

Vedanta announces demerger of diversified businesses unlocking significant value

- *To create world-class sector leading companies driving next phase of growth*
- *Capitalizes on India and the world's growing demand for commodities, energy and technology*

29 September, 2023, New Delhi / London: Vedanta Limited, India's largest diversified natural resources company with a significant global footprint announces its plan to demerge its business units into independent "pure play" companies to unlock value and attract big ticket investment into the expansion and growth of each of the businesses. Vedanta is committed to best-in-class ESG practices and has a strong focus on metals critical for transition to green economy.

The announcement comes at a time when India is forecast to be the fastest growing major economy for the next several years. More than ninety percent of Vedanta Ltd's profits are derived in India. Demand for commodities is expected to rise exponentially as the country continues to build a world class infrastructure and strives to achieve aggressive targets for the energy transition which is highly mineral intensive. The Government of India's emphasis on self-reliance will provide avenues for rapid growth for Indian companies in the commodities space.

Vedanta has a unique portfolio of assets among Indian and global companies with metals and minerals - zinc, silver, lead, aluminium, chromium, copper, nickel; oil and gas; a traditional ferrous vertical including iron ore and steel; and power, including coal and renewable energy; and is now foraying into manufacturing of semiconductors and display glass. Once demerged, each independent entity will have greater freedom to grow to its potential and true value via an independent management, capital allocation and niche strategies for growth. It will also give global and Indian investors potential to invest in their preferred vertical, broadening the investor base for Vedanta assets.

In pursuit of this goal, the Vedanta Limited Board approved a pure-play, asset-owner business model that will ultimately result in six separate listed companies, namely:

- Vedanta Aluminium
- Vedanta Oil & Gas
- Vedanta Power
- Vedanta Steel and Ferrous Materials
- Vedanta Base Metals
- Vedanta Limited

The de-merger is planned to be a simple vertical split, for every 1 share of Vedanta Limited, the shareholders will additionally receive 1 share of each of the 5 newly listed companies.

In addition to this, we note today's announcement from Hindustan Zinc Limited (HZL, a subsidiary of Vedanta Limited), whereby their Board announced a comprehensive review of its corporate structure for unlocking potential value and intention to create separate legal entities for undertaking the Zinc & Lead, Silver and Recycling business of HZL.

The announcement is also available on the exchange website at www.bseindia.com and www.nseindia.com and HZL website at www.hzlindia.com.

VEDANTA LIMITED

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Rationale for Demerger:

1. Simplifies Vedanta's corporate structure with sector focussed independent businesses.
2. Provides opportunities to global investors, including sovereign wealth funds, retail investors and strategic investors, with direct investment opportunities in dedicated pure-play companies linked to India's remarkable growth story through Vedanta's world class assets.
3. With listed equity and self-driven management teams, these demergers provide a platform for individual units to pursue strategic agendas more freely and better align with customers, investment cycles and end markets.
4. Enables to better highlight, and for the market to more easily value, the remarkable technological advances, environmental stewardship and robust growth stories within Vedanta's family of companies.

Anil Agarwal, Chairman of Vedanta, stated:

"This is an exciting announcement for Vedanta, and India. Our country is on an unprecedented growth trajectory which will make us the third largest economy in the world before the end of this decade. The demand for minerals, metals, oil and gas and power is going to grow very rapidly and Vedanta's businesses are uniquely positioned to service this rising demand and reduce reliance on imports. Vedanta is also foraying into semiconductors and display glass which are of great strategic significance to India.

By demerging our business units, we believe that will unlock value and potential for faster growth in each vertical. While they all come under the larger umbrella of natural resources, each has its own market, demand and supply trends, and potential to deploy technology to raise productivity.

In line with Vedanta's ethos, each company will continue to retain a strong commitment to the well-being of our workforce, our communities and our planet. Even as we move to new ways of running our businesses, we will remain steadfast to transform for good."

Vedanta values remain embedded in the new entities

Vedanta Limited ranks 6th among 216 global metal and mining companies in the S&P Global Corporate Sustainability Assessment 2022. The Company aims to ensure that Vedanta DNA and focus on ESG transformation remain embedded post the unbundling exercise. These include:

- The new companies will remain committed to achieving net-zero carbon emissions by 2050 and net water positivity by 2030 with the aims to spend \$5 billion over the next 10 years to accelerate this transition. In the process of transitioning to net zero we already secured 1.8 GW of Renewable Energy through power delivery agreement across our group companies.
- Vedanta's digital-first approach and keen focus on advanced technologies has resulted in improved processes, strengthened cybersecurity, and easy access to information for effective decision making. Each of Vedanta's businesses has embarked on its own transformational journey towards digitalisation and innovation and these will continue.

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Further information on the proposed new Entities:

Vedanta Aluminium

The Company's Jharsuguda facility is the largest single-location aluminium smelting facility outside of China, and recently saw its capacity ramp up to 1.8 MTPA. It is accompanied by Bharat Aluminium Company Ltd. (BALCO, a 51% owned subsidiary of Vedanta Limited, taking total Group capacity to 2.4 MTPA).

