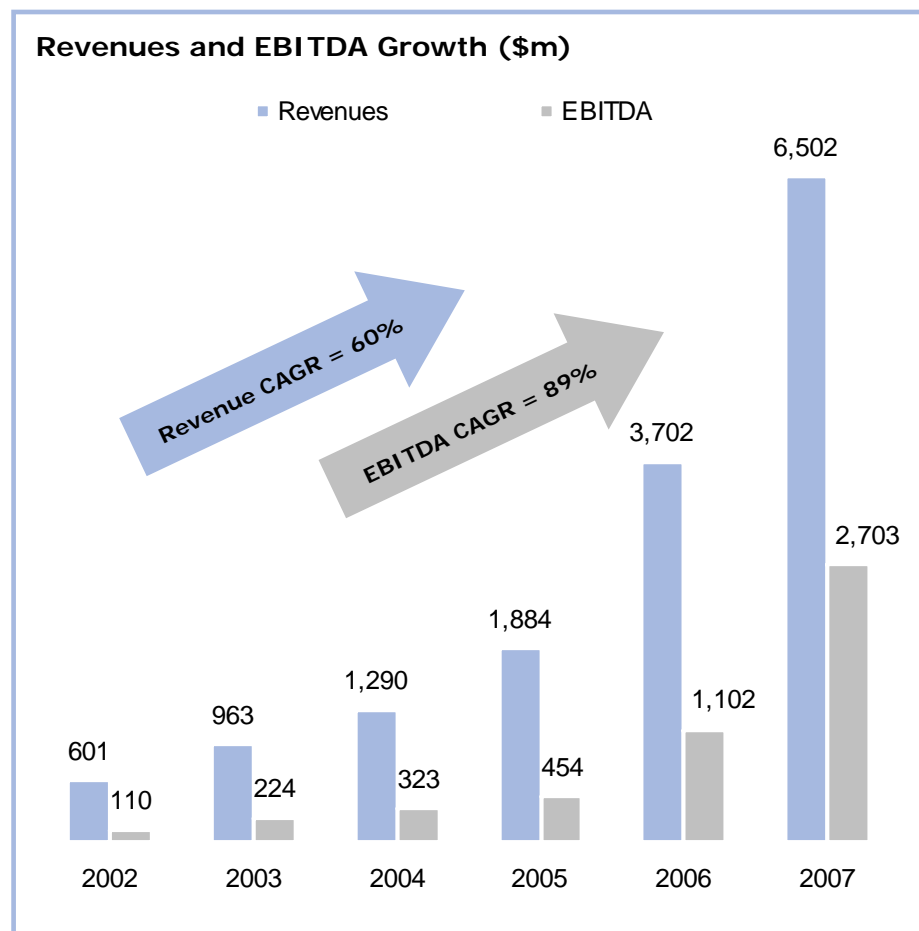
**D D Jalan**

Chief Financial Officer

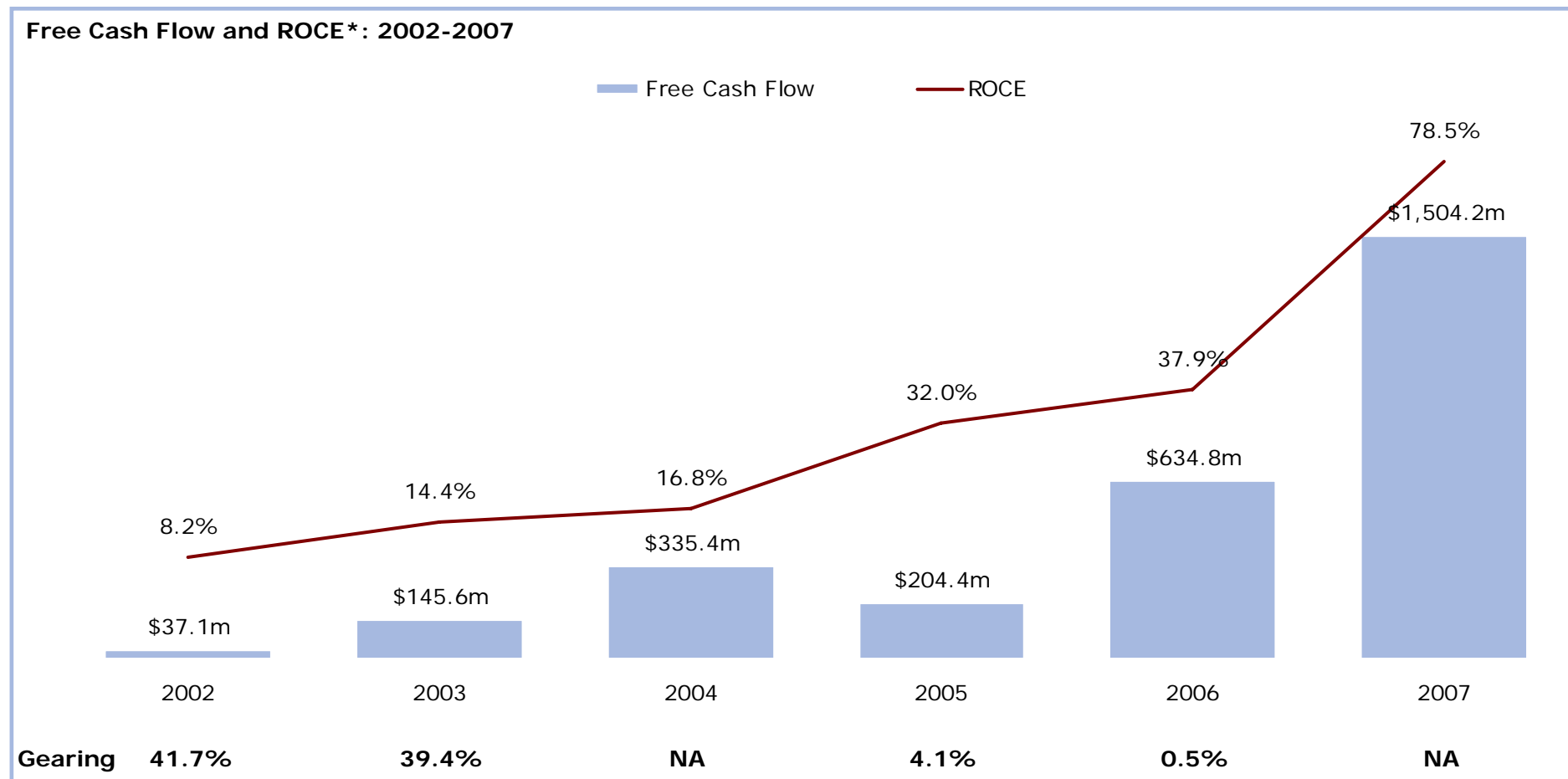


# Income Statement

(\$m, except as stated)	2007	2006	% change
Revenues	6,502.2	3,701.8	76%
EBITDA	2,703.0	1,101.5	145%
<i>EBITDA margin</i>	41.6%	29.8%	-
Profit before tax	2,484.4	934.7	166%
Depreciation and goodwill	195.4	157.7	-
Net interest payable	20.2	7.7	-
Profit for the period (underlying)	938.1	373.5	151%
Underlying EPS (USc)	327.0	130.2	151%
<i>Effective tax rate</i>	27.1%	30.0%	
Minority share of PAT taken by minority interests	48.4%	42.9%	
Dividend per share (USc)	35.0	20.0	75%



