



“Vedanta Interim Results & Capital Market’s Day Conference Call”

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Moderator: Good day, ladies and gentlemen and welcome to the Vedanta Interim Results and Capital Markets Day Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded.

Ashwin Bajaj: Ladies and gentlemen, very good morning. I am Ashwin Bajaj, Head of Investor Relations of Vedanta. Thank you for joining us today for our H1 FY 2018 Results and Capital Markets Day. Let me introduce our speakers and go over the agenda for today. Our Chairman -- Anil Agarwal will give an "Overview" followed by "Strategy Update" by our CEO -- Kuldip Kaura; this will be followed by Scott Caithness -- our Head of Exploration who is here on video. Our CFO -- Arun Kumar is unable to join us today for medical reasons, so I will cover the "Financial Update;" Mr. Kaura will then do the "Business Review" along with Steven Din from KCM who is also on video; this will be followed by a "Q&A Session." We will then have a short coffee break and we will come back for deep dive into some of our "Key Businesses by the Respective Business CEOs" who are here with us today; let me introduce them; we have Sudhir Mathur -- CEO of Oil & Gas; we have Sunil Duggal -- CEO of Zinc India and Deshnee Naidoo -- CEO of Zinc International.

Please note we will have separate Q&A Sessions for Oil & Gas and Zinc. We will end with lunch. So do join us for lunch. We also have several of our business leaders on the phone line with us today; we have Samir Cairae, CEO of India Diversified Metals; Kishore Kumar from Iron Ore; Abhijit Pati from Aluminum; Ajay Dixit, who's in charge of the Alumina vertical and TSPL Power.

So, with that I would like to hand over to Chairman.

Anil Agarwal: Good Morning, Ladies and Gentlemen. It is a pleasure to see you all today. Vedanta has delivered a strong operational performance in the first half driven by volume and supportive market. We expect this momentum in the second half of the year as well. As we go forward, we will continue to focus on delivering growth and shareholder return. We will do this by focusing on our four key areas:

One, executing our strategy which has been consistent over the last several years and has worked well.

Two, taking a disciplined approach to all growth opportunities that has come our way. With positive fundamentals in place, the board has approved a growth program at our Oil & Gas and Copper India businesses.

Three, we continue to be positive about India's growth potential and we as a UK listed company offer a ground floor opportunity to invest in India's economic transformation which constitute one of the world biggest resource stories.

Four, at a time when investments in the mining and oil sector are low, I am pleased to report that we have significant brownfield investment opportunities across our portfolio.

India is the fastest growing G20 economy in the world with the strong fundamentals and demographics. Currently, per capita consumption of the metal in India is 70-80% below global average. As a country expand to become a US\$6 trillion economy with the population of 1.5 billion by 2030, domestic consumption of key commodities will only increase. Furthermore, the Government of India has introduced a number of important reforms which will help to improve the business environment, attract global investment and drive faster growth.

Vedanta as the only diversified natural resource company in India is in unique position to cater to the demand. With such a large domestic market, everything we produce in India, we aim to sell in India. We have always been highly focused on our Metal, Mining and Oil business, I also want to emphasize that strength of our Oil & Gas which represent over 25% of our business. Our Oil is a sweet and has low sulphur with the lifting cost of only \$6 per barrel.

Since our IPO in 2003, Vedanta has delivered consistent strong result for all our stakeholders. I remain strongly committed to Vedanta. My family has not sold a single share since listing, in fact, we have invested about \$600 million of dividends that we have received into purchasing more Vedanta shares. You will also be aware that my family trust has also made a personal investment in Anglo American Plc. I want to emphasize that Vedanta has no involvement in the investment whatsoever. The stake we have in Anglo is purely investment.

Now, I would like to talk about our “Seven Core Value of Vedanta.” These are the guiding force behind our activities. Vedanta places a strong emphasis on partnering with all stakeholders and building its social license to operate. Whether it be our employees, investors, government or the local communities in which we operate, we aim to ensure we have their support and make a positive contribution to their life.

As you may know, I have pledged 75% of my personal wealth for charitable causes very close to my heart especially for women and children. I am excited about these programs which I hope will benefit 50 million children and 20 million women. As a purpose-driven organization, we value and empower our people, care for the planet and aim to achieve Zero waste, Zero discharge and Zero harm as well as prosperity for all our host countries. We are focused on creating an entrepreneurship culture throughout the organization. We have in place a comprehensive stock option scheme extending to 3,400 employees.

One key focus of the group is use technology and digitalization trends throughout our businesses to ensure the highest efficiency in the cost, exploration, growth and HSE. With this values as the bedrock for the group, I look forward towards 2018 with more confidence than ever.

While the search is on for a CEO, Kuldip Kaura is fully in saddle driving the company performance and growth as CEO. He has deep knowledge of the company’s businesses with his

15-years of experience within the Group. This ensures full alignment with each of our businesses and management team.

Now over to Kuldip. Thanks.

Kuldip Kaura:

Thank you, Chairman. Good morning, ladies and gentlemen and to some of friends joining from India and other parts of Asia, a very good afternoon and good evening. I am pleased to welcome you to Vedanta Resources Results and Capital Markets Day and happy to have some of the business leaders from Vedanta joining me today. I have had the pleasure of meeting with some of you when I was CEO of the Group earlier. So, it feels like a homecoming of sorts. I have been working very closely with our chairman for the past year in the chairman's office and have a ringside view of the group. So, I feel quite at ease to hit the road running.

Before we get into the business, let me state that I feel very fortunate to be at this spot for two reasons -- One is that we at Vedanta have some of the best Tier-1 assets in the world and secondly and more importantly I think we have the best team in Vedanta with us and I have eight CEOs manning eight businesses and such a great team and I think the team adds lot of value and as we joke with them sometimes, buck stops at you, I help you in doing what you want to achieve.

So last couple of quarters have been supportive for the natural resources industry and it is an opportune time to talk about Vedanta's plans in view of these events which presents us with some opportunities and challenges.

To review what happened in the commodities market both Zinc and Aluminum LME have been performing strongly. For Zinc, global tightness and concentrate supplies coupled with mine supply cuts in China have been driving the price rally. In the case of Aluminum, successful implementation of Chinese reforms leading to reduction of capacities, combined with improved demand outlook are helping prices. We expect this momentum to continue into the second half of FY'18 as China implements seasonal winter production cuts.

In the Oil & Gas space, oil prices have been largely stable. Oil & Gas supplies play a pivotal role for India as it continues to be the fastest growing emerging market. Currently, India imports 80% of its crude requirements. Copper prices have also been robust due to stronger than anticipated demand and continued supply side disruption. As we have said in the past, we expect that financial year '18 will be both supply and demand-driven story in our sector. China's resilient growth and environment reforms to curb pollution will be major drivers of the commodity prices.

With that let me take you through our "Half Yearly Performance." I will start with Safety and Sustainability which is of paramount importance to us. Slide on Safety: Management is committed to delivering Zero harm, Zero waste, Zero discharge and this will continue as a way of life at Vedanta. I am deeply saddened to state that we have had four fatalities during the first half from unfortunate incidents, one at our Iron Ore business; two at KCM; and the other one at our Skorpion facility. Fatalities are a setback to our collective efforts to deliver on Zero harm.

We have initiated a new “Leadership Action Program” to improve safety with the first phase reinforcing leadership responsibility and establishing further safety controls. The second phase will go live shortly and will standardize our approach to risk management. Progress of the program is tracked at executive committee level.

During the first half of the year, we also had an unfortunate incident at Jharsuguda aluminum where the wall of one of the ash dykes was breached, spilling ash on the adjacent land. Most of the land where the spillage occurred belongs to the company and there were no injuries from this incident. We have completed a thorough investigation with the help of agencies like Golder Associates, IIT Roorkee and Wapcos India and immediate remedial actions have been taken.

On the positive side, our efforts and sustainability have been recognized and Vedanta has been ranked 15th by Dow Jones Sustainability Index globally while Hindustan Zinc has been ranked 3rd in the Environment category and 11th overall in the Industry Group of Mining and Metals.

Slides on Results: Moving to the next slide on Operations: We have delivered strong volumes with record production in many of our segments and continue with production ramp up across our portfolio in second half with production guidance for financial year ‘18 largely unchanged. We had high zinc lead production and record Q2 to silver volumes at zinc India. The Gamsberg Zinc project is on track for its first production in mid calendar year ‘18. At aluminium, we had record production and exited with a stabilized production run rate of 1.6 mtpa. TSPL is back in full swing and currently running at nearly 90% availability levels.

With respect to the Financial Highlights, I am happy to report that we had robust EBITDA and improved margins. Our gross debt reduced by \$2 billion during the first half of the year. Stakeholders have also benefited with our contribution to the government exchequer being over \$2 billion with Vedanta Limited being one of the largest contributors to the Indian exchequer.

Also, as stated by the chairman earlier, we are moving forward with our growth program at oil & gas to take production to around 300,000 bpd and at copper India to double smelter capacity to 800,000 tons.

Slide on Investment: Moving to the next page before we deep dive into Results: I like to remind everyone about Vedanta’s compelling investment case at the center of which are sustainable shareholder returns.

I will go into more detail on our investment case in the following slides. Slide on Diversified Portfolio: Vedanta has world class assets with cost in the lower half of the cost curve across majority of its businesses. Our portfolio of base metals and oil & gas have the highest projected demand growth in the coming years among commodities. Our attractive and balanced mix of commodities helps to reduce any possible impact from single commodity volatility.

Slide on Proven Track Record: We have been able to consistently expand capacities and have grown by about 16% p.a. CAGR between 2004 and 2017 in copper equivalent terms. In a period

when investments in the mining industry have reduced, I am pleased to report that our portfolio of well-invested assets will deliver industry-leading growth across our commodities.

Capital Allocation Slide: Our world-class assets and operational excellence underpin our capital allocation policy. This becomes more important as our assets ramp up and generate a healthy cash flow and give us what we like to call, a good problem to have on deciding how to deploy it. Shareholder return continues to be a clear focus area for management and the board.

In terms of balance sheet management, management's focus continues to remain on de-levering, strengthening our credit metrics, using our strong free cash flows to drive further reduction in gross debt.

We will only invest in attractive return projects in our existing businesses at very conservative commodity price assumptions.

Slide, Strategic Framework: Our strategic framework is quite simple and is as follows: We are in a fast-growing Indian market. We have an opportunity to leverage our presence and position in India. We grow across the portfolio in both near and medium term. This along with the disciplined approach to capital allocation will deliver superior long-term returns to shareholders. I will walk you through details on this in the following two slides:

Slide on Strategic Framework: The priority in the near-term to FY 2020 is to ramp up to design capacities across all our businesses. Key projects that underpin this growth are laid out on this slide:

At Zinc India we are on track to achieve 1.2 mt of mine zinc lead, metal capacity and about 24 million ounces of silver. During the year, we made significant progress on our Gamsberg project in South Africa and the project is on target for first production by mid-2018.

Nameplate capacity of our Aluminum business is 2.3 mt and we are increasing utilization now to full capacity.

We have also embarked on our next phase of growth in exploration and development of our oil & gas business to get to a near-term capacity of 300,000 bpd.

At Copper India we have announced our expansion plans to double smelter capacity from 400,000 tons to 800,000 tons p.a. We are also progressing on turning around Copper Zambia achieving 200,000 tons p.a. of integrated copper production and generating positive cash flow.

Our Iron Ore business currently restricted by regulatory caps can be swiftly ramped up to pre-ban levels of over 20 mt without any significant investments.

Slide on Strategic Framework: In the medium-term, beyond FY'2020 we will continue to deliver value for our shareholders by focusing on the most compelling growth opportunities across the

group underpinned by disciplined capital allocation. We have attractive growth options, most of which are brownfield across our existing portfolio. These include:

Phase-2 and 3 of our Gamsberg Zinc project which has the potential to take zinc concentrate production from 250,000 tons to a level of 600,000 tons p.a.