In the most recent financial year ending – 31st March 2023, Vedanta Aluminium achieved its highest ever aluminium production of 2,291 kt, maintaining its place as the country's largest supplier with c.41% market share in India among primary aluminium producers.

Vedanta Aluminium is on a path to grow production to 3 MTPA, whilst simultaneously improving its cost position to 1st quartile globally through full backward integration. Importantly, the business is growing production of green aluminium under the Restora and Restora Ultra brands and ranked 2nd in the Dow Jones sustainability index in 2022.

Vedanta Aluminium will be run by John Slaven, formerly of Alcoa and BHP.

Aluminium Business Financial Highlights	FY 2023	FY 2022
Consolidated Revenue (INR Crore)	52,618	50,809
Consolidated EBITDA (INR Crore)	5,775	17,337
Consolidated Operating Profit (EBIT) (INR Crore)	3,257	15,066

Vedanta Oil & Gas

Vedanta's Oil & Gas is the largest private oil, gas and sweet crude exploration and production company in India, accounting for more than a quarter of India's domestic crude oil production. It is ideally suited to capitalise from India's growing demand (c.50% growth anticipated by 2030). More broadly, the vision is to eventually contribute 50% to India's total Oil and Gas production through diversifying its reserve and resources portfolio. The company's footprint covers a total acreage of 65,000 square kilometres, with gross 2P and 2C resources in excess of 1.1 bn boe.

During FY 2023, the Company reported average gross operated production of 143 kboepd.

Vedanta Oil & Gas will be run by Steve Moore.

Oil & Gas Business Financial Highlights	FY 2023	FY 2022
Consolidated Revenue (INR Crore)	15,038	12,430
Consolidated EBITDA (INR Crore)	7,782	5,992
Consolidated Operating Profit (EBIT) (INR Crore)	5,205	4,359

Vedanta Power

Vedanta Power will house the Independent Power Plants at Vedanta. Anchored by Talwandi Sabo Power Limited (TSPL, a wholly-owned subsidiary of Vedanta Limited), a 1980 MW plant based in Punjab, India, the business will also include the 600 MW Jharsuguda power plant, the

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recently acquired 1200 MW Athena plant and the 1000 MW Meenakshi plant which is in the process of being acquired. Total capacity will therefore near 5GW post completion.

Vedanta Power is one of the largest private independent power players in India and backed by one of the world's fastest growing power markets and a favourable political climate.

Vedanta Power will be run by Vibhav Agarwal, currently CEO of TSPL.

Power Business Financial Highlights	FY 2023	FY 2022
Consolidated Revenue (INR Crore)	6,724	5,501
Consolidated EBITDA (INR Crore)	913	1,082
Consolidated Operating Profit (EBIT) (INR Crore)	294	470

Vedanta Steel and Ferrous Materials

Vedanta's Iron Ore Business includes Iron Ore Goa, Iron Ore Karnataka, Liberia as well as VAB (Value Added Business). The company has aspirations to more than double annual iron ore production, from assets in India and Liberia to 13Mt by 2025.

This vertical will also include, ESL Steel Limited (ESL, a 95.49% owned subsidiary of Vedanta Limited), an Integrated Steel Producer, was incorporated in 2006 as a Public Limited Company with operations in Bokaro, Jharkhand, India. The company has set up a green field integrated manufacturing facility, which is currently commissioned at a capacity of 1.5 MT per annum, albeit with expansion to 3 MT per annum of hot metal capacity in progress (by mid 2024).

Vedanta Steel and Ferrous Materials will be run by Navin Jaju, currently CEO of Iron Ore.

Steel and Ferrous Materials Business Financial Highlights	FY 2023	FY 2022
Consolidated Revenue (INR Crore)	13,882	12,707
Consolidated EBITDA (INR Crore)	1,302	2,981
Consolidated Operating Profit (EBIT) (INR Crore)	770	2,585

Vedanta Base Metals

The proposed Vedanta Base Metals unit will contain a mix of strong international base metal production assets, growth projects and downstream businesses that feed directly into the supply chain for metals critical to global energy transition.

The Zinc International assets continued to ramp up production at Gamsberg mine in South Africa and achieved record production of 208kt in 2023. Black Mountain, also in South Africa, delivered significant production growth in FY23, generating 65kt on higher lead head grades and recoveries. Significant production growth is anticipated as Gamsberg Phase 2 ramps.

Vedanta's copper business is capable of producing more than a third of India's copper, Vedanta Copper's assets in India consist of custom smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant and a copper rod plant. The Company forecasts a resumption of production in 2024.

Vedanta Base Metals will be run by Chris Griffith, former CEO of Gold Fields and previously at Anglo American.

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Base Metals Business Financial Highlights	FY 2023	FY 2022
Consolidated Revenue (INR Crore)	22,700	19,635
Consolidated EBITDA (INR Crore)	1,930	1,418
Consolidated Operating Profit (EBIT) (INR Crore)	1,243	697

Vedanta Limited

Vedanta Limited will remain as an exciting incubator for new businesses including Vedanta's technology verticals buttressed by the strong financial earnings of the Tier-one Hindustan Zinc assets.

