

# Sesa Sterlite Limited

Corporate Presentation  
June 2014



# Cautionary Statement and Disclaimer



The views expressed here may contain information derived from publicly available sources that have not been independently verified.

No representation or warranty is made as to the accuracy, completeness, reasonableness or reliability of this information. Any forward looking information in this presentation including, without limitation, any tables, charts and/or graphs, has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by Vedanta Resources plc ("Vedanta") and its subsidiaries (including Sesa Sterlite Limited). Past performance of Vedanta and its subsidiaries cannot be relied upon as a guide to future performance.

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

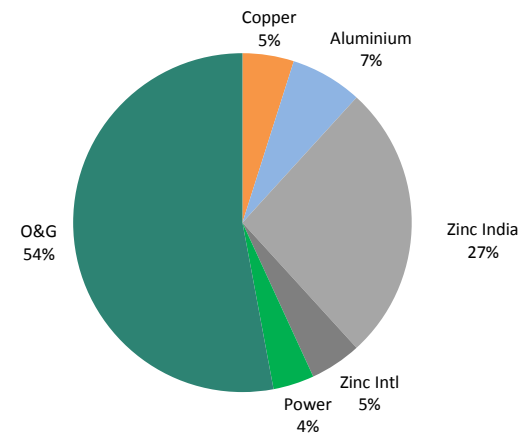
This presentation is not intended, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities in Vedanta or any of its subsidiary undertakings or any other invitation or inducement to engage in investment activities, nor shall this presentation (or any part of it) nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

# Sesa Sterlite: Investment Highlights



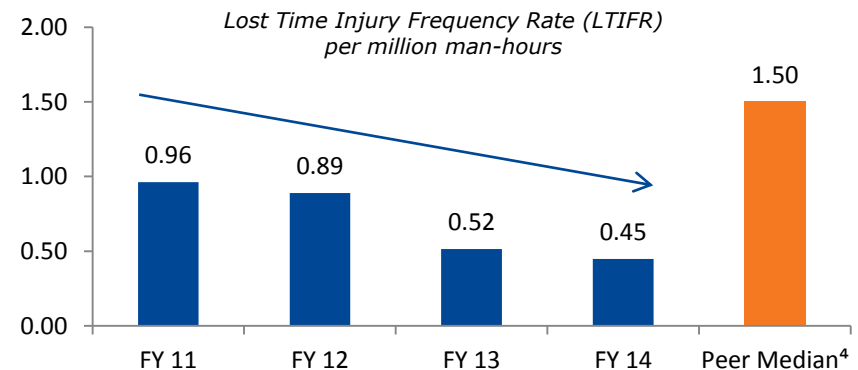
- One of the world's largest diversified natural resource companies
  - Operations across Base Metals, Iron Ore, Silver, Oil & Gas and Commercial Power
- Portfolio of scalable tier-1 assets generating strong and consistent profitability and free cash flow
- Strong and liquid balance sheet
  - Cash and liquid investments of c.US\$8.4bn<sup>1</sup>
  - Net debt to EBITDA<sup>2</sup>: 1.2x
- Committed to sustainable development