Zinc India has the potential to expand to 1.5 mt of mined metal capacity with production of over 32 million ounces of silver given the long mine life of 25-years.

Oil & gas has the potential to increase output from 300,000 bpd to 500,000 bpd on the back of continued exploration and ASP technology.

Alumina refinery expansion at Lanjigarh to 6 mt.

Copper Zambia has the potential to increase its integrated Copper production to 300,000 tons p.a. level. Mine shafts, concentrators and smelter have already been built to support these levels. Systematic mine development over medium-term should achieve this goal.

Development of iron ore deposits at Jharkhand

In addition, we will also participate selectively in resource auctions in India to harness the country's vast untapped and underexplored resources. All of these potential projects will be reviewed in the future based on our strict capital allocation framework, taking into account the Group's financial resources and returns to shareholder.

Operational Excellence: The chairman earlier spoke about the "Seven Core Values of Vedanta." I would like to touch upon two of the values, where the company is making some notable strides:

Achieving the lowest cost of production is our operating mantra. There is an ongoing focus on asset optimization and process innovation. Digitalization offers huge opportunities to transform operating efficiencies, exploration and HSE. We have started implementing these technologies across our businesses.

Hindustan Zinc, SK mine is our most automated mine and has successfully completed the piloting of mine digitalization. We are embarking towards a new era of mining, where high speed WiFi networks and high bandwidth optical fiber will form the backbone of new digital-enabled operating model.

Gamsberg has been conceptualized to be a digital mine. Currently, we have introduced a Collision Awareness System in collaboration with GE with the key aim to increase safety and improve efficiency.

At our Oil & Gas business, the world's longest continuously heated and insulated pipeline is one example of high technology standards. We remain ahead of the curve with the industry-leading

extraction techniques like EOR and ASP which have already been deployed at the Mangala field. Extensive use of digital oil field software has improved reservoir management.

Sustainable development is at the heart of Vedanta and we held our Third Successful Sustainable Development Day in London earlier this year. Our operations have resource conservation targets and we take every opportunity to convert our waste to value. We have recycled 52% of our rural high volume and low effect waste in sustainable applications.

At Hindustan Zinc, we have set up 16 MW Solar Energy Project where the target is to reach 115 MW capacity in the near term. At Gamsberg we are proactively managing bio-diversity risk through continuous transplanting succulents out of current mining footprint area.

The oil & gas business is establishing 331 reverse osmosis plants across the Barmer district to provide safe drinking water to more than 1 million people.

These are just a few highlights of the numerous efforts underway and we aim to continue this momentum.

With that, I now hand over to Scott, our Head of Exploration, to talk about “Exploration at Vedanta.” Scott

Scott Caithness:

Hi, Good Morning, Everyone. I am going to talk a little bit about exploration in Vedanta and I guess the first point that I would like to make is that, Vedanta is a very committed explorer. It uses a lot of technology with its exploration, it has a very strong track record of success. In 2017, our budget will be in excess of \$30 million across the globe. So our approach with exploration, we have very dedicated and highly skilled teams and geoscientists based on the actual projects that they are working on. So they are not on a fly in fly out basis or anything, they are basically working on the projects. We supplement those teams with outsourced specialists’ expertise as required. We do extensive drilling. This year across our exploration activities we will be drilling at excess of 200 Kms of drilling at our sites. We also utilized world-leading exploration technologies. We use all the 3D visualization tools for resource and modeling with software. We also use latest geophysical techniques and in the case of India we have introduced a lot of those geophysical techniques for the first time. I guess one of the major points that I want to make is we have got a very-very strong exploration success track record. I have just got a couple of examples in the slides. So Sindesar-Khurd in India back in 2005, it was basically a mothballed exploration project. Today it has got a total R&R of 123 mt and that is after we have mining operations and depletion of about 15 mt. So we have actually added about 125 mt in total to that deposit over the last 10-years or so.

Rampura Agucha: Similarly, we have taken from 51 mt to 100 mt of R&R, but that is after over 60 mt of depletion. So Rampura Agucha is certainly world-class mining operation and has an open pit which is the world’s largest zinc producing mine. Similarly, in Iron Ore, we have basically expanded our R&R position by over three times since acquisition in 2007.

If we move to the next slide please, “Strong Exploration Opportunities.” The Group also has a very-very strong R&R position and contained metal position and most of its mining business has more than 25 years of mine life. The upside potential is quite significant with our existing deposits. Both Hindustan Zinc and ZI have potentially large tonnages of metal to their existing deposits. Hindustan Zinc has an outstanding track record, but it has taken its total R&R from 165 mt to 404 mt, after approximately 100 mt of depletion, i.e. contained metal from 80 mt to 36 mt. Its objective is to add further 20 mt of contained metal. It has got to do that through focusing on some of those existing deposits that it has but we also have more than 20 tenement applications in India that we are still pursuing grant of Zinc International has the potential to double its existing R&R base and contained metal with Gamsberg, Swartberg and Skorpion being the key priorities. Geophysical surveys have just been completed and have detected extensions to the deposits at Gamsberg and Swartberg and drilling is basically underway to extend those deposits.

The Skorpion: The focus is on delineating extensions to the oxide deposits that we are already mining plus evaluating sulphide metallization, that is adjacent to the oxide ore body.

In Iron Ore, in addition to adding tons to our existing mining deposits at Goa and Karnataka, we are also evaluating a Greenfield opportunity in Jharkhand state as Mr. Kaura mentioned. It is early days in that program at this point in time, but we believe it has got potential for significant tonnage maybe 150-200 mt of direct shift iron ore and that will be a significant achievement and bonus for the company once achieved.

In Copper, KCM has a very large R&R base and contained metals of 16 mt. We believe again that we got potential to double that overall R&R. Our immediate focus however is delineating the existing ore bodies so they can be fast tracked to reserves that are ready for mining. In bauxite, as is well known India has an outstanding mineral inventory and India has a lot of undeveloped bauxite deposits and basically the exploration group is playing a lead role in securing captive bauxite supplies for mining and refining smelting operations in India.

So, I guess in closing on “Exploration” Vedanta already has a very strong R&R position across the Group. In addition, it has significant exploration potential within its existing licenses and license applications. It is very active in drilling, exploration program, we are confident that will result in further R&R gains. Thank you very much. I will hand over to Ashwin.

Ashwin Bajaj:

Thank you, Scott and good morning, again. Arun is not here today, so I will give you a “Financial Update.” We had strong performance during the half year; strong growth and financial results for the half year in line with our financial and strategic goals. The first half in addition to being stronger on volumes also had tailwinds from a stronger commodity price environment with base metals at multi-year highs. This resulted in better realizations, but at the same time we also witnessed higher input commodity prices especially for alumina, carbon and coal. EBITDA of \$1.7 billion is 37% increase year-on-year with the EBITDA margin remaining robust at 34%. Higher EBITDA was driven by volume growth at Zinc India, ramp up of the aluminum smelters and stronger commodity prices, but partially offset by raw material inflation and appreciation of

the Indian rupee. Our free cash flow post CAPEX was \$232 million, and this was driven by higher EBITDA which was partially offset by higher interest expenses and higher working capital, in turn driven by higher input commodity prices and the ramp ups.

In line with the stated financial priorities of deleveraging and balance sheet strengthening, we have reduced gross debt by \$3.1 billion from \$18.2 billion to \$15.1 billion in the last six months. This includes repayment of \$1.1 billion of temporary borrowings at Hindustan Zinc and then the rest is at Vedanta Limited. Net debt was higher \$500 million compared to March 2017 due to the special dividends paid by our subsidiaries in April. Underlying earnings was 9.5 cents per share in H1 compared to a loss of 19 cents in H1 last year.

Moving to the EBITDA Bridge: The two large drivers of higher EBITDA were higher commodity prices and higher volumes. As you can see on the right hand side most of our businesses delivered strong volumes contributing to an incremental EBITDA of \$188 million. We had higher volumes at Zinc India and Aluminum. These were partially offset by lower power sales due to the TSPL shutdown for 65-days during Q1, lower volumes at Oil & Gas and at KCM.

On the left-hand side you can see the stronger commodity prices contributed a positive \$604 million to EBITDA though iron ore realizations were lower. These positives were partially offset by input commodity inflation and currency effects. We saw negative \$175 million on account of higher input commodity prices such as alumina, carbon and coal as I mentioned earlier. This year local currencies in the geographies where we operate appreciated against the US dollar which put a slight negative pressure on cost due to our cost base being in local currencies to some extent. As you know, a significant part of our spend base is in the local currencies. This impact was \$73 million. Some regulatory headwinds such as entry tax and electricity duties impacted EBITDA by \$15 million. The others bar comprises of one-off issues such as power imports and temporary coal shortages.

Moving onto the next page which is the "Income Statement" and is self-explanatory as usual, but I will just hit on some key things: Some of the headline numbers have been covered earlier. Underlying attributable PAT showed significant improvement at \$26 million versus a loss of \$52 million last year. This was driven primarily by higher EBITDA. Depreciation and amortization was marginally higher due to commissioning of new capacities. Depreciation for the full year is likely to be higher than FY'17 due to the same reason. Our finance cost increased as a result of capitalization of new capacities and issuance of preference shares pursuant to the merger of Cairn India with Vedanta Limited. This was partially offset by de-leveraging and lower interest rates. The weighted average cost of borrowing of 7.2% represents 40 bps reduction compared to the previous period. Investment income is lower mainly due to a lower investment corpus following the special dividend payouts over the last year and cash used to pay down debt in H1. Also, falling interest rates in India where most of our cash balances are held. The tax rate for the year is expected at about 30% as mentioned during full year results in May. Special items of \$29 million during the period was due to reversal of the excess district mineral fund liability

mainly at Zinc India partially offset by a write-off of the exploratory asset in the Oil & Gas business.

Moving onto the next page: We have made significant progress on our twin objectives on the balance sheet front, that is extension of our debt maturity profile and lowering our borrowing cost for Vedanta Resources. Continuing the momentum of an improving credit profile, we successfully executed a liability management exercise of \$1.84 billion in August 2017. This comprised \$1 billion bond and \$840 million of bank loans. The funds were primarily used to redeem part of the 2019 and 2021 bonds and refinance term loans maturing in the current and next financial year. As a result, the average maturity of debt at Vedanta Resources has increased from less than three years prior to these actions to over four years with no large single maturity over the next 15-months. We have reduced our gross debt to \$15.1 billion at end September from \$18.2 billion at end March. Reducing \$2 billion at Vedanta Limited, primarily high cost term loans and reducing \$1.1 billion of temporary borrowings at Hindustan Zinc.

As you can see in the lower half of the page, with the stronger credit profile, the yields on our bonds have strengthened very significantly. The yield on the five-year bond issued in January 2017 at a coupon of six and three eighths is currently at 5.3% and the seven-year bond issued in August at a coupon of six and one eighth is trading at an yield of 5.6% now. The strong operating performance and free cash flow at the subsidiaries have helped us de-leverage our balance sheet at the group level. We have very good access to the debt capital markets and relationship lending banks and we continue to evaluate opportunities for further optimization of our balance sheet and proactive refinancing of our remaining near-term maturities. Liquidity for the group remains strong with \$6.1 billion of cash and about \$800 million of undrawn credit lines.

Moving to the Next Page: During the first half total project CAPEX spend was \$0.3 billion. The pace of spending will pick up in H2 though overall CAPEX guidance for the current year has been revised down marginally to \$1.1 billion compared to \$1.2 billion given earlier and this is mainly due to timing changes.