# Strong Cash Flow and Returns



\* ROCE excludes capital work in progress

# Capital Expenditure

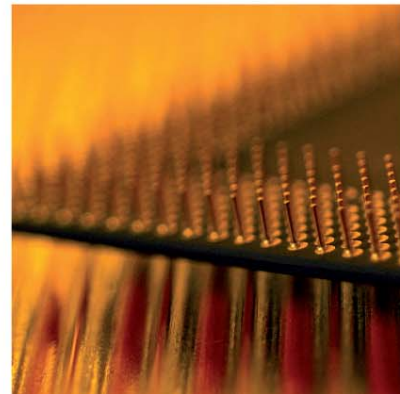
Phase I expansion projects (\$m)	Budget	Spend to 31 March 2007	Committed, not spent	Status
Alumina				
Lanjigarh refinery	800.0	614.6	61.5	In progress
Aluminium				
Korba smelter	550.0	475.9	10.2	Completed
Korba power plant	350.0	292.7	-	Completed
Copper				
Tuticorin smelter	87.0	87.0	-	Completed
Zinc				
Chanderiya smelter	335.0	267.8	-	Completed
Rampura Agucha mine	90.0	45.2	-	Completed
<b>Total</b>	<b>2,212.0</b>	<b>1,783.2</b>	<b>71.7</b>	