**FY2014 EBITDA Breakup**<sup>3</sup>



**US\$4.2bn<sup>1</sup>**  
**(Rs. 25,665 crore)**

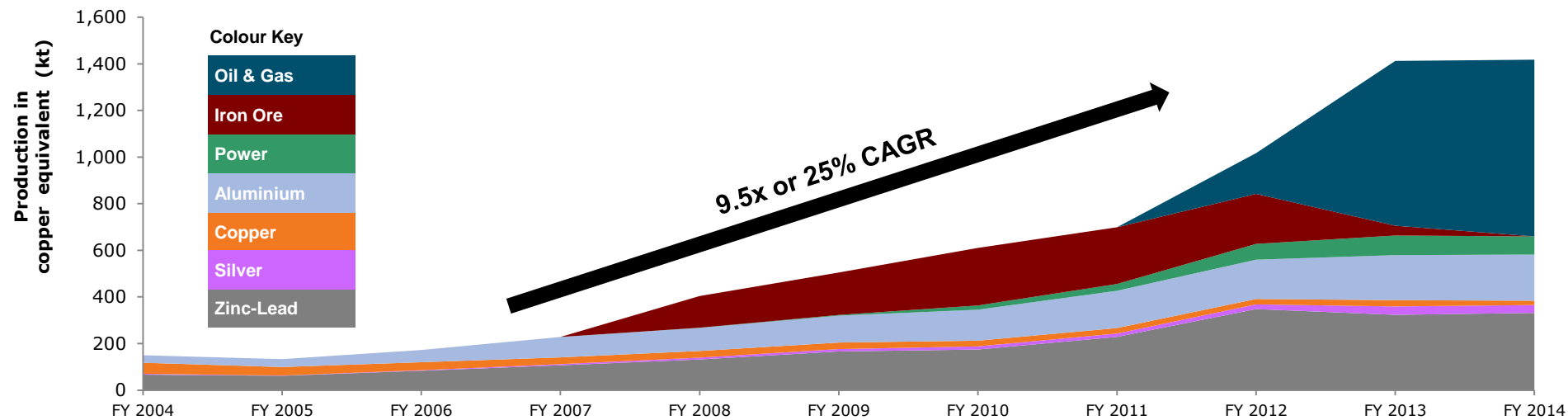
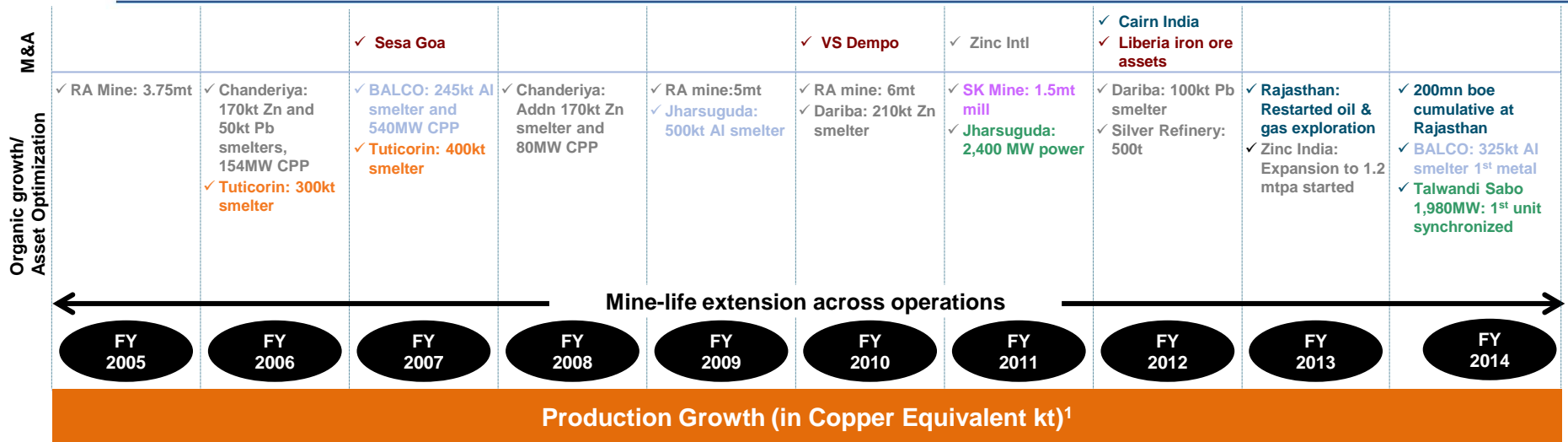
**Significant and consistent delivery in HSE performance**



**Note:**

1. FY2014, USD:INR – Average:60.50, Closing: 60.10
2. FY2014 Proforma EBITDA
3. FY2014 EBITDA Breakup excludes Iron Ore
4. Peer median of CY 2012 reported numbers for London-listed metals and mining companies who report LTIFR (11 companies)