I am pleased that the board has approved our growth program at Oil & Gas and the Tuticorin Copper Smelter expansion as Mr. Kaura mentioned earlier. Oil & Gas CAPEX is to pick up in H2 and will result in strong volume growth starting from the end of the financial year. Incremental CAPEX for Tuticorin to expand the smelter by 400,000 tons would be around \$576 million. On completion, this will be the world's largest single location copper smelter globally. The Lanjigarh Alumina refinery expansion considered as optional CAPEX remains under valuation. Zinc India continues to spend as per its guidance. Gamsberg is progressing well and first production is expected from mid CY 2018.

So, let me complete the "Financial Update" on the last slide by reviewing our capital allocation framework which Mr. Kaura also talked about: We continue to focus on disciplined capital allocation by maintaining a balance between strong shareholder returns, balance sheet management and production growth where projects meet our required rate of return. Our capital allocation is underpinned by our world-class well invested assets and operational excellence that

deliver strong, stable and long life cash flows. We have a 14-year track record of dividends and have announced an interim dividend of 24 cents, a 20% increase over last year. We have a stronger credit profile as we have pushed out our maturities and reduced debt. This has driven our bond yields much lower compared to 6-months and 12-months ago as I detailed earlier and we continue to selectively pursue high quality and high return growth budgets. I am comfortable that we continue to strike the right balance among the three priorities thus maintaining a very strong focus on shareholder returns. Thank you and back to Mr. Kaura for the “Business Section.”

Kuldip Kaura:

So, coming to our Zinc business, Our Zinc India business will be covered in more detail by Mr. Sunil Duggal during the deep dive session on Zinc. Briefly, we achieved mined metal production of 450,000 tons and refined zinc lead production of 459,000 tons during the first half. Refined silver production was at a record high of 8.2 million ounces. Our cost of production was \$979 per ton impacted by high input commodity prices. Looking at the strong LME, we have hedged about a quarter of Zinc India’s annual production. We maintain our guidance for financial year 2018 refined zinc lead metal production of 950,000 tons, silver production will be over 15 million ounces. For FY’18 based on the significant increase in the input cost our CoP will be in the range of \$900 per ton to \$950 per ton.

On Zinc International, this will be covered again in more detail by Deshnee during our deep dive on the Zinc International. Key highlights include our highest quarterly production volume at BMM during the last four years. Skorpion also had a strong production in Q2, enabled by full mobilization of mine outsourcing at Skorpion and better grades and high recoveries at BMM. Cost of production at \$1,564/ton was higher than last year due to lower volume and the currency appreciation. Our FY’18 production and CoP guidance remains unchanged with production of around 160,000 tons at a production cost of \$1,500/ton.

Oil & Gas segment again will be covered in more detail by Sudhir during the deep dive session.

On our operational performance during H1 our core fields continue to deliver along expected lines with gross production across assets at 184,000 bpd. Rajasthan production was at 156,000 bpd. We have successfully kept operating cost at the lower end among our global peers. Rajasthan water flood OPEX was at \$4.3/barrel. Blended operating cost for Rajasthan was also in line with the H1 last year at \$6.2. For FY’18, we expect to have steady production volume from Rajasthan at 165,000 bpd with potential upside from execution of the growth projects in second half of current fiscal year.

Moving onto Copper Zambia: We have made some improvements and remain committed to turning around the assets. Steven will now talk about the KCM performance in the half year and give some idea about the outlook. Steven

Steven Din:

Thank you very much, Mr. Kaura. Good morning, Ladies and Gentlemen. On the first Copper Zambia slide, the first half of this year have seen some considerable half-on-half improvement in production. The mined metal in the first half of this year is 45,000 tons compared to the

previous half at 36,000 tons and we are slowly seeing an increase quarter-on-quarter on the mined metal production

If I move to the individual units, we have spent a considerable amount of time during the first part of this year to embed a new operational philosophy at KCM. This is very much along the lines of a partnering model, where we partner with experts in their fields in operations and maintenance to be able to increase productivity levels across the whole of the business.

At Konkola, we have seen some positive results of this where we have already seen an increase in fleet availability in the region of 15% in the last six months and also partnering with OEMs in the open pit, we have seen better excavator availability and this is also contributing in our open pit production.

At the Tailings Leach Plant, we have now embedded operations and maintenance contractor and our plant reliabilities are in the region of over 90% and one year ago we were looking at 78%. So we have already seen an improvement of plant reliability and therefore the copper production coming out of the Tailings Leach Plant process.

The Nchanga underground was put on care and maintenance in November 2015 and we are now establishing the output from Nchanga underground at stable levels. We have seen sustained and increased throughput coming out of the smelter following the shutdown last year where we built a new ESP and we have also been able to source higher levels of custom concentrate which has led to the increased levels of production in this half of the year.

As far as the C1 cost performance is concerned, we closed the half at 249 cents per pound, that was impacted by the lower volumes but as you will see as we increase the levels of production that cost of production curve will continue to come down. In the second quarter of 2018, the EBITDA level was \$21 million, which is one of the highest quarterly EBITDA that we have had for a while now.

Now moving onto the next slide: On “Regulatory Update” first of all on the power supply situation, normally you see ups and down in power supply as far as the dry season is concerned. We have come through the dry season and we have seen a much more stable supply and we expect this in fact improve as the water levels of the Kariba Dam improve and increase during the next monsoon season.

Backlog VAT: We still have at the end of September the position was \$115 million of outstanding VAT of which \$74 million relates to the backlog prior to the rule changes in February 2015.

On the certain litigation that we have, the Court of Appeal in the UK has confirmed that the UK courts do have jurisdiction on the claim by Zambian residents. We are in the process of seeking leave to appeal this decision with the Supreme Court.

As far as the “Outlook for FY 2018” is concerned, integrated and custom production are both at 100,000 tons to 110,000 tons and our H2 expected integrated C1 cost of production is in the range of 200cents to 220 cents per pound.

On the Improvement Projects, we have now built a test pad for Heap Leaching and during the third quarter we will be completing the commissioning of that test pad. As far as the Elevated Temperature Leach and the Cobalt projects are concerned, we are in the process of appointing technical consultants to be able to move both of these projects forward.

So Kuldip that is really it from Copper Zambia. Thank you very much.

Kuldip Kaura:

Thanks, Steven. Moving to Aluminum: We achieved a record production of 753,000 tons during the first half. The production exit run rate for Q2 was 1.6 mt. We expect to exit financial year ‘18 at a run rate of 2 mtpa. At 500,000 tons Jharsuguda-I smelter will achieve full ramp up by Q3 this year post the April outage. On Jharsuguda-II, while the second line has been fully ramped up, the first line should be fully ramped up by the end of the current quarter and we expect full ramp up of line three by Q4 FY 2018. We maintain our production guidance of 1.5 mt to 1.6 mt of aluminum excluding trial run production in financial year ‘18.

We expect alumina production in the range of 1.3 mt to 1.4 mt bit lower compared to our previous guidance, mainly due to expected lower mine bauxite. On allocation of bauxite, we continue to work with the Odisha State Government.

Moving to our Realizations: We benefited from higher aluminum prices during the quarter. Our realized premiums were however lower than the last quarter in line with the decline in headline premiums by \$30/ton. On the hot metal cost, they were impacted in H1 by high alumina cost with API increasing by 17%. On power cost, we have been impacted on multiple fronts. Low materialization of linkage coal due to diversion of coal supply to IPP power plants by Coal India and logistics constraints and the GCV of coal received has been lower than contracted effecting cost and finally the brief shutdown of our power plant at Jharsuguda due to the ash dyke incident requiring us to import power for intervening two weeks. The power import cost was largely one-off cost.

As we had reported earlier, three of the five power plants that were shut down due to this incident have restarted. Inspection by the pollution board for the remaining two units are scheduled for this month and we expect to be able to restart them soon. \$68/ton of the CoP in H1 is a one-off cost pertaining to the pot revival and outage. We should be able to get rid of this as soon as the damage pots are repaired by the end of quarter three. We expect that challenges relating to coal and other input cost will remain in Q3 and hence our CoP guidance for Q3 to cost level of \$1,850 to \$1,900/ton. We expect Q4 CoP to be lower aided by the completion of our pots ramp up, Lanjigarh refinery scale up, and improvement in coal situation.

On the Power business moving to next slide: Our 1.9 GW TSPL plant post the restart in June end has ramped up well and is currently running at a high availability of nearly 90%. We had an

EBITDA of over \$50 million at TSPL in Q2 and are targeting availability of 75% for the full year. While coal cost is a pass-through for TSPL, the coal situation however adversely impacted our IPPs at BALCO and Jharsugada leading to low PLF.

On Iron Ore business, we had sales of 3 mt and production of 4.5 mt. Low volumes were on account of monsoon season. Going forward on volumes, Karnataka will achieve its 2.3 mt in Q3. In Goa, we have been busy during this monsoon season working on an upgraded product. We will be beneficiating our ore to a higher grade which should result in improved realizations and margins in H2. We expect to sell about 3 mt ore in H2 from Goa. Realizations at Karnataka have been steady at \$24/ton. We are working towards improving these. We continue to engage with the state government for increased mining allocation in the iron ore.

On the Copper India: Copper India production was record at 106,000 tons of cathodes in Q2 driven by operational efficiencies. On concentrate supply, global concentrate supply has recovered. The affected mines have begun to ramp up production. We expect it to produce about 400,000 tons of cathodes during the FY'18.

Copper Expansion slide. Now, a word on our Copper Expansion Plan: First some background on our current smelter. The existing Tuticorin facility was one of the initial facilities set up by Vedanta. It started as 100,000 ton smelter in 1997 with capacity growing to 400,000 through brownfield expansions. It is one of India's largest copper smelters based on production. It's proximity to the port gives it logistical advantages. The facility is also supported by a captive power plant. The expansion project of 400,000 tons was approved by the board in 2010, but was put on hold pending various statutory clearances. We now have all the statutory approvals in place and will be going ahead with execution of the expansion.

On the business case, as the Chairman said earlier, rapid growth in urbanization in India is expected to drive demand for metals in area of transportation and infrastructure. Current per capita consumption in India is quarter of global levels indicating strong headroom for growth. Our existing smelter is positioned on the lowest quartile of the cost curve. We have been successfully using ISA SMELT technology for the past 20-years and we will be using the same technology in the new smelter as well. The estimated expenditure pertaining to environmental improvement is approximately \$100 million.

On Project Detail: Incremental CAPEX for this project is \$576 million. This excludes about \$140 million, which has already been invested. We have an execution timeline of 24-months commissioning and stabilization of the plant shall happen in FY'20.

Delivering our Strategic Priorities: Let me close with our Strategic Priority Slide to reiterate the company's focus area. Let me also summarize by stating that our operations in all segments are progressing well and we are on track for the respective ramp-up, which will lead to high volumes. Commodity markets remain robust. Three, I like to reiterate that our philosophy of low cost at all of our assets remain strong and with higher input commodity prices we are relentlessly

working towards these. All these factors combine should help us deliver a strong performance in second half of the financial year.

Thank you very much and we are now open to “Questions.”

Jatinder: Jatinder from Citi. Two questions please; first one on hedging. You hedged in arguably the best business within the group, but conversely would you consider hedging in aluminum for the lack of integration and Copper Zambia for the high fixed cost base? Secondly, on this new copper smelter, what sort of TC/RC gets you over the hurdle rate and if you can disclose what the hurdle rate have you used in terms of your investment case? In terms of sourcing for copper concentrate, would you be mostly relying on spot market or do you think you have got optionality to get into any long-term contracts for sourcing. Aluminum and for Copper Zambia which are two more difficult businesses in terms of lack of upstream integration in Aluminum and Copper Zambia is high cost. So does it make sense to hedge there rather than Zinc India?