The company will provide investors with the opportunity to invest in some of the world's leading zinc production assets with a clear capital allocation policy, while benefiting from these nascent technology companies until they too are ready to be released as independent, globally significant businesses. These include Vedanta's interests in Semiconductors and Display (offering exposure to India's fast-growing \$140bn electronics market) and Stainless Steel (Ferrochrome and Nickel). For Display manufacturing, Vedanta has finalized a technology partnership with Taiwanese firm Innolux and is also close to finalize partnership for Semiconductor manufacturing.

Hindustan Zinc Limited (HZL, a subsidiary of Vedanta Limited) is the world's 2nd largest integrated zinc producer with a 1st quartile cost position and R&R of 460MT and mine life of 25+ years. It is also the 5th largest silver producer globally.

In HZL's journey to achieving 1.25 mtpa MIC expansion, the final project of RD Beneficiation plant revamp is under execution at RD Mines and is on track. For further phase of expansion of Mines and Smelters, studies are under progress and results are expected in FY24.

There is a steadily growing demand for Zinc & Lead in industrial usage; Silver is a metal of the future with extensive use in emerging technologies like solar panels and electric vehicles. Recycling of metals is key to meet the future demand. In a world committed to combating climate change, the demand for recycled 'green' metal will grow exponentially.

Vedanta Limited will be run by Arun Misra, currently CEO of HZL.

Residual Vedanta Limited (including HZL) Financial Highlights	FY 2023	FY 2022
Consolidated Revenue (INR Crore)	34,442	30,110
Consolidated EBITDA (INR Crore)	17,539	16,509
Consolidated Operating Profit (EBIT) (INR Crore)	13,917	13,247

Transaction Structure and Advisors

Demergers will be conducted through a scheme process. Following today's meeting, Board approval to proceed has already been obtained. Filing with stock exchanges for SEBI approval is expected in October 2023. The Company will follow the customary process as per Indian law.

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Anagram Partners acted as the legal advisor and Arpwood Capital acted as the Transaction and M&A advisor.

BDO (Registered Valuer) was appointed as valuers. ICICI securities. were financial advisor solely for the purpose of providing a fairness opinion on the valuation done by the valuer for the proposed Transaction.

Presentation

Further details on the strategic plan including proposed transaction structure, business overviews and investment thesis by vertical can be found in the investor presentation.

[Vedanta Limited Investor Presentation Link](#)

Investor & Media Call

The Company will hold an analyst / investor call on the proposed demerger at 5.30 pm IST on 29th September 2023. Please find below the details for the call:

Event	Telephone Number		
Conference call on September 29, 2023, from 5:30 - 6:30 PM (IST)	Universal Dial-In	+91 22 6280 1114	
		+91 22 7115 8015	
	India National Toll Free	1 800 120 1221	
	International Toll Free*	Canada	01180014243444
		Hong Kong	800964448
		Japan	00531161110
		Netherlands	08000229808
		Singapore	8001012045
		UK	08081011573
USA		18667462133	
Online Registration Link	Click Here - Registration Link		
Call Recording	Will be available on website on September 30, 2023		

About Vedanta Limited:

Vedanta Limited (“Vedanta”), a subsidiary of Vedanta Resources Limited, is one of the world’s leading natural resources companies spanning across India, South Africa, Namibia, Liberia, UAE, Korea, Taiwan and Japan with significant operations in Oil & Gas, Zinc, Lead, Silver, Copper, Iron Ore, Steel, Nickel, Aluminium, Power & Glass Substrate and foraying into semiconductors and display glass. For two decades, Vedanta has been contributing significantly to nation building. Governance and sustainable development are at the core of Vedanta's strategy, with a strong focus on health, safety, and environment. Vedanta has put in place a comprehensive framework to be the ESG leader in the natural resources sector, is committed to reducing carbon emissions to net zero by 2050 or sooner and aims to spend \$5 billion over the next 10 years to accelerate this transition. Giving back is in the DNA of Vedanta, which is focused on enhancing the lives of local communities. Anil Agarwal Foundation, the umbrella entity for Vedanta’s social initiatives, has pledged Rs 5000 crore over the next five years on various social impact programs and its flagship project, Nand Ghar is setting up model anganwadis across India. Vedanta Ltd. has been listed in Dow Jones Sustainability World Index 2022, conferred Golden Peacock Award for excellence in Corporate Governance 2022 and certified as a Great Place to Work 2023. Vedanta Limited is listed on the Bombay Stock Exchange and the National Stock Exchange.

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For more information, please visit www.vedantalimited.com

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Disclaimer

This press release contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “should” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional, and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

For Investor enquiries:

Mr. Omar Davis – President, Strategy (omar.davis@vedantaresources.com)
Mr. Ajay Agarwal – President, Finance (ajay.agarwal@vedanta.co.in)
Ms. Prerna Halwasiya – Dy Head Investors Relation and Company Secretary
(prerna.halwasiya@vedanta.co.in)

For Media enquiries:

Ms. Ritu Jhingon, Group Director – Communications (ritu.jhingon@vedanta.co.in)

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