# Successful Strategy of Organic Growth and Value-Accretive M&A over 10 years



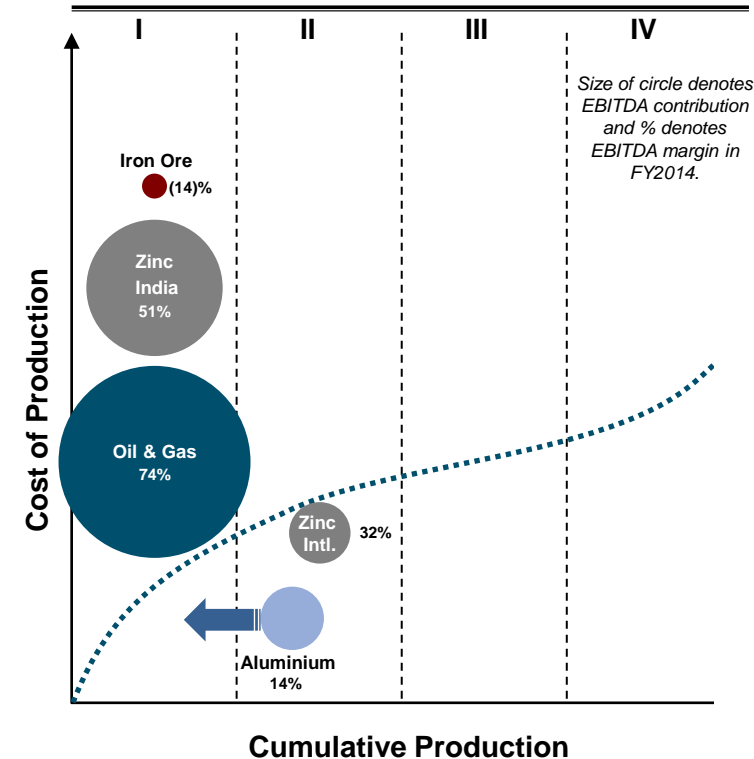
Note: All the details used in the above charts are proforma numbers calculated by taking Vedanta excluding KCM

1. All commodity and power capacities rebased to copper equivalent capacity (defined as production x commodity price / copper price) using average commodity prices for FY2014. Power rebased using FY2014 realisations. Copper custom smelting capacities rebased at TC/RC for FY2014. Iron Ore volumes refers to sales, with prices rebased at average 56/58% FOB prices for FY2014. For Oil & Gas, production refers to Working Interest.

# Tier-1 Asset Portfolio

Positioning	R&R Life <sup>1</sup>	FY2014 Production	Capacity <sup>2</sup>
<b>Oil &amp; Gas (Cairn India)</b> Top 20 global independent E&P; Platts 2013: Fastest growing energy company globally	15	218kboepd	225+ <sup>3</sup> kboepd
<b>Zinc India (HZL)</b> 2 <sup>nd</sup> largest integrated zinc producer globally	25+	880kt	1.2mtpa
<b>Silver (HZL)</b> One of the largest silver producers globally	25+	350 tonnes	500 tonnes
<b>Zinc International</b> One of the largest undeveloped zinc deposits	20+	364kt	400ktpa
<b>Iron Ore<sup>4</sup></b> Largest private sector exporter in India; Large deposit in Liberia	20+	1.5mt <sup>5</sup>	16.8mtpa <sup>6</sup>
<b>Aluminium</b> Strategically located large-scale assets with integrated power		794kt	2.3mtpa

Competitive Position on Cost Curve Quartiles



Notes

1. Based on FY2014 production and R&R as at 31 March 2014; Iron ore is based on existing capacity; Zinc International includes Gamsberg deposit in R&R
2. Includes announced expansions; Iron ore shown at existing EC capacity of 14.5mt in Goa and 2.3mt provisional capacity in Karnataka

3. Expected capacity for currently producing assets
4. Numbers excluding Liberia
5. Iron Ore operations affected by mining restrictions in Goa.
6. Recent SC judgement has imposed an interim cap of 20 mtpa for the state of Goa

Large, long-life, low-cost, scalable assets

# CEO's First Impressions

- Chaired monthly Executive Committee meetings and visited operations since joining the Group in Sep 2013
- First Impressions
  - Dynamic teams, welcome to change
  - Significant capabilities – exploration, engineering and project execution, production and operational excellence
  - Strong community programs
- Diversified portfolio of world class assets
- Some areas for improvement
  - Safety performance – fatalities need to be eliminated
  - Underground mining skills
  - Some businesses are generating significant free cash flows, while others have opportunities to improve

Rajasthan Oil & Gas, India



Rampura Agucha Zinc-Lead mine, India





# CEO's Priorities

## Operational excellence

- Improve business performance:
  - Aluminium: Operationalise remaining smelter capacity and work on bauxite sourcing
  - Iron Ore: Restart operations in Goa
- Enhance performance of well-performing assets
  - Zinc-India: Transition to underground mining, and expansion to 1.2mtpa of mined zinc-lead
  - Oil & Gas: Maximize exploration and optimize production ramp-up at the Rajasthan block