Anil Agarwal: At the moment we do not have any policy and we are not looking to hedge our aluminum business. Marketing strategy is very simple; as we sell, we price, and if our consignment agent wants to do that, we can do it, but we do not have policy to hedge at this point of time of aluminum. About the Copper Zambia, maybe Steven can say what is this policy. Steven, can you come out?

Steven Din: Thank you, Chairman. We believe in the natural hedge, under normal circumstances we do not take any metal hedging; however at the beginning of this year, we did consider an opportunity to take 10,000 tons, and that was quite simply 10,000 hedge over a period of six months where we were trying to lock the flow for exactly the reason that you say, Jatinder, try to make sure that we were at least covering our fixed cost and we were not sure at that time, whether that price that we saw increase in the price that we saw was going to be sustainable, but under normal circumstances we are not hedging our copper price going forward. Thank you.

Anil Agarwal: Very strong focus on the KCM. The management team is working. It has the potential to produce 400,000 tons. We are producing half of that capacity. So our focus is remained at this point of time remaining focus to produce at the low cost and bring the full potential. Hedging as and when the opportunity comes very small quantity, they do it. As far as the TC/RC is concerned...

Kuldip Kaura: As regards the copper expansion, this has been evaluated on very-very conservative assumptions. We buy concentrates on long-term contracts with our mines with our existing smelters. As you are aware we are one of the largest smelters in copper, so we have long relationships, very good relationships with these mines for very-very long time. For this particular project evaluation we are using conservative numbers around \$400, \$450/ton for evaluation.

Jatinder Goel: What sort of payback period are you looking at if you have a number to hand?

Kuldip Kaura: This smelter payback obviously must cross and has crossed our internal hurdle rates of (+15%).

Cedar: Just some questions on your cost on aluminum. You spoke about some coal availability issues at Coal India and coal being diverted to IPPs. Can you give us a little bit more color on what is actually happening on the ground and how long coal shortages could be a problem for costs in aluminum? And then also on the cost side in aluminum, you have the alumina cost actually being a decrease in your cost, which I find being quite interesting considering alumina prices have rallied. How do we interpret that reduction in cost because of alumina? Lastly, just an update on where we stand with bauxite supplies?

Anil Agarwal: I give you the little background; we have set up this plant 2 mt into the area where there is a coal belt, there is only coal, coal and coal, so, we have set up the plant, also, alumina plant where the bauxite is. That was the fundamental. We have so much of coal around that area, but it is with the Coal India there was unfortunately some difficult time of excess rain, some railway problem and we did not had good supply of coal, so we have to import and the cost gone very high. Because the coal supply was not there, we had to import the power. So this was a very temporary situation. We are looking in general our cost of power less than \$500, and we are very confident the coal supply will not be disrupted because we are on the pithead of the coal. As far as the bauxite is concerned, our plant is on the pithead of the bauxite. As you know the Niyamgiri, what happened, we never open up that mine, but we remain very strong, we continue to import and get source of other bauxite and continue to run that plant and we experience this and we are here. I am very confident within this one year, we will have the supply of bauxite of the nearby mine. Also, we are looking to complete our plant to 6 mt, which is in progress and we will be able to complete that plant within 17, 18 months time and we will be running the plant full capacity of alumina and we expect to produce alumina at that point of time around \$110.

Kuldip Kaura: You had one question on why the alumina cost was low. Because imported alumina used in this quarter had a sort of inventory effect from previous quarter buying and thus explains. It is just the play on the timing and number.

CedarS: So you overbought alumina essentially in previous quarter?

Ashwin Bajaj: We have a 60-day lag effect. So we carry some inventory.

Amos Fletcher: Amos Fletcher from Barclays. A couple of questions; firstly to your point about deleveraging. Net debt has actually gone up over the last 4.5-years. When are we going to start seeing it go down? Have you got any leveraged target explicitly? Then my second question is on expansion CAPEX in the Oil business. So you are putting in extra \$850 million over the next couple of years, sort of having feasibility over extension to the PSC. What should we assume and can you give us update on how negotiations are going?

Anil Agarwal: Maybe second question Sudhir can reply and the first net debt.

Ashwin Bajaj: Thanks, Amos. On the net debt as we you know we have the objective of strengthening our balance sheet paying down debt and we have been paying down debt using our existing cash at Vedanta Limited and we have also been paying special dividends from Hindustan Zinc and

Vedanta Limited. So it is really a balance between net debt and gross debt when the special dividends are paid out, some of that cash of course flows out to the minority shareholders of the respective companies and that raises the net debt overall for Vedanta Resources consolidated. So we are looking to strike the right balance and paying out special dividends using that to deleverage at Vedanta Limited, at Vedanta Resources and you have seen a slight increase in net debt because of that reason, but you have also seen a significant decrease in gross debt. So we are balancing those twin objectives. We have strengthened the maturity profile at Vedanta Resources and termed out the debt. Ultimately, it is reflected in a stronger credit profile and the bond spreads have come down significantly as I highlighted during my presentation.

Sudhir Mathur: We are very confident of the PSC extension. Our Rajasthan PSC expires in 2020 and the situation with that is we are busy preparing all the FDPs that are very much a part of the PSC extension paper work along with our partners. So we are getting all the approvals in place. We will file in April next year and expect to get the PSC extension in two or three months from now.

Cedar: Just also on the Oil business, can you talk a little bit about what is going with the tax arbitration? I know with Cairn Energy there was bit of a delay on their hearing with regards to the tax arbitration which I think was taken a little bit negatively when that delay happened. I know that your arbitration is being done through different courts. But can you please give us a little bit more color on where we stand the timings for court hearings if there is any update there?

Sudhir Mathur: The arbitration is going to start in middle of next year, that is what we are expecting, but we remain confident that this issue of retrospective tax will get resolved in the right direction, I think everybody in the government also is working in that direction and we continue to work very closely with the tax authorities, the Ministry of Finance as well as Cairn Plc to find a solution to this as early as possible. But given that it is taken the nature for an arbitration, it will get resolved, we have no idea: favorably.

Cedar: The delay that Cairn Energy reported, where they were going to have the hearing seems to have been pushed back. So I believe that your arbitration is happening under different legal system. So we should not interpret that Cairn Energy delay?

Sudhir Mathur: No, I do not think one should attribute anything to the delay.

Anil Agarwal: This is between the Cairn plc and the government which is the retrospective tax they have claimed, and they have filed the case... I think negotiation is also happening, but we definitely want this thing to be resolved. We have been very actively involved, though we are not concerned, but we have been working, and government is listening, I have a very strong feeling within three months time this will get resolved. They will come to probably some by media of some settlement. That is what we are looking apart from what the arbitration case is going on.

Ashwin Bajaj: I think one more question in the room and then we can move for the call.

- Reinout:** Quick question on Copper Zambia. You are talking about 300,000 tons. How much CAPEX exactly is required to get to that 300,000 tons plus where is the current bottleneck exactly in the whole process?
- Anil Agarwal:** Steven, did you get the question? Mr. Kaura will start and then you....
- Kuldip Kaura:** For 300,000 tons expansion, there are two components to that -- one is our Konkola mine where as you are aware already the infrastructure is all in place, so we have already shaft which can hoist up to 10 mt, we have concentrators already constructed working which can do 6 mt processing. So, this gives a required capacity for this mine to produce close to 180,000 tons or thereabouts. So, it is a question of now development of the mine over next couple of years to this level dewatering and development. And then the other part is Tail Leaching Plant and our output from the open pit and underground mines. Currently, our capability is around 100,000 tons there already, and this capability can be improved to about 250,000 by certain improvements in the processes which Steven talked about elevated temperature leach and areas like that. So there is investment mainly in the development, no serious big CAPEX required, maybe some balancing here and there. So it is all about development of these assets and improvements over there.
- Anil Agarwal:** We are very excited about KCM. It is one of the best assets with one of the best grade. We have invested one of the best shafts and the smelter. It took us little time, but on my personal note, I can tell you the KCM is coming out and you will see day-by-day how they improve.
- Ashwin Bajaj:** Thank you. So we will move to the call while the operator is queuing up questions. There is one question from the webcast, I will just address that in the meanwhile, this is from Pavitra Sudhindran from Nomura in Hong Kong. "Let us know what your key financial covenants are and how you are meeting them?" So the covenants are laid out in the appendix and as usual they are net debt-to-EBITDA, EBITDA-to-net interest expense and net assets-to-debt. The levels are laid out. We are comfortably meeting our covenants. The covenants were relaxed sometime back and now are stepping back up to original levels progressively and they will go back to original levels in March 2019 and we have enough headroom. We are in a comfortable position where both the numerator and the denominator is actually improving for all our covenants, for example, net debt is doing well, gross debt is doing well, and EBITDA is expanding, so we do not feel we have any issue on the covenants front. So, with that over to you operator.
- Moderator:** Thank you. Your next question is from the line of Calvin Fernandes from Deutsche. Please go ahead.
- Kalvin Fernandes:** This is about maturities at the Plc level. So while refinancing in August, I believe you mentioned that there are no significant maturities for the next 15, 18-months, but I see there is still 300 million maturing in FY 2018 and about 900 million in FY'19 in your PpT, could you please explain what these are and what is the status of that refinancing?

Ashwin Bajaj: Our maturity profile is on Page #28 for Vedanta Resources and then for the consolidated company it is in the appendix, I think your question is about Vedanta Resources if I understood correctly. So, as you can see on Page #28, maturities have been termed out quite significantly and FY'18 and '19 have much smaller maturities than earlier, no significant maturities for the next 12-months. FY 2018 is a bank loan. So that is going to be repaid or refinanced. FY'19 is about 0.9 billion. We are in a comfortable position where we will now look to see when the right time is to proactively again refinance some of our upcoming maturities over the next year or so and we will keep our eyes open for any good opportunities. The bonds are doing well, credit costs have been coming down and I guess time is on our side. We also have an improving credit profile. So we are also looking to rating agencies for some sort of positive action at some point in time in the near future hopefully in this financial year.

Kalvin Fernandes: On FY'19 900 million, is this more back-ended or could you give little more detail on when exactly this is due?

Ashwin Bajaj: So Kalvin I do not think we can give you any specific guidance in terms of timing, but you have seen us acting quite proactively over the last year or so. So use that as a guide of our intentions. Thank you.

So operator any other questions?

Moderator: At this point in time we do not have any one in queue.

Ashwin Bajaj: Okay. I think we have a couple more questions from Fraser maybe at the back.

Fraser Jamieson: Fraser Jamieson from JP Morgan. Just a follow-up to Amos's question about the debt. If we look at the Plc level over the last year at least the gross debt has not gone down at all. How do you think about the gross debt levels at the Plc level because obviously it is only being funded really by KCM which is not really generating any free cash flow and by dividends from the subsidiary entities? It is never going to have net debt-to-EBITDA on a standalone basis that this going to make a lot of sense. So how do you think about that? When you talk about paying down gross debt at the Plc level, where do you need that to get that or where do you want to get that number to feel more comfortable?

Ashwin Bajaj: Thanks, Fraser. At the Plc level, in terms of what people are watching is the gross debt level and then the maturity profile. So that is what people have been watching on especially the credit side. On the maturity profile, we have done a good job of terming it out and that sort of question or concern is off the table. As you heard on the call, the credit side is asking us, "When are you coming back to do more?" So we are in the good position there. In terms of the gross debt, I think with the dividend policy put in place at Hindustan Zinc and Vedanta Limited, it provides a good visibility into the cash flows flowing up to Plc. At some point in time we are quite optimistic that KCM also starts generating cash and starts paying something to Plc, but that is not sort of in the near-term forecast for now. So, we are relying on Vedanta Limited to pay enough dividends to service the debt at Plc and pay a reasonable level of dividends to

shareholders of Vedanta Resources and then from time-to-time you will have opportunities to do special dividends, pay out higher cash and you saw us doing that again in April, where Hindustan Zinc paid about \$2 billion, \$1 billion flow to Vedanta Limited and Vedanta Limited passed through all that \$1 billion which was \$500 million flow to Plc. So we will have more such opportunities. Finally when Vedanta Limited ramps up its assets as you have seen today you will have a significantly higher EBITDA and profit after tax and we have said it is a minimum 30% payout ratio. So you should have higher dividends flowing to Vedanta Resources to pay down the debt gradually. So granted the gross debt will go down more gradually and when you do pay out special dividends, then you have net debt levels going up to some extent. So that is also a question we get. So, it is just a healthy balance of gross debt and net debt. But I think we are quite committed to maintaining a strong balance sheet and ensuring that the debt only moves down, it does not sort of move up.