Phase II expansion projects (\$m)	Budget	Spend to 31 March 2007	Committed, not spent
Aluminium			
Jharsuguda	2,100.0	249.3	1,254.8
Copper			
Konkola Mine	400.0	73.6	202.1
Nchanga Smelter	280.0	91.6	152.9
Zinc*			
Chanderiya	300.0	159.4	111.9
Commerical energy			
Jharsuguda	1,900.0	136.0	1,139.3
Wind energy	132.5	65.5	67.0
<b>Total</b>	<b>5,112.5</b>	<b>775.4</b>	<b>2,928.0</b>

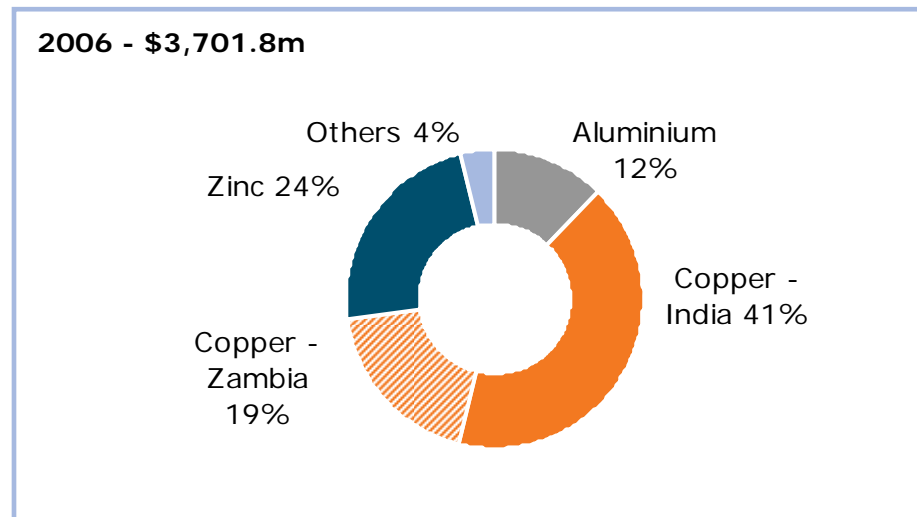
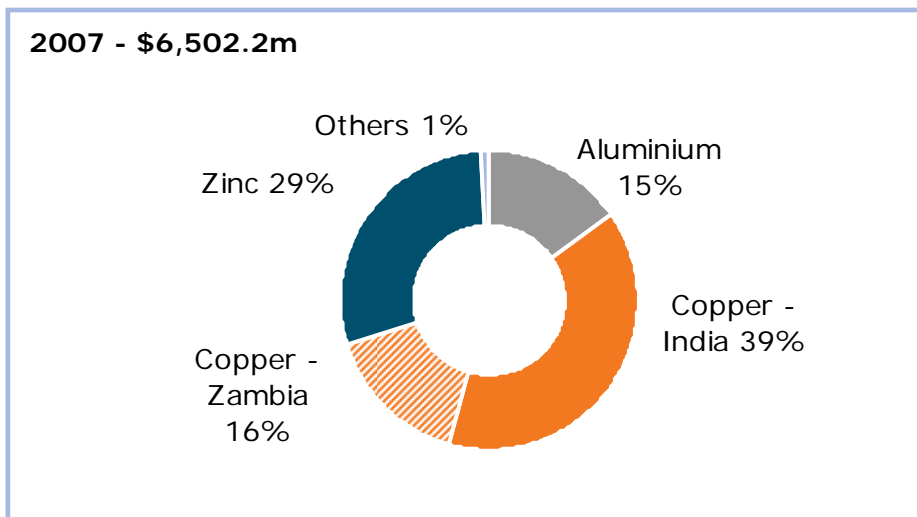
\*Excludes \$170 million on Chanderiya III debottlenecking project



