



DELIVERING PROFITABLE GROWTH

2009 Preliminary Results

7 May 2009

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Overview

Five years of profitable growth

- Successfully delivering organic growth projects
- Improving low cost positions
- Consolidating minorities
- Selective acquisitions
- Socially responsible developer and operator

Delivering prudent, profitable growth & returns



Robust financial results

- EBITDA of \$1.6bn, a 25% margin
- Attributable EPS of 76.4 USc per share
- Strong Free Cash Flow of \$1.7bn

Strong operational performance

- Record production in aluminium, iron ore, zinc and silver
- Successful project commissioning; Aluminium, Zinc, and Copper-Zambia
- Achieved significant cost savings, further improving low cost position

Increasing returns to shareholders

- ROCE of 24.4% despite major capital investment programme
- \$250mn share buyback programme; \$80mn / 3.3% bought in FY2009
- Progressive dividend policy maintained; FY2009 dividend 41.5c

Strong financial position

- Strong balance sheet: Gross Cash of \$4.9bn and Net Debt of \$200mn
- Secured \$3.7bn of project financing
- Strong cash flow from structurally low cost operations

Decisive response to market conditions



- Cost saving initiatives delivered across all operations
 - Working capital management
 - Supplier contracts renegotiated
- Cost reduction in all operations, including most significantly at KCM
 - Exit CoP of \$1.4/lb vs guidance of \$1.5-1.6/lb
 - Target CoP of \$1.25/lb by end of FY2010
- Net reduction/deferral of \$5.3bn in expansion projects
- Re-negotiated ASARCO purchase consideration
- Marginal aluminium production shut down
 - MALCO smelter and part of BALCO I smelter
 - Selling surplus power

Well positioned through the cycle

Delivering on our strategy



Pursuing organic growth	<ul style="list-style-type: none"> Delivering 2.5mtpa (Al), 1mtpa (Cu, Zn), 25mtpa (Fe), and 6,500Mw (power) \$7.6bn capex to spend, secured \$3.7bn funding Will further reduce CoP
Substantial exploration success	<ul style="list-style-type: none"> Significant resource upgrade at Sesa Goa, +57.8mt Significant resource upgrade at HZL, +46.3mt Promising exploration potential at KCM
Optimising returns	<ul style="list-style-type: none"> Silver production up 31% to 3.4moz; EBITDA of \$45mn 880mn kwh of surplus power sales; EBITDA of \$45mn Phosphoric acid by product sales up; EBITDA of \$63mn Opportunities in cobalt production to reduce KCM costs further
Consolidating minorities	<ul style="list-style-type: none"> MALCO minority buy-out completed and delisting in progress Increased holding in Sterlite and Sesa Goa Acquired 28.4% stake in KCM BALCO arbitration progressing; HZL call option exercise to follow
Leveraging existing skills	<ul style="list-style-type: none"> Proposed acquisition of Asarco assets <ul style="list-style-type: none"> Adds scale in copper, diversification and operational opportunities

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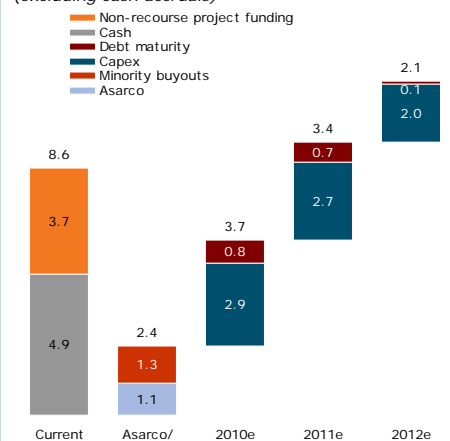
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Well funded growth programme



- Very strong liquidity
- Structurally low cost options underpin strong free cash flow
- Peak gearing to remain under 40%