Anil Agarwal: If you look at \$5.5 billion debt with the Vedanta Limited holding 51%, I am just saying a ballpark number, maybe \$500 million, \$600 million will uplift from the Vedanta Limited side as a dividend and payment, I am just giving you some idea and I am very confident on having the asset of Konkola of 80% off the KCM asset will turn into a good profitable venture and dividend upstream will come from there too.

Fraser Jamieson: If I can sort of follow-up, maybe ask the question in a slightly different way; if we assume that KCM is just a zero free cash flow forever, that is clearly not the plan, but let us just assume that for a second, are you comfortable with Vedanta Plc as a standalone having any debt, if it is only being serviced by subsidiary operating companies, should it just sit there as a pass-through with zero debt?

Anil Agarwal: I am 100% confident that Vedanta Limited will be able to very comfortable service the debt of Vedanta Plc because it is a phenomenal upstream of dividend which will be flowing, at the same time please do note the KCM performance. Having the asset of KCM 80%, it is making profit. We are looking next year a very good year for KCM. That will be additional advantage as far as the Vedanta Plc balance sheet is concerned.

Ashwin Bajaj: So I think there is one last question in the room here.

Cedar: Just on the Power business, can you just tell us how we should think about the availability of the power units into the second half again with the coal shortages that we are seeing -- should we be thinking about that being an issue for the remainder of the financial year or something that could extend into the next financial year, do you have any visibility on Coal India's production plans or not?

Kuldip Kaura: For our IPP Power business, #1 coal is pass-through and we also have 'Take and Pay' arrangement, so that business fundamentally no serious impact. On Coal India's production, monsoon is usually a little bit of period when you have production downturn as well as logistics difficulties. So that is you can say a seasonal thing. Then some of the mines should up their production. So we expect that by Q4 we should be near normal.

Cedar: The coal cost is the pass through, but the coal supply does impact plant availability, so that is..?.

Kuldip Kaura: So for our TSPL plant we also any force majeure of this nature are also no impact on our sort of revenue generation. Fixed cost you still get paid for that.

Ashwin Bajaj: All right, thank you. Mr. Kaura would you like to just briefly summarize and then we will break for coffee?

Kuldip Kaura: Basically, I think like as shown in the slide, fundamentally all our operations in all segments are ramping up and we will have strong volume growth in the second half and then we believe the commodity prices will remain robust and we continue to work in our operational excellence and improving our cost structure and debottlenecking of our assets. All these factors I believe should give us a much better and a stronger second half.

Ashwin Bajaj: Thank you Mr. Kaura. So, we will break for coffee for about 10 to 15-minutes and we will restart at 10:50 A.M. Thank you.

Welcome back, everyone. Thanks for staying with us and now we will move to the deep dive of our businesses. While Vedanta is very proud of all its businesses as you know, today we have three of our prime businesses -- Oil & Gas and both the Zinc businesses.

So, with that I will hand it over to Sudhir to present Oil for you.

Sudhir Mathur: Thank you, Ashwin. Good morning to all of you. I stand here blessed and happy to share my blessing with you in the opportunity that I have. Been blessed in asset quality that we have, we are blessed with the financial resources we have, the people we have and working very closely with Mr. Kaura who has given us the empowerment to take decisions which is creating the growth story that I am going to present to you today.

So let me start by taking you through three broad components to our vision for the Oil & Gas business: Firstly, given the overwhelming India focus, we endeavor to contribute 50% of the country's domestic crude production in due course by increasing our gross production to 500,000 barrels a day. We currently produce about 200,000 barrels a day. Additional 1,000 barrels a day would come from current projects while the remaining will be contributed by exploration and appraisal effort. I would address this at length when we discuss our growth plans both in terms of developing current assets as well as expanding our exploration footprint.

Second, we seek to build sustainable portfolio of high quality assets. We are executing development projects that entail an investment of around US\$850 million. We aim to increase our reserve base to 3 million barrels while maintaining a relentless focus on operational efficiency.

Third, we are committed to deliver superior value to our stakeholders. Our core operations will continue to maintain stable volumes, low operating costs and robust free cash flows every year even post the planned CAPEX investment.

Let me take you to the next slide: India today stands at the crossroad of history. It has overtaken China to be the world's fastest growing major economy. The country imports more than 80% of its crude oil requirement. Demand for oil is expected to grow exponentially with the import ballooning to \$54 billion in 2016 and a projected US\$300 billion in 2030 as per government projections. The Indian Geology provides untapped potential of over 80 billion barrels of resources. A mere seven of the country's 26 sedimentary basins are in production today. India would need an annual investment of US\$9 billion in the Oil & Gas industry through 2030. The vast untapped potential in the world's third largest oil consumer presents a great market opportunity for Oil & Gas exploration industry. The Indian Government today sees increase in domestic production as a cornerstone of India's Energy Security and to fuel the growth journey has targeted 10% reduction by the year 2022. Towards this end, the government has introduced a number of positive policy measures over the past year or so. The open acreage licensing policy allows explorers to evaluate and access prospective acreages after a gap of eight years without having to wait for a bid. It allows bidders to carve out areas where they want to drill. Now the explorers can proactively chart out their growth trajectory in India. Access to National Data Repository on all sedimentary basins allow prospective bidders to pick their block of their choice.

Another significant step by the government is the policy on extension of production sharing contracts signed with companies before the system of auction was introduced in 1999. India's untapped geological potential and favorable policy provides Cairn with a distinctive comparative advantage given our track record of success in the country over the past two decades which has enabled us to become the country's largest private owned Oil & Gas explorer.

Moving to the next slide: Extremely well positioned, the Indian opportunity. Cairn finds itself in an enviable position to make most of the Indian promise given the company's robust portfolio and track record of pioneering technological achievements.

Let me give you a sense of our robust portfolio and distinctive technological achievements first before we get into growth plans: Cairn contributes around 26% of India's domestic oil production. We have a portfolio of seven production and exploration blocks -- One in Rajasthan, One in the West Coast of India and four on the East Coast, One of our blocks is in South Africa. To-date we have made 51 discoveries. 38 of them being in the prolific Rajasthan basin. Our portfolio has hydrocarbons initially in place of 7.5 billion barrels with gross proved and probable reserves and resource base of 1.3 million barrels as on March 31, 2017. Cairn has been a pioneer in introducing cutting edge technology in India. We have built the world's longest continuously heated pipeline over 700 Kms. We have implemented the world's largest Enhanced Oil Recovery project in the Mangala field. We have successfully tested the ASP pilot project in the Mangala field which has opened doors for us to implement the world's largest ASP project.

Furthermore, we have implemented 4D Seismic technology in our offshore assets to increase production.

Moving to the Next Slide: Now let me dwell on how we intend to monetize the opportunity that the policy changes in India present: Exploration and appraisal hold the key to our sustainable growth. As I mentioned only 7 out of India's 26 basins are under production. The estimate of total resources in place is over 80 billion barrels. We have put in place a dedicated team for evaluation of the blocks under the Indian government's Open Acreage Licensing Policy. We were the first to submit an "Expression of Interest" under this new policy and we would be submitting our bids by 15th March 2018. Our exploration strategy is a mix of medium-to-low risk at established place. We are working to discover large fields in high permeability oil reservoir or tight gas reservoir. Our focus shall be on monetization in areas closer to infrastructure. We are closely looking at opportunities around the Barmer Basin and the KG Offshore Basin.

Moving to the Next Slide: We are regenerating our exploration portfolio through exploration and appraisal activities in the prolific offshore Barmer Basin and Offshore KG Basin. Rajasthan Barmer Basin provides us with a unique proposition of singular access to the full Barmer Basin with its multiple play types including oil in high permeability reservoir and tight oil and tight gas. We have established discoveries at multiple plays in the reservoir system with gross in place of over 6.2 billion boe. We are analyzing the recently acquired 3D seismic and drilled wells data to firm up new plays and prospects. Global partners are being engaged in order to establish 1.5 billion barrels of prospective resources. Further to add, around 600 million barrels of contingent resources, we shall be commencing an integrated exploration and appraisal drilling program. The tendering process for this is underway.

Moving to the Next Slide: In the Offshore Basin we have 100% participating interest in the KG Offshore in the prolific Krishna Godavari basin. The seismic interpretation has resulted in identification of prospects and leads over different plays. We will start a two well exploration program from Q4. This should add 300 million barrels of contingent resources. Ravva and Cambay blocks demonstrate our technological capabilities in transforming offshore fields. Ravva has a recovery rate closer to 50%. We have identified deeper prospects to further harness its potential. Exploration and appraisal drilling is expected to commence in FY'019 with a target to add 100 million barrels of contingent resources.

Then move on to the next slide: The projects we have been working on in the past to deliver robust returns are now being implemented. We are commencing growth projects with gross CAPEX of investment of about US\$1 billion to generate incremental volume of over 100,000 barrels per day eventually ramping up to 300,000 barrels. Our work on project definition, value engineering, contracting strategy and reservoir quality has enabled us to achieve a project development cost of just under \$5/barrel. A fundamental shift in our execution strategy was needed to ensure that we deliver these projects in time and within budget. We have devised an integrated project development strategy with in-built risk and award mechanism. Our partners

in executing the development projects are major global Oil & Gas service providers. We will reward early delivery and incremental recovery factors critical to the project.

Our project portfolio comprises Enhanced Oil Recovery projects; Tight Oil, Tight Gas and other projects such as infill and infrastructure upgrade projects. Let me first discuss the Enhanced Oil Recovery Projects. We have demonstrated top quartile recovery rates in offshore Ravva with recovery of around 50%. In our Rajasthan assets, we have already produced 400 million barrels from the MBA fields implying a recovery of over 18% till date. We are confident we have the necessary expertise to replicate the success at Ravva. We have already commenced Enhanced Oil Recovery Projects in our core MBA fields. The Polymer EOR has been successfully implemented in Mangala field. The success of the Mangala EOR is being replicated in the Bhagyam and Aishwariya fields. We have successfully completed the polymer injectivity test in Bhagyam and Aishwariya fields. Aishwariya EOR Field Development Plan has been approved by the approving committee. Bhagyam EOR Field Development Plan has been submitted to the JV partner. Enhanced Oil Recovery entails an outlay of \$155 million for an expected ultimate recovery of 40 million barrels and the integrated contract would be awarded shortly. In order to further enhanced recovery, we have successfully completed the ASP EOR project in the Mangala field. We would share additional details as we progress to full field implementation to monetize an additional 100 million barrels. With these we want to take the recovery potential of the MBA field to 50%.

Moving onto Tight Oil and Tight Gas: The Raageshwari tight gas project provide us an opportunity to grow our gas business to a sizable scale. The expected ultimate recovery from the project has been increased by 22% to 105 million boe. Phase-1 of the project is on track to ramp up gas production to 45 million scuffs per day from the current month. Phase-2 is expected to increase the overall gas production to over 150 million scuffs per day and condensate production to about 5,000 boepd by the first half of calendar 2019. Barmer Hill has significant potential with hydrocarbon in place of 1.4 billion boe. We are on track to monetize Aishwariya Barmer Hill the first project. Tight Oil project provides us an estimated ultimate recovery of 32 million barrels. Stage-1 production appraisal wells have already commenced from the second quarter. Field Development Plan for Phase-2 has been submitted to our JV partner. The integrated contract for tight oil and tight gas is in advanced stage of award. Further, we will ramp up near-term production through infill wells in Mangala and Cambay fields and also upgrade infrastructure in the Mangala processing terminal.