## Appendix



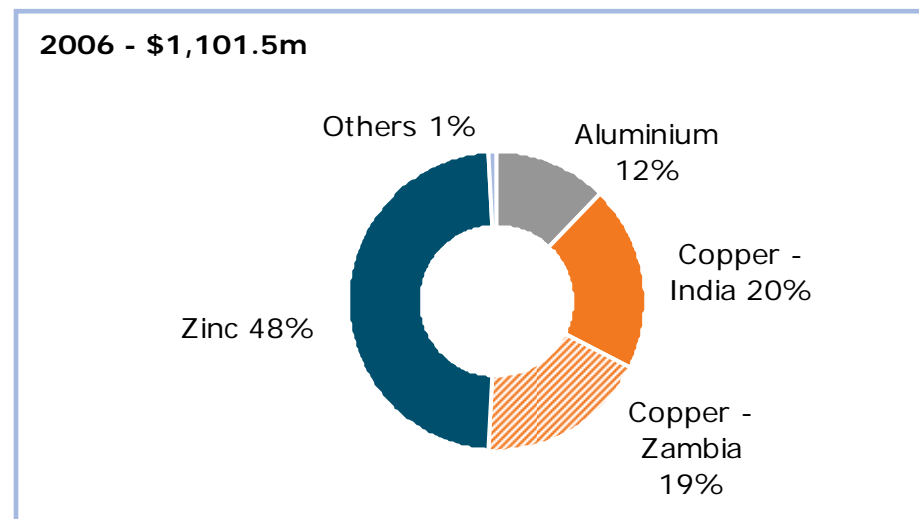
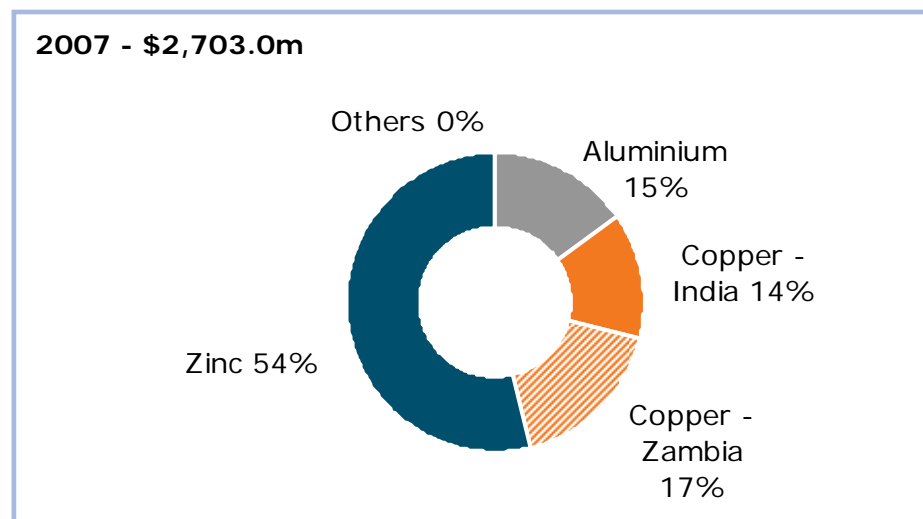
# Revenue Segmentation Analysis



(\$m)	2007
Aluminium	993.4
Copper	
India	2,553.4
Zambia	1,015.9
Zinc	1,888.1
Others	51.4
<b>Total</b>	<b>6,502.2</b>

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

# EBITDA Segmentation Analysis



(\$m)	2007
Aluminium	415.4
Copper	
India	365.6
Zambia	468.3
Zinc	1,453.9
Others	(0.2)
<b>Total</b>	<b>2,703.0</b>

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

# Strong Free Cash Flows and Balance Sheet

(\$m)	2007	2006	Summary balance sheet (\$m)	2007	2006
EBITDA	2,703.0	1,101.5	Property, plant and equipment	3,838.0	2,763.0
Working capital	(542.1)	(169.7)	Net assets	4,151.4	2,338.8
Sustaining capital expenditure	(194.4)	(80.6)	Net debt/(cash)	(432.9)	11.9
Net interest paid	(39.5)	(20.5)	<i>Gearing</i>	<i>NA</i>	<i>0.5%</i>
Taxes paid	(475.6)	(186.5)	<i>ROCE (excluding CWIP)</i>	<i>78.5%</i>	<i>37.9%</i>
Operating exceptional/others	52.8	(9.4)			
<b>Free cash flows</b>	<b>1,504.2</b>	<b>634.8</b>			
Expansion capital expenditure	(934.5)	(605.5)			
Dividends, including to internal minorities	(126.1)	(58.3)			
Acquisitions	(59.5)	-			
Equity component of convertible loan notes	-	123.3			
Deconsolidation of SEWT	-	(58.7)			
Sale of non-core business	32.1	-			
FX and other	28.4	26.8			
<b>Movement in net debt</b>	<b>444.6</b>	<b>62.4</b>			