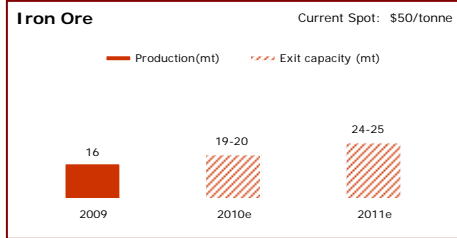
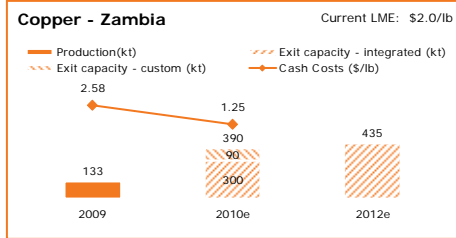
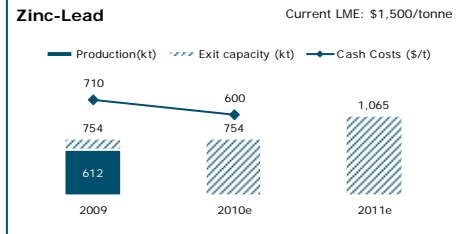
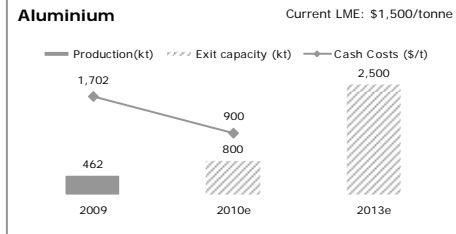
Liquidity and capital requirements (\$bn) (excluding cash accruals)



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Growing, low cost production drives cashflow



Plus Copper India, Power, Silver

Capacities and costs in 2010e and beyond refer to exit rates



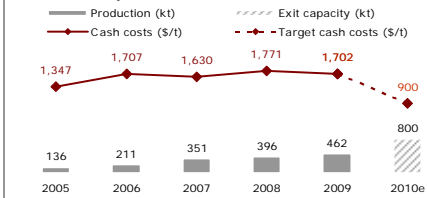
Operating review

Aluminium operations



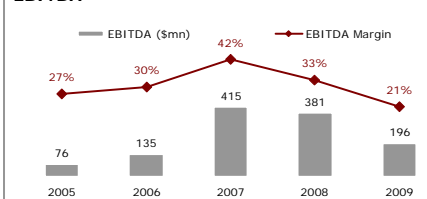
- Record annual production, up 17%
 - 82kt from new Jharsuguda smelter
 - 586kt of alumina from first stream of the Lanjigarh refinery
 - Shut down marginal production at MALCO (December 2008) and part of BALCO plant I (March 2009)
- Sales of surplus power: \$28mn EBITDA
- Significant fall in LME prices
- H2 FY2009 reduction in CoP: BALCO II exit CoP of \$1,146/t
- Exit CoP of \$900 per tonne, exit FY2010E
 - Alumina: \$250/t
 - Smelter costs: \$650/t

Aluminium production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA



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Aluminium expansion projects



Lanjigarh 1.4mtpa alumina refinery

- Stream I operating near rated capacity from Q4 FY2009; Stream II recently commissioned
- Niyamgiri bauxite by conveyor – mid FY2010

Lanjigarh 3.6mtpa expansion

- Major orders placed and project work in full swing
- 600ktpa debottlenecking project to be completed by March 2010
- One line (1mt) to be commissioned by mid 2010 and full commissioning of all three lines by mid 2011

Jharsuguda I: 500ktpa smelter and 1,215Mw CPP

- Phase 1: 250ktpa to be fully operational by Q1 FY2010, six months ahead of schedule
- Phase 2: Phased commissioning by June 2009 through to end FY2010

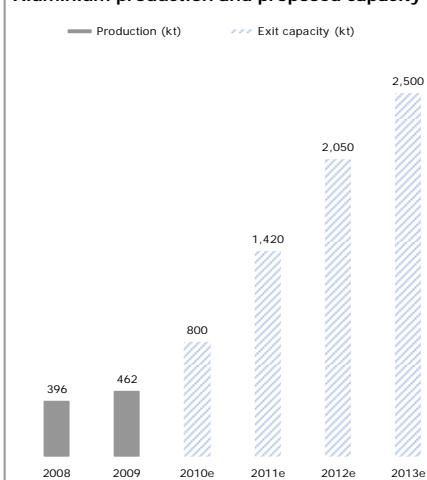
Jharsuguda II: 1.25mtpa smelter (4 lines)

- Phased commissioning from March 2010, full commissioning of three Lines by September 2011, Line 4 by September 2012

BALCO: 325ktpa smelter & 1,200Mw CPP

- Construction commenced
- First metal tapping from October 2010, full commissioning by September 2011