We have commenced 15 wells infill drilling program at Mangala for early monetization of reserves. The drilling has already commenced with four wells online. We are working on further 45 infill wells. Discussions with our JV partners are at advanced stage. Few wells drilled under this arrangement will be subsequently converted to injector wells as part of the Mangala ASP project. We are upgrading our infrastructure at the Mangala processing terminal to increase liquid handling capacity by around 30%. We continue to look at opportunities to increase our production at offshore blocks.

In the Cambay Block, we are commencing a three-well infill drilling program for Q4 FY'18. The development projects would generate an incremental volume of around 100,000 bpd. All these projects command a healthy project return economics with an IRR of over 20% even at \$40 Brent. At current prices, the IRR would be in excess of 30%. The Oil & Gas business shall continue to generate positive free cash flow post CAPEX year-on-year.

Moving onto the Next Slide: Our operating cost is one the lowest globally. Over the past two years, we have managed to consistently reduce our operating cost even with increased field complexities, infrastructure upgrade, additional wells, etc., We were able to achieve this primarily due to the spend optimization across chemicals, wells, power, polymer and facilities. We have managed to keep our H1 waterflood operating cost at Rajasthan at around \$4.3/barrel. Blended operating cost for Rajasthan including the cost of polymer and power is \$6.2/barrel. Our spend on polymer to generate incremental volume is substantially lower at about \$8-9/barrel compared with the initial estimates of over \$12/barrel.

Moving onto Technology on the next slide: Proactive technology adoption has been the key to our success over the years. We used leading-edge geological and geophysical technologies to enhance the probability of exploration success and monetize our hydrocarbon resources across both offshore and onshore fields. Technology intervention permeates all facets of our business ranging from subsurface to drilling to surface facilities. We see technology playing an even more dominant role as we leverage digitalization to create differentiated value for the business.

In Summary, we recognize that exploration is the success key for our sustainable growth. We have recommenced exploration and appraisal activity to add perspective and contingent resources from the prolific Barmer and KG Basins along with participation in open acreage licensing rounds. We are executing development projects as per our new integrated model to generate incremental volume of around 100,000 bpd to reach 300,000 bpd. We are maintaining our operating cost at lower end amongst our global peers.

To conclude, the Oil & Gas business will continue to generate free cash flows post CAPEX YoY.

Happy to take any questions that you may have on Vision, Strategy, Execution.

Cedar: Post 2020, how should we think about the potential decline rates and production and steady state CAPEX once you have executed these growth projects.

Sudhir Mathur: Decline rate historically has been about 8% YoY and we have managed to sort of use the infill well program to keep the base volumes where they are. So 200,000 that I talked about which is a base volume would be kept intact through more and more infill wells and then we have 100,000 coming in from the new projects. But on the CAPEX front, I mentioned the numbers, 1 billion gross, 850 net, the business is going to be generating substantially higher cash flows and make it more than self-funding both from the EBITDA side as well as if you look at CAPEX at \$5/barrel, development cost this is probably top decile in the world that you could get.

Jatinder Goel: Jatinder from Citi again. Two questions please. Does CAPEX include anything for pipeline because even with drag reducing the capacity only gets to 240, but most of the growth is coming in Rajasthan? Secondly, how much does it add to the unit cost on drag reducing agents?

Sudhir Mathur: Drag reducing agents really take our capacity up to closer to 300,000 barrels and our total transportation cost is less than \$0.50 a barrel. So if you were to add more drag reducing agents to flow 300,000 barrels a day, the incremental cost would go up probably anywhere between 7 cents to 8 cents depending on the cost at that point of time.

Jatinder Goel: Is that within the \$5 cost/barrel?

Sudhir Mathur: That is yes, it is within the \$5.

Cedar: Can you talk about your strategy for your gas assets?

Sudhir Mathur: We understand from all the research we have done, used our reservoir data and using digital technology that the southern part of the field is very rich in gas. So at the moment we do about 7,000 barrels and we are limited really by processing capacity not by the amount of gas there. So we have been working closely with our service provider partners improving fracking capability and learning a lot from what has happened at the US shale and as I mentioned while I was going through the presentation you saw we increased our EUR by 22% because of the new technological advances that I spoke about. So we believe that we would do at least 150 million scuffs a day and the associated condensate that comes out of it is another 5,000 barrels a day and we believe that in the next phase as we get to know the field a lot better through drilling we should be able to take this up to somewhere in the region of 50,000 barrels of gas production.

Cedar: Can you then talk about the market for gas in India? So if you have increasing production, do you actually at the moment have a commercial outlet for that production or is that something that you think was available at the time?

Sudhir Mathur: Let me start by saying that if you look at what is happening in India, whether it is our Prime Minister talking, whether it is the Minister of Gas, Gas is being focused on hugely and we are talking about a shift. Today gas is about 7.5% of the total energy mix in India and the government is talking about taking into 20%. Whether it goes to fertilizer, power, everything, everybody is out to make cleaner India. You are aware that we have signed the Paris Accord on this front. So gas is going to be very powerful. The government has opened up pipeline to private players. At the moment most of the pipelines are operated by GAIL or one or two other mid-size players. So we are beginning to see huge amount of investment. But as far as we are concerned all our gas goes to fertilizer and that is not going to change in the near future.

Sudhir Mathur: Let me try and summarize what we are saying. I would like to reiterate my presentation before hand over to Deshnee is 100,000 barrels every day is something we have talked about in the pocket, we are just dotting the 'Is' and crossing the 'Ts' with our vendor partners. We are looking at ASP which is going to add at least if not more 50,000 barrels. You would hear us talking about

contract award in the next quarter, at most two. We are trying to bring in the skin of the game of our partners that we talk about. We are looking at Rajasthan exploration to throw up another 50,000 barrels, we would be taking up production from the tight oil, tight gas business. Once we start getting more data from the wells. KG Basin, there have been lot of discoveries around that. This is the 100% participating interest which is what excites us as much as the prospectivity because that allows us to move very fast and we are looking at about anywhere around 70,000 barrels of oil from that area as well. So, if you look at the pillars of the 500,000 barrels of oil we are talking about, they are pretty much all laid out with an immediate impact coming from the 100,000 barrels followed by ASP, followed by increased volumes again from Aishwariya, Tight Oil & Gas, followed by the exploration. If you look at longer-term, the OLAP is going to give us complete rejig of our portfolio around where we already are and we feel that the development cost because of us already being in Rajasthan as well as KG by then would bring down the development cost quite substantially to create shareholder return.

Ashwin Bajaj:

Thanks a lot, Sudhir. That was really interesting and of course you know Oil & Gas continues to be really important for India as India imports 80% of its oil requirements and domestic production has been very slow and growing. So Vedanta is playing a key role, and I just like to mention Mr. Navin Agarwal who is in the audience whom you all know, used to be Chairman of Cairn India and he is really passionate about the oil business driving this growth.

So, with that shifting gears, we will move to Zinc and Deshnee is going to present on Zinc International.

Okay. So we have a video of Gamsberg so let us play and then Deshnee will present.

(Video) 1:54:50-1:58:01

Deshnee Naidoo:

A Very Good morning, everyone. I think there is no better way of me starting this and showing you what is actually happening on the ground. So what that video was about. We are very proud of the project that basically showcases how mining and the environment can come together.

So let me start. My name is Deshnee Naidoo. I am the CEO of the Vedanta Zinc International business. Zinc International, the portfolio was acquired in 2011. We have since the acquisition improved our safety performance, extended the life of mine of all the existing operations, we have actually made fundamental changes to the operating regimes. In Black Mountain we have moved to more massive mining methods, we have actually done more outsourcing and we have realigned our processing parameters to the future ore requirements that we are faced with. We have also very proudly invested countercyclical. This gives us demonstrated track record of which to drive our best-in-class, safety efforts, using technology with our established operational efficiencies to deliver projects at low cost and to continue to drive our targeted exploration to further strengthen our project pipeline. We are however in business to ensure that our communities thrive.

We then turn to the “Locality.” The business currently spans over both South Africa and Namibia. Skorpion is an integrated oxide-based open pit mine and refinery complex with the capacity to treat 150,000 tons of special high grade zinc ingot. Our Black Mountain mine located in the Northern Cape in South Africa comprises of two underground mining operations that exploits a polymetallic ore deposit of zinc lead, copper and silver with the capacity to produce 90,000 tons of metal-in concentrate. 30 Kms Northeast of the existing Black Mountain operations is the Gamsberg project. Gamsberg is one of the largest known zinc deposits today. The defined reserve and resource is estimated at around 215 mt. The project was discovered in 1976. Our commitment at acquisition was to start the project within five-years which we did and starting it in mid-2015 which by the way was the height of the downturn. We have enabled this approach by taking a phase approach, disciplined capital allocation with strategic partners. We are also in a world class closure at our Lisheen mine in Ireland. Zinc International is a 306 mt reserve and resource strong business with 22 mt of contained metal. We are in the right mineral endowment address in Africa. So although our production with Lisheen closed for this current year is around 160,000 ton level, the resource base can sustain much higher levels of production and hence supports our healthy project pipeline towards a 1 mt target.

Now going to Gamsberg: As we mentioned, we are following a modular project execution approach. Phase-1 is only one quarter of the total resource. This strategy has derisked the project implementation and actually enabled more efficient capital allocation. Phase-1 will have a capacity of 4 mt run off mine production at an average grade of about 6.5% zinc and will be able to produce 250,000 tons p.a. metal-in concentrate. The capital for Phase-1 is still at around \$400 million and the CoP between \$1,000-1,100 per ton. But the large reserve and resource base can support up to 600,000 tons of zinc production. Phase-2 will see a larger open pit and can add 200,000 tons p.a. Phase-2 has an order of magnitude estimate is around \$350 million. Phase-3 is an underground potential and can add 150,000 tons p.a. Gamsberg Phase-2 can almost start immediately after the completion of Phase-1. The reason for that is was Gamsberg Phase-1 and 2 was always looked as the mega pit option. So all the environmental approval and other regulatory approvals support Phase-1 with a larger Phase-2.

If we then move on to the next slide, one of the major capital orders for the project were placed up until the end of FY’17 with more than 80% of the total capital commitments having been completed. Onsite, we are just under 2,000 strong in terms of construction manpower. From the first blast on the 27th of July 2015 as I mentioned earlier, pre-starting as advanced accordingly or according to schedule, we have completed the main mine access ramp in April 2017 which was essential for the waste pre-stripping to access the ore body for bulk mining. We started the bulk pre-stripping from May this year. We have achieved our full waste pre-stripping rate of just over 3.5 mt for the past three months, in fact, the team has recorded just over 4.3 mt this very last month. We have now moved more than 35 mt at the half of the year of the total capital pre-stripping requirement of between 65-70 mt. We are on track to achieve the first ore production by early 2018... in fact, we are in ore now, we can see it. So, we will have a sufficient ore stock pile by the time the plant is ready to be commissioned in the first half of next year. We have ordered the design and the construction of the concentrated plant late last calendar year from El Bateman. The construction of the concentrator plant and vital infrastructure for the overall

project including the power line, the water pipeline and the high density polyethylene, the HDPE lined Tailing Dam are all at peak activity. I was on site last week. Oil equipment manufacturing, and material fabrication is progressing as further scheduled. The mill components have already started to arrive on site. We are on track for our first production of concentrate from the Gamsberg plant by the middle of next year with 9-12-month ramp up to get us to full production.