Aluminium production and proposed capacity



Capacities in 2010e and beyond refer to exit rates

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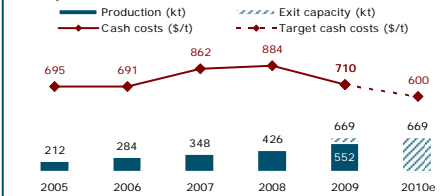
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Zinc operations



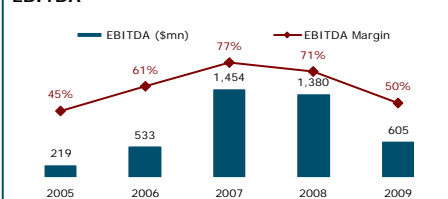
- Record annual production of zinc, lead and silver
 - Commissioning of Stream III concentrator at Rampura Agucha
 - Increased production from all smelters
 - Higher silver grade in feed
- Significant fall in LME prices
- Reduction in cash costs
 - Lower royalties
 - Rupee depreciation
 - Underlying costs held flat through increased volumes, acid credits and operational efficiencies
- Sale of wind power contributed \$17mn to EBITDA
- Exit CoP of \$600 per tonne, exit FY2010E

Zinc production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA



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Zinc-Lead expansion projects



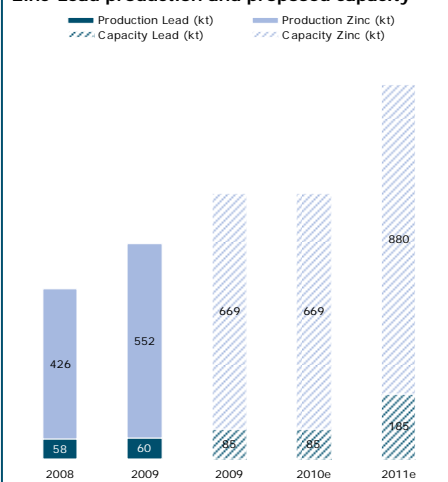
Smelter and CPP expansion

- 210ktpa zinc smelter, 100ktpa lead smelter and 160Mw CPP project
- Smelter projects to be completed by mid 2010

Mine expansions

- Rampura Agucha (from 5.0mtpa to 6.0mtpa)
 - Major ordering completed
 - Scheduled for commissioning in mid 2010
- Sindesar Khurd (from 0.3mtpa to 1.5mtpa)
 - Ramp portal nearing completion
 - Underground mine development in full swing
 - Resources mobilised to achieve accelerated mine development
 - Progressive commissioning from mid 2010

Zinc-Lead production and proposed capacity



Capacities in 2009e and beyond refer to exit rates

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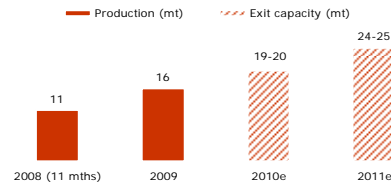
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Iron Ore operations



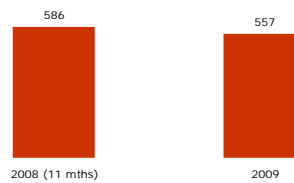
- Record annual sales, up 22%
 - First full year contribution in FY2009
 - Improved operational efficiencies
 - Majority sold in spot market
- Cost performance
 - Higher inland freight
 - Export duty
- Lower realisations
 - Fall in realisation in H2 FY2009

Iron Ore production and proposed capacity



Capacities in 2010e and beyond refer to exit rates

EBITDA (\$mn)

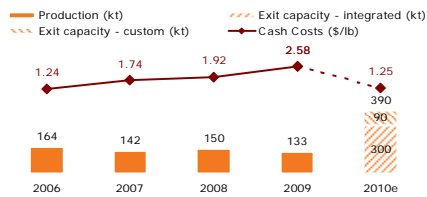


Copper-Zambia operations



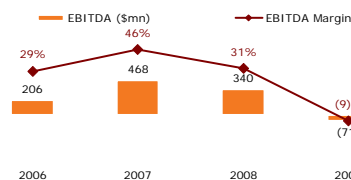
- Planned reduction of production on account of:
 - Ramp down of high cost operations at Nkana
 - Process disruption in SX/EW plant in Q1 FY2009
- Commencing of Nchanga smelter in Q4 FY2009
- Significant fall in LME prices
- Transformation in costs
 - Exit CoP of \$1.25/lb FY 2010E