But turning to our Current Operations: Our current BMM operations as executed several operational improvement projects over the past three years to grow production despite as you can see lower grade. Mining performance has increased significantly. We are moving to a safer, more efficient long-haul open stoping mining method, and in 2015 12% of production came from this method which is increased to 33% by the end of 2017 with a target of 46% for this year. We have increased the amount and quality of the backfill place. Backfill placement is increased from 250,000 tons in FY'15 to 460,000 tons in FY'17, and with this year, we are targeted to place close to 600,000 tons.

Restructuring shift patterns has also yielded at 10% improvement in our labor productivity while the concentrator Black Mountain is also improved significantly. Improvement in the hourly treatment rate from the historic numbers of 184 to 212 tons per hour via improvement to the grinding and flotation circuit. This has increased our plant capacity from the historic 1.4 mt level to the current 1.7 mtpa levels and with the overall recovery increase of (+3%). Significant potential exists for life of mine extensions for the underground operations at Swartberg. About 20% of the current production comes from Swartberg Phase-1. The next phase will replace all of the current production which includes the current Deeps mine. The production or the project is 1.7 mtpa run of mine and would likely produce between 65,000-70,000 per annum of lead and silver. I think that is the stark difference. Gamsberg is zinc whereas Black Mountain will move to being a lead and silver concentrate operation. The minable resource is still open ended down dip and hence has potential upside which we are already framing as the Swartberg Phase-III project.

We are planning to complete the pre-feasibility of the Swartberg project by the end of this month. But in order to be quick to market, we want to complete the twin decline feasibility study now so that we can place the order whilst the team then progresses with the mine design. This project will be ramped up in line with the Deeps ramping down.

Turning our attention to the Skorpion Operation: Skorpion is Africa's only integrated zinc refinery. The operation was built in the early 2000s with an estimated life of 15-years then. The asset life has been extended since through additional exploration, business improvement to treat lower grades with more material handling flexibility and preventative maintenance to make sure that the asset actually survives beyond its designed life. The next phase in the life of extension of the mine is the expansion of pit 112 which is the highwall pushback on the current pit. This project targets moving 80 mt of waste with 2.5 mt of ore with just over 200,000 tons of zinc over the next 3.5-years. Now given the step change in operations required we have outsourced the mining to derisk what we have had to achieve. The current ore gap created though between mining out of the current pit shell and the Pit-112 is being mitigated through the treatment of

low grade material that have accumulated on site over the years, better material handling of wet ore because with the pit at these levels, we are actually mining below the water table and blending of external oxides to ensure we get the right feed grade into the plant. We have increased resources to further explore and conduct study work to further extend the life of mine beyond the next 3.5-years though. This includes possible underground mining of the oxide resource below the current Pit-112, exploiting the Gergarub of resource which is a neighboring potential and converting the refinery to co-treat sulphide ores, something that we have discussed with the market before.

So, let us summarize and turning to the Outlook: Our 306 mt reserve and resource, 22 mt contained metal supports a clear project pipeline to the 1 mt and we are all set to reach up to 400 ton p.a. run rate in the next three years. This growth is anchored by the Gamsberg Phase-1 which starts production by the middle of next year, then we will ramp up to about 100,000 tons in FY'19 and by 2020 we expect the project to be fully ramped up. By 2020 also, Skorpion would be in the high grade ore zone of Pit-112 and will be yielding production volumes of around 125,000 tons. This will then shift the business to a cost number of sub-\$1,100/ton.

Our guidance for the year as iterated before by Mr. Kaura remains at 160,000 tons where the cost of production of \$1,500/ton. We are also working as I have mentioned to finalize and bring on stream the Gamsberg Phase-2 and the Swartberg Phase-2 projects.

To end, our phase project approach not only derisks execution especially on Greenfield projects, but actually allows for the disciplined capital allocation that we have so well done across the business. This philosophy has also enabled a lock box funding strategy, i.e. minimizing or eliminating any cause for external funding when possible. The Gamsberg Phase-1 will generate cash to support Phase-2 and Swartberg and then Pit-112's cash will support the refinery conversion.

We have a strong operational and project execution track record in known geographies which when combined with our project pipeline supported by extensive resource base makes for a very exciting growth story. But to remain successful and to be able to weather through the commodity cycles, we will continue to focus and leverage that focus on technology and on strategic partnerships. Thank you.

Ashwin Bajaj:

We will take questions on Zinc International before we move to HZL

Jatinder Goel:

Jatinder from Citi again. Two questions please; firstly, the owned refinery at Gamsberg, is it the Phase-II which will require owned refinery potentially or are you talking about Phase-III when you might require? What is the key reasoning -- is it the metallurgy that will be difficult to handle outside so you are better placed to preserve value leakage or is there any other reasoning? Secondly, Swartberg Phase-II CAPEX, is there any indication that you can give ballpark number?

Deshnee Naidoo: On the first question, when we initially approve the Gamsberg Phase-I, we actually approve the refinery conversion at Skorpion as well if you would remember, and the order of magnitude given then was around \$150-160 million of capital so that the Skorpion facility could be upgraded to co-treat both oxides and sulphides. Given the fact this was Greenfield project I think we said, if we do not have to do the entire value chain, let us stop the project at concentrate. But that coupled with the fact that we took the decision to reinstate the pushback at Skorpion because it always makes sense for Skorpion to treat Skorpion's material from a cost point of view and not to mention where the TCRCs were going. we decided to ring fence Skorpion and then sell concentrate from Gamsberg into what is a concentrate constrained market right now. So that is Phase-I. Phase-II is not dependent in terms of refinery on the metallurgy only. It is actually related to material handling. If we are going to start to produce levels over 400,000, 450,000 tons of metal-in concentrate, concentrate grades are around 45%, 50% to try and move 1 mt a zinc, is going to be a little difficult. So, it is actually the logistics that dictates when and where the refinery gets both. So that decision will have to make coupled with the Phase-II, but either way I think if we cannot find more ore for Skorpion now it makes complete sense to upgrade Skorpion to co-treat sulphides and oxides and became a custom refinery down the line. So we have various options at play. In terms of your second question on Swartberg, so Swartberg right now is only 20% of the current production. It is actually deepening of the current working as well as we have got two shallow options with the twin decline. Ball park number because we are in pre-freeze right now is around \$200-250 million.

Jatinder Goel: Thank you. Phase-II of Gamsberg or future expansion, how much influence does mining charter has on it if any at this stage?

Deshnee Naidoo: I think for us, nothing at this stage. I think we are closely watching what is happening in the courts yesterday and today on the declaratory order, but as I mentioned just looking ring fenced at what we need to do in the Northern Cape, our permits are all approved so we could actually start now.

Sunil Duggal: Good morning, everyone. I am going to present on behalf of Hindustan Zinc the exciting story of Hindustan Zinc. So now I will start with an "Overview of Global Zinc Market" and then cover the "Key Aspects of our Zinc India Business." I then want to share the progress of our "Expansion Projects" and going forward our "Vision."

On Slide #1, we are going to talk about the Zinc market. As you are aware zinc prices continue to perform well. Dwindling concentrate supplies for mines in recent times and metal inventory is reaching multi-year low, have both supported zinc prices resulting in continued price rally. This shortage in mine supply has reduced treatment charges which as you can see in the chart on slide are at the lowest level in over a decade now. Falling TCs having squeezed the margin for smelters and are not incentivizing early capacity despite steady growth in global metal demand. Zinc market size has increased consistently over years and we expect that supply will also increase in coming years. However, as you can see in the table below the third chart, inventory levels have reduced by half, dropping to levels equivalent to less than a month in terms of days of consumption. This is against the historical norm of about two months consumption

levels. It goes without saying that the market is highly sensitive to timing of new supplies and reversal of production cuts. The forecast growth in supplies both from mine and smelter is not sufficient to either match the growth in demand or to replenish inventories to normal level of two months. This in my opinion will take another five years to work through and until then the market will remain imbalanced and therefore prices will remain strong.

If we go to the Slide #2 now, Hindustan Zinc is one of the largest Zinc Lead producer in the world. We are increasing mined metal production from the current 900 kt to 1.2 mt through our expansion projects which I will be discussing later in the presentation. We are also looking to double our silver production from 500 tons expected in the current financial year to 1,000 tons by 2021, which will position us as the top five producers of the world. In addition to being one of the lowest cost zinc producer in the world, our mines are recognized for their robustness and sustainability practices. Recently, Hindustan Zinc has been ranked 3rd globally in the Environment category and 11th overall by Dow Jones Sustainability Index out of the 58 companies assessed in the industry group of mining and metal.

What really distinguishes us can be broadly summarized in four core strengths -- First and foremost are our world-class mines have over 25 years of life and over 4 mt of reserves and resources which we have been continually adding to.

Secondly, having our own integrated metal value chain and captive power plant gives us the advantage of assured availability of raw material for our smelter.

Thirdly, high quality assets focused on state-of-the-art technology and digitalization makes us one of the lowest cost producers in the world. In addition and finally, we have market leadership; we have about 80% of market share of Indian Zinc market and pretty much every customer in the country buys predominantly from us.

If we go to the next slide and talk about our assets, Hindustan Zinc is unique as it converts all its ore into refined metal. Our asset portfolio primarily comprises of five world-class mines. Each distinct from one another and three states of art smelter complexes. We have also refining units captive power plant, wind farm, solar power plant in our portfolio.

Zawar mine dates back over 2,500 years and is said to be the oldest zinc mine in the world. We are still adding resources and reserves here.

Rampura Agucha mine which is one of the largest zinc mines in the world with one of the highest and consistent zinc grades. We are in the recent year successfully transitioning into the underground mine here, a process which is largely complete now.

Sindesar Khurd is a silver-rich mine. In terms of cost it is actually a negative cost mine if silver credits are included.

We have well developed infrastructure and all our assets are located within a radius of 200 Kms which gives us significant logistic advantage. Chanderiya lead, zinc smelter is one of the world's largest smelting complexes. We plan to expand this to a capacity of 648 kt through various debottlenecking initiative. We are in the process of setting up our first Fumer plant at Chanderiya, which will be commissioned by mid FY 2019.

At the Dariba smelter, the zinc cell house expansion and the leaching and purification circuit debottlenecking will take the existing capacity of 320 kt to 460 kt by December 2018.

In addition, we also have captive power capacity of 474 MW. We have undertaken numerous initiative to minimize carbon footprint. We have installed 274 MW of wind power, 16 MW of solar power and 35 MW of waste heat recovery power plant to promote Green Energy.

If we go to the next slide and look at our track record of growth, over the years we have delivered manifold growth. Since the divestment of the company by Government of India in 2002, we have increased ore and mined metal production by over 3x. From FY 2003 we have added about 260 mt of net R&R after depletion. We continue to focus on Greenfield and Brownfield exploration. Our reserve and resource base gives us a mine life of 25-years at 1.2 mt of production. Our exceptional growth in silver has coincided with the expansion of Sindesar Khurd mine, and as we expand our capacity at Sindesar Khurd mine, I see this growth trajectory to continue in future also. I expect our total silver production to cross 500 tons in FY 2018 that is current year and double to 1,000 tons by 2021. If we look at our mine expansion now, in the next slide we are expanding all our mines simultaneously, which is unique, this will increase our metal production capacity to 1.2 mt through our expansion project, we have created a strong foundation which will drive our future growth. We are at the end of transition from open cast to underground. Historically, Rampura Agucha open cast has accounted for about 80% of our total MIC, all of which is being replaced by underground mines. The current financial year will see the end of open pit. The total CAPEX for these projects was US\$1.6 billion which is entirely self-funded, and of which we have already spent close to \$1 billion.