Production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA



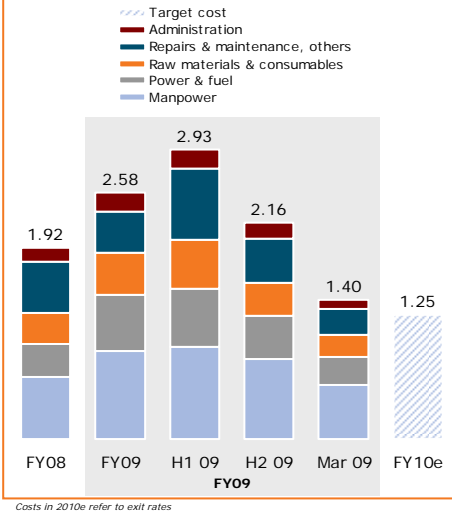
KCM cost transformation



Drivers

- Delivered target COP:
 - March 2009: \$1.40/lb (H1 FY2009: \$2.93/lb)
- Key cost drivers
 - Manpower reduction
 - Nkana closure and Nchanga ramp-up
 - Cobalt recovery at Nchanga Smelter
 - Commodities price benefit
 - Service contract rationalisation
- Exit COP for FY2010e: \$1.25/lb
 - Nchanga smelter full ramp up
 - Higher by-product credit

Cost of production (\$/lb)



Copper-Zambia expansion projects



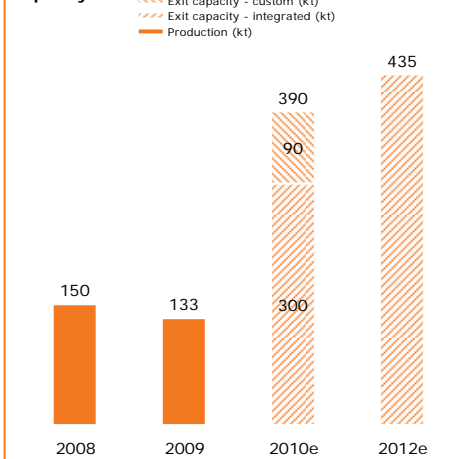
Nchanga Smelter

- Commissioned in Q4
- Furnace leak in April 2009
 - Restarted in May 2009
- Rated capacity by Q2 FY2010

KDMP

- Holing through of top and bottom sections and main-shaft sinking at ~950 meters
- 90% completing of winder for mid-shaft loading
- On schedule for mid-shaft commissioning by mid FY2010
- Full project completion by end 2011

Copper-Zambia production and proposed capacity

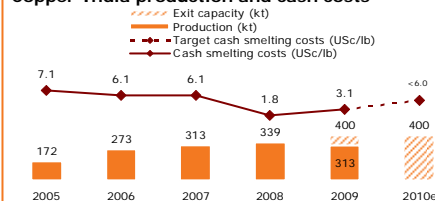


Copper-India and Australia operations



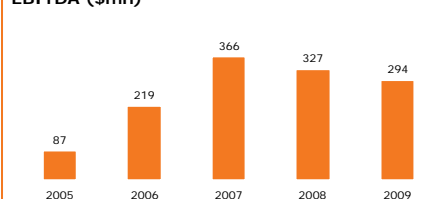
- Lower volumes
 - Planned bi-annual maintenance shutdown in Q1
 - Cooling tower repairs in Q3
- Excellent underlying operating cost performance despite:
 - Lower acid credits in H2 FY2009
 - Higher costs of petroleum products
- Phosphoric acid
 - Improved production volumes
 - Contribution to FY2009 EBITDA: \$63mn
- TC/RCS
 - FY2009: down 25% at \$0.12/lb
 - Expect improvement in 2010
- Copper-Australia
 - Stable operations with improving operating efficiencies
 - Better cost performance

Copper-India production and cash costs



Capacities and costs in 2010e refer to exit rates

EBITDA (\$mn)



Energy operations and projects



Near term opportunities

- Sale of surplus power in spot market
- Shutdown of MALCO and BALCO I to provide greater opportunity in current year