Our milling and smelter capacity enhancements are progressing hand-in-hand to match mine production ramp-up enabling us to remain fully integrated. As you see from the chart, we have been able to hold our cost of production despite the transition to underground. Importantly, we have maintained our position in the first quartile of the global zinc composite cost curve --Thanks to our focus on cost control which we have intensified with input commodity cost coming under pressure now. We expect a minor increase in cost during the current financial year due to substantial increase in input commodity prices and the open pit being at the deeper level. This being a temporary and the cost will stabilize following the commissioning of shafts at Rampura Agucha and Sindesar Khurd.

Now to talk off our Silver portfolio and our potential of 1,000 tons: Our Silver production is poised to grow to 1,000 tons by 2021. The company has significant focus on improving the ore to metal recovery. Typically, silver is recovered from lead smelters. We are said to recover silver

from zinc smelters now and are setting up three Fumers at our hydrometallurgical smelters. We will also recover silver from mine tailing which is under pilot phase at Rampura Agucha.

On the mining front, we are focusing on silver-rich deposits and are adopting new technologies to achieve benchmark recoveries.

Now if we go to the next slide and we talk off the resource-driven growth: We have had sustained growth for number of years. The key to this has been our focus on acceleration. This chart depicts our exploration success despite the volume of mining of ore every year, we have never allowed our R&R to deplete and have added more than what we have actually mined. We are drilling around 80,000 meters p.a. which is currently mostly Brownfield. We use modern technology and the latest software in terms of geochemical management. Our future growth will also be resource-driven. We are looking for a new deposit to underpin our growth. We have clear strategy in place to grow R&R and have over 20 exploration permits in our hand. We will increase our net R&R to 500 mt by 2020.

Now if we go to the next slide on our way forward. As our goal of 1.2 mt gets realized in the next two years, it is time for us to get back to the drawing board now. We have envisaged a second phase of expansion from 1.2 mt to 1.5 mt. I can share some opportunities that will help us to get there. For instance, at Kayad, upon drilling there is evidence of ore body extending further than we originally envisaged, which gives us a potential opportunity to grow this mine by another 30%. Similarly, at Zawar, we have successfully found six new ore body targets, which could amount to six new mining licenses. We are operating a group of four mines in Zawar at present. But there is a potential to operate up to six mines going forward.

In addition, there are some new licenses which we expect to receive in the next 6-12 months because they are in various stages of approval and there has been significant progress on all these licenses. We are also looking at debottlenecking our existing resources within our Brownfield sites. We have an ongoing drilling program at Agucha, where there is initial indication of some high lead silver galena zone below the existing ore body. We are working out the technicalities of how we can mine from this galena once the shaft gets commissioned. We will have an exploration drive after the shaft is commissioned given that this zone is below shaft level, but there are already indications of silver rich ore body below the existing ore body. Our next phase of expansion is very exciting. It is going to be a combination of Greenfield and Brownfield growth. We will share a definite plan in the next few quarters.

To Summarize: Our key growth opportunities, we are targeting 950 kt of finished metal for the current year with the existing projects being ramped up. We will achieve full expanded output of 1.2 mt by FY'2020. In addition, we aim to achieve 1.5 mt in due course through work on various identified initiatives. We are achieving these expansions whilst maintaining our world-class cost structure and we will also continue to replace any mining of ore with new resource and reserves.

Thank you very much. I am happy to receive the questions from you now.

Fraser Jamieson: Fraser Jamieson from J.P. Morgan. Just clearly lots of growth options there in terms of sort of prioritizing some of those longer-term options up to 1.5 mt, you ran through sort of general ideas. I am quite sure the most perspective there I am guessing some of the Brownfield options are probably the most interesting and potentially highest return, but your thoughts on that? Secondly, question that comes up sort of yearly basis. In terms of the Indian government stance on the minority holding and then Vedanta's position around that please?

Sunil Duggal: The second question can be answered by Mr. Kaura after I finish the first question. Now the Indian government amended the MMDR Act, 2015 and they said that whatever the new mining licenses will be given, it will be through the auction route. But they also said in the amendment that whatever the saved licenses are there, these will be operated in a common route, because we already had the exploration licenses in hand about 23 of the total. So these are in various stages of the approval. The reconnaissance permit in some of these licenses we have already done and they are in the next stage. So if we look at the various permits mostly they are in the State of Rajasthan but there are certain permits which are there in the other states also. So they are in the various stages of approval. Some delay had come because the MMDR Act had been amended but now the clarification has come and now the movement of these licenses are in quite advanced stage. Of course, the various licenses are in the various stages of the approval, but these are very exciting opportunities. The way they progress is we are hoping that in the next 6-to-12 months time, some of the approvals will take place and maybe in the next couple of years we will make at least some of these mines operational apart from the Brownfield opportunities which we have briefly talked.

Kuldip Kaura: So, I think on the question of government holding, we are very comfortable with government as our partner in Hindustan Zinc, and I think as and when they sort of decide, we will be interested in buying that.

Fraser Jamieson: If we rewind a few years, it was a period where it would look like a question of when rather than if, then was a definite change in the government stance to not being on the agenda at all and that was kind of the last update as far as I am aware. Is that still the case or does it feel like things might be shifting back towards considering a divestment again?

Kuldip Kaura: To some of these questions I think will be possibly speculating on some of these things. So I personally do not see any sense of urgency in this anyway.

Sunil Duggal: If I may say, this is not currently on the board agenda, but over the time we have always found that, government being a very supportive partner and having hefty share, so it works like a win-win situation and we complement each other. So immediately although it is not in the agenda but we always find they are on the right side of us, it helps them being the supportive partner of our company.

Fraser Jamieson: Which projects are priority?

Sunil Duggal: I would say the projects which are of high priority, one is that as I said that the R&R which we are finding at Zawar is very high. So there are a lot of new targets and there are a couple of mining licensees near our Kayad mine there are two licenses which are of medium to high grade which are of quite high priority for us. Thirdly, I think the galena zone would be very exciting for us because we will have the infrastructure developed and when we develop the exploration drive, although we have done some deep drilling already and we have found the indication, but it is very important to delineate the ore body when we go deep, and this will be very high priority and exciting opportunity for us. But apart from that, there is Sindesar Khurd belt also in which there are three to four mining licenses where we can lay hand. So this being a very rich ore body and we understand that this is a very ore body which is structurally so strong that we have been able to ramp up our production before time, we had set the time line of 3.75 mt in FY'19 we could do it two years before and now we have starting thinking 6 mt from this. So, this belt is very exciting. There are two three licenses here; one of the licenses already there with us; on another licenses some favorable decision has come. This belt will also be very effective. So, three, four exciting opportunities are coming in our way and because of which we have already started saying that, we have started visioning 1.5 mt apart from some of the other where we may lay hand, but these are the top priorities.

Eli Lake: Eli Lake from Bloomberg Intelligence. Can I just ask what is your zinc price assumption for these licenses, 6-to-12 months medium and your long-term forecast when you are evaluating these exciting new opportunities.

Sunil Duggal: You are talking about zinc price forecast? We have talked about the strong fundamentals.

Kuldip Kaura: I think one way to look at this is that, we are the lowest cost zinc producers ourselves. Our numbers if you follow this presentation we are looking at a number of \$800/ton as our cost of production. So at that cost of production viability is very-very attractive irrespective of whether the zone is 2,500 or 3,200. So I think if your question was around viability, it is really determined in our case by our cost.

Eli Lake: Is it an implication that it is a breakeven cost at \$800 for your zinc projects?

Kuldip Kaura: No, \$800 is our cost of production as I said which is the one of lowest cost in the world. So typically, if you look at current prices of course \$3,200 or around that, but if you look at even a long-term price of about \$2,500, so the viability is very-very attractive for any projects.

Sunil Duggal: We actually mean is that, we are not impacted by what happens in the market because when we focus on our internal fundamentals and we have been able to contain our cost and make it consistent around \$800 over the last so many years and we talk about the same figures. So we are not impacted at any point of time at any LME prices, so we will always make money, but if we look at the Zinc fundamentals you always have seen that how the balance of the market is going to be there. So if we look at the overall how the mines are going to come, how the production capacity will be there, what are the projects in hand, we will always say that the market will almost remain imbalanced in the next at least five years before the stocks come to

the normal. My own belief is that the LME should never hover somewhere below \$3,000 to \$3,500.

Jatinder Goel: Jatinder from Citi. Two questions please. You probably created a history by paying the biggest special dividend. But just trying to understand how you decide at what amount of special dividend do you need to pay from Hindustan Zinc? Is it possible to just set a maximum cash that you need to hold and pay everything above that? Do you actually need to hold that much cash in your balance sheet and how does it help Hindustan Zinc holding that much cash? Secondly, do you have sustaining CAPEX guidance for 1.2 mt capacity steady state what you would be spending to maintain that numbers?

Ashwin Bajaj: Maybe I can just address the first question and Mr. Duggal can supplement or Mr. Kaura can supplement. Hindustan Zinc has been generating strong cash over the years and the board has taken this decision over the last two years to return some of that cash to shareholders and that has gone down really well with shareholders I think of all companies, not just Hindustan Zinc, but Vedanta Limited and Vedanta Plc as well, so they have done two special dividends. Hindustan Zinc did not have a formal dividend policy so that has been put in place over the last one year and that is a minimum 30% payout ratio they are probably paying out a little bit more than that. Any other special dividends are to the distribution of the board from time-to-time, it is an interplay of course zinc prices have been strong, performance has been strong at Hindustan Zinc, the projects are going well, CAPEX needs are known, and things are within budget. So, the board does evaluate from time-to-time and will take a call on whether they should be paying out anything much larger than the formal dividend policy envisages. But in terms of predictability, the dividend policy is in place, minimum 30% payout ratio can be factored in.

Sunil Duggal: We approved the dividend policy last year only, but rest is the board matter, how the company performed and how the performance is there. It will not be possible for us to comment at this point of time. So, what was your second question on the CAPEX?

Jatinder Goel: CAPEX for the Hindustan Zinc business at 1.2 mt, when you get to that level, what would be the sustaining CAPEX number?

Sunil Duggal: Sustaining CAPEX currently around \$50, \$60 million, and I think after we spend and go to the capacity of 1.2 mt, the sustaining CAPEX should stay around that figure because these will be the new sets and new sets will not require a bigger sustaining CAPEX compared to the current level.

Kuldip Kaura: Marginally higher certainly.

Ashwin Bajaj: So, any questions from the phone line operator or the webcast and we have a little bit of time, so, if there are any other follow-up questions for the other businesses, we can take those as well for Oil & Gas or International Zinc. Okay. So if no further questions from the phone line either, then will hand it over Mr. Kaura to just summarize.

Kuldip Kaura: I think we heard from our three business leaders the exciting opportunities in front of them. In our Oil & Gas business as we heard in the near-term we have an opportunity to go to 300,000 barrels production level per day for which all triggers have been pressed and then similarly Zinc International to a level of about 400,000 in near-term and in the zinc 1.2 mt. But this is the story with all our businesses in the sense that, aluminum which is already invested is also ramping up, and similarly as we were saying the Copper India we announced the growth which will also ramp up in the similar timeframe. So within couple of years actually across the businesses there will be gradual ramp-up, and then in the longer-term we are fundamentally focused on India Brownfield expansion and India growth story, and India in terms of its economy 8-9% GDP growth and the intensity of use of these metals which will also come up with the increasing urbanization and infrastructure offers us a huge opportunity. So fundamentally all these expansions will be underpinned by our capital allocation philosophy which is a strong shareholder return maintaining a strong balance sheet and also investing in growth opportunities with the best return at very conservative assumptions. So with that thank you very much for being with us.

Ashwin Bajaj: Thanks. Please join us for lunch.

Moderator: Thank you. On behalf of Vedanta Resources, that concludes this conference. Thank you for joining us and You may now disconnect your lines.