Projects

- SEL - 2,400 Mw under construction
 - First unit to be commissioned in Q3 FY2010
 - Progressing well for full commissioning by Q2 FY2011
 - Capex cost of \$1.9bn, within budget
- Coal Blocks under development
 - BALCO: 211mt
 - SEL: 112mt

Exploration success



Hindustan Zinc

- Added 46.3mt of reserves and resources with 4.0mt contained metal in FY2009
- Current total reserves and resources of 272mt with 31.5mt contained metal, mine life of 25 years
- Added 152mt of gross reserves and resources against 26.3mt mined out in last 5 years

Sesa Goa

- Added 57.8mt (+26%) reserves and resources prior to production depletion of 15.8mt in FY2009
- Current total reserves and resources of approximately 240mt

KCM

- Addition of 16mt reserves and resources taking total to 470mt

Sustainable development



Sustainable development is integral to our business philosophy & ethos

- LTIFR reduced to 1.67 from 1.91 in the previous year
- Continued improvements in reducing specific energy and water consumption
- Enhances performance on solid waste management

Social development

- Focus areas
 - Education
 - Health
 - Livelihood
 - Agriculture and Social Forestry
 - Integrated village development



Finance review

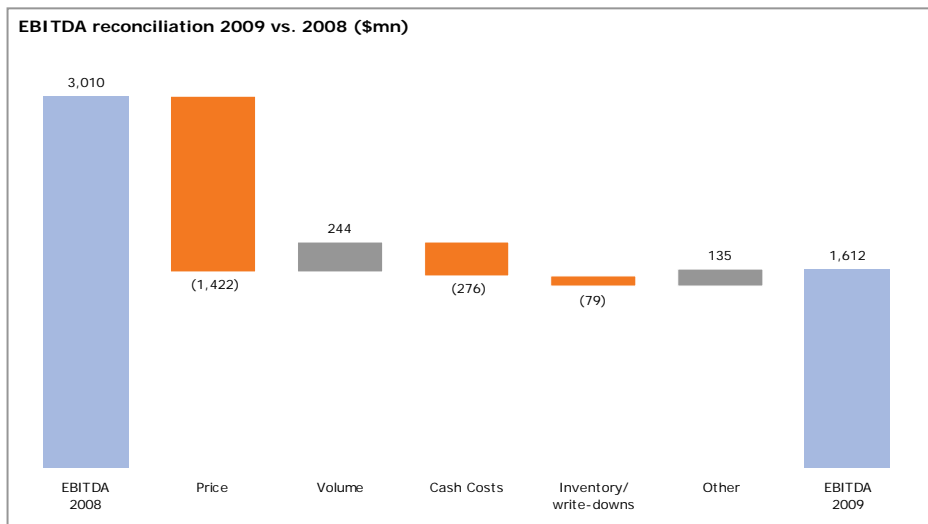
Financial highlights

<i>(in \$mn)</i>	FY2009	FY2008	Change
Revenue	6,579	8,204	(19.8)%
EBITDA	1,612	3,010	(46.4)%
<i>EBITDA Margin</i>	24.5%	36.7%	–
Profit After Tax	901	2,005	(55.1)%
Minority Interests	75.6%	56.2%	–
Attributable Profit	219	879	(75.0)%
Attributable EPS (US cents)	76.4	305.4	(74.2)%
DPS (US cents)	41.5	41.5	–
Free Cash Flow	1,710	2,217	(22.9)%
<i>ROCE</i>	24.4%	45.6%	–
Net (Debt) / Cash	(201)	2,143	–

EBITDA reconciliation



EBITDA reconciliation 2009 vs. 2008 (\$mn)



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Summary Cash Flow statement



(\$mn)	2009	2008
EBITDA	1,612.2	3,010.4
Working capital	620.6	(53.3)
Sustaining capital expenditure	(306.3)	(256.9)
Net interest / dividend received / (paid)	33.2	177.5
Tax paid	(330.8)	(655.2)
Operating exceptional / other	80.7	(5.6)
Free cash flow	1,709.6	2,216.9
Expansion capital expenditure	(3,021.3)	(1,997.7)
Issue of shares by subsidiary	-	1,969.4
Dividends paid	(174.9)	(157.8)
Acquisitions	(316.8)	(757.7)
Buyback	(80.3)	-
Sale of non core business	-	83.1
Other movements	(459.8)	353.8
Movement in net cash	(2,343.5)	(1,710.0)
Debt	5,113.4	2,964.0
Cash	4,912.6	5,106.7
Net debt / (cash)	200.8	(2,142.7)

Significant working capital inflow

- Commodity price falls
- Improved cycle management

Low sustaining capex

- Modern, efficient Indian operations

Reduced tax rate

- Tax planning
- KCM windfall tax withdrawn

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Funding



Project capex

	\$bn
Original cost	18.7
Savings/deferrals	(5.3)
Revised cost	13.4
Spent to date	(5.8)
Balance to be spent	7.6
Non-recourse project finance secured ¹	3.7
Balance to be funded	3.9

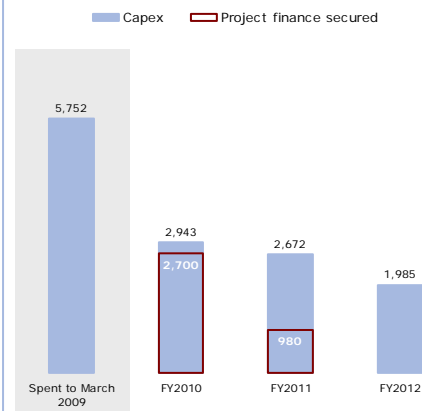
1. Including \$2bn, which is subject to final documentation

Capital requirements to FY12

	\$bn
Project capex	3.9
Minority buyouts	1.3
Debt maturities	1.6
Asarco	1.1
Total	7.9

To be funded by cash on hand (\$4.9bn) and accruals

Spend by years (\$mn)



Concluding remarks

Well positioned through the cycle



- Delivering prudent, profitable growth & returns
- Decisive response to market conditions
- Delivering on our strategy
- Well funded growth programme
- Growing and sustainable low cost production drives cashflow



Appendix

Summary Income Statement and Balance Sheet



Summary Income Statement

\$mn, except as stated	FY2009	FY2008
Revenues	6,578.9	8,203.7
EBITDA	1,612.1	3,010.4
<i>EBITDA margin</i>	<i>24.6%</i>	<i>36.7%</i>
Profit before tax	1,181.0	2,763.2
Depreciation and amortisation	(473.3)	(429.1)
Profit for the period	219.4	879.0
Basic EPS (USc)	76.4	305.4
Underlying EPS (USc)	122.9	303.9
<i>Effective tax rate</i>	<i>23.8</i>	<i>27.4</i>
Minority interests	681.1	1,126.5
Dividend per share (USc) ¹	41.5	41.5

1. Proposed for FY2009

Balance Sheet

\$mn, except as stated	FY2009	FY2008
Property, plant and equipment	9,348.4	8,354.5
Net assets	7,571.3	9,207.7
Gross debt	5,113.4	2,964.0
Cash	4,912.6	5,106.7
Net (debt)/cash	(200.8)	(2,142.7)
<i>Gearing</i>	<i>2.6%</i>	<i>NA</i>
<i>ROCE (excluding CWIP)</i>	<i>24.4%</i>	<i>45.6%</i>

Sensitivities



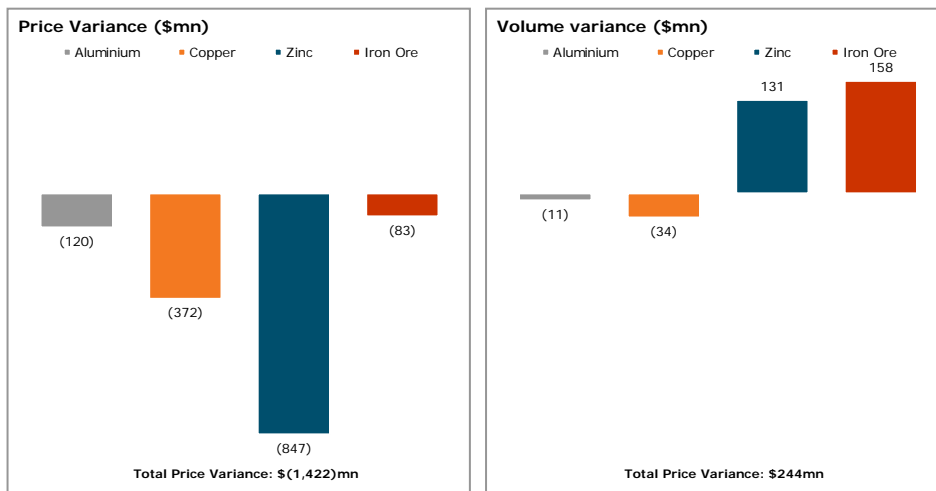
Foreign currency sensitivities on EBITDA

	EBITDA (\$mn)
Impact on Group of a 10% change in FX	
INR/USD	265.6
AUS\$/USD	8.2
ZKA/USD	54.0

Commodity price sensitivities on EBITDA

	EBITDA (\$mn)
Impact on Group of a \$100/t change in LME	
Copper price	13.9
Aluminium price	39.7
Zinc price	57.9
Lead price	8.9

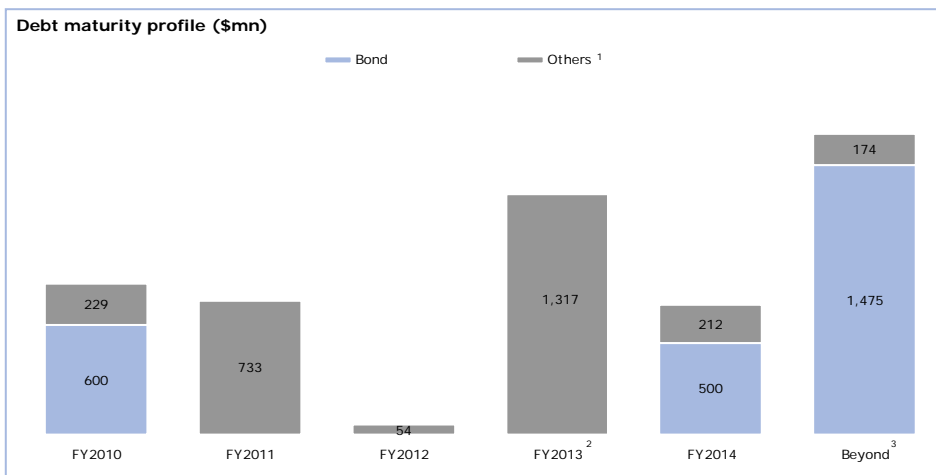
EBITDA: Price and Volume 2009 vs. 2008



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Debt maturity profile



¹ Includes non-recourse project debt and working capital facilities at subsidiaries

² Others in 2013 includes maturity of \$1bn loan taken to acquire Sesa Goa

³ Bonds beyond 2014 mature in FY2019 and FY2026

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Sustainable development I



- Sustainable development is integral to our business philosophy & ethos
- Approach:
 - Defined Governance structure, steered by a Board level HSE Committee
 - Social, economic & institutional development of the communities where we operate
 - Stakeholder Engagement
 - Base line and need assessment
 - Focus on Public Private Partnership
 - Graduation strategy and sustainability
 - Independent audits & reviews
- Focus areas
 - Social Investment: Education, Health, Livelihood
 - Bio Investment: Agriculture, Watershed, Social Forestry
- Resources
 - Partners - 83 regional, national and international NGO partners
 - CSR Spend : \$13mn
 - 45.9 average for FY09)
 - Footprint : 434 villages, 2.5 million people across 5 States in India & Zambia



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Sustainable development II



- 937 Child Care Centres, 70,000 children, 0-6 years, focus on nutrition, health and preschool education. Plan is to reach out 0.5 million children over a 2 year period
- 6 Centralized Kitchens serving mid day meal daily to 0.2 million students of class 1- 8 in 2418 Schools. 31 more kitchens, feeding 1.5 million children planned over 3-4 years
- Computer Literacy in village schools for over 68,000 children and youth. Plan is to reach out to 0.5 million children in 5,000 schools over 2 years
- 27 company run schools and a Post Graduate College for girls at Ringus
- 17 company run hospitals, health posts & Mobile Health Units provide quality health care to over 0.9 million people
- Prevention & 1st tier treatment of HIV AIDS in Zambia in partnership with USAID to more than 0.1 million people
- More than 3,225 acres of land & 2,800 farmers covered under agricultural & micro irrigation improving land usage & productivity
- 1,300 Self Help Groups, 17,350 women members involved in thrift saving & microenterprise. Cumulative fund base of INR37mn, average monthly income of INR5,000
- 73 villages under the Integrated Village Development Program



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