## Corporate

- Brand, communication and stakeholder engagement, safety and CSR
- Group structure:
  - Realize synergies of the Sesa Sterlite merger
  - Pursue minority buyouts

Aluminum Smelter, Jharsuguda, India



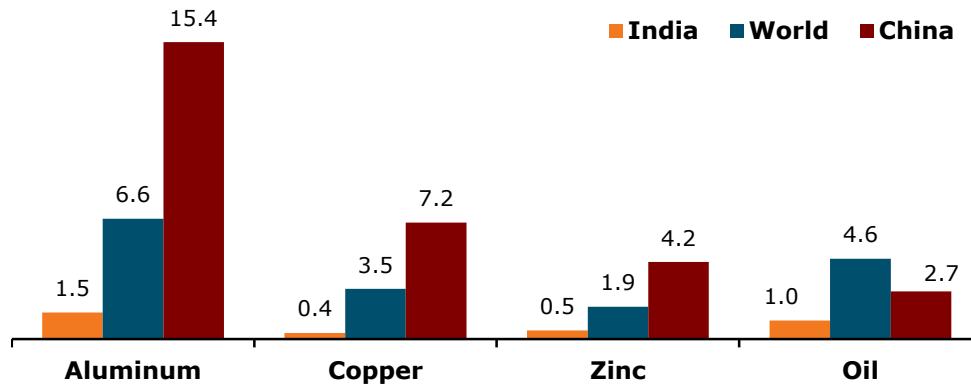
Iron Ore mine, Goa, India



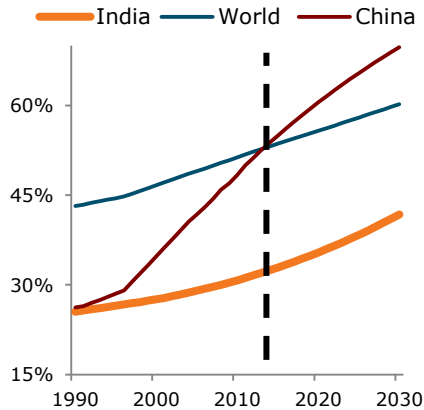
# India: Strong Fundamentals for Demand

## Low Per Capita Consumption

(Metals - CY 2013 per capita consumption in kg;  
Oil - CY2012 per capita consumption in barrels)

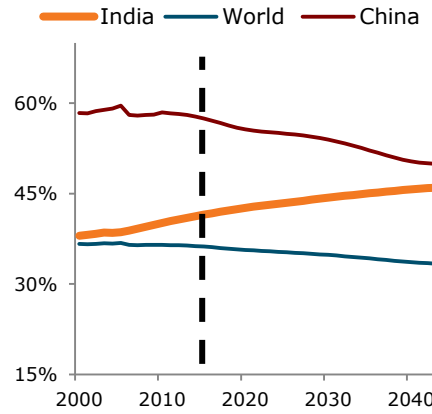


## Urbanization increasing but below World average



## Increasing Labour Force

(% of Total Population)



A view of the skyline of Mumbai

Sources: Wood Mackenzie, BP Statistical Report, Global Insight



# India's Unexplored Potential - Metals

India: Shared geology and mineral potential with Africa & Australia

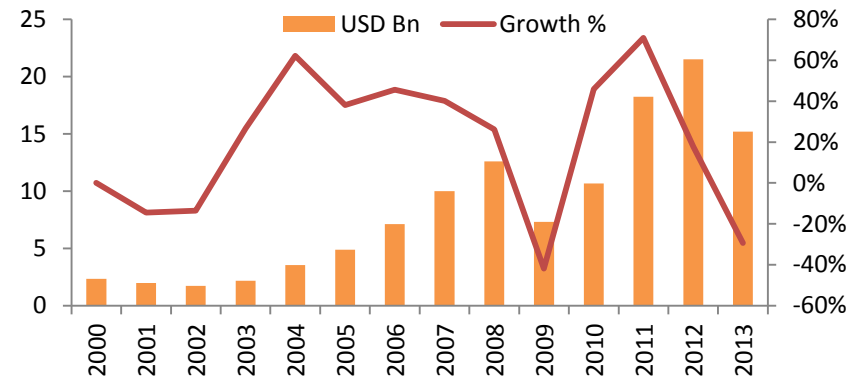


India reserves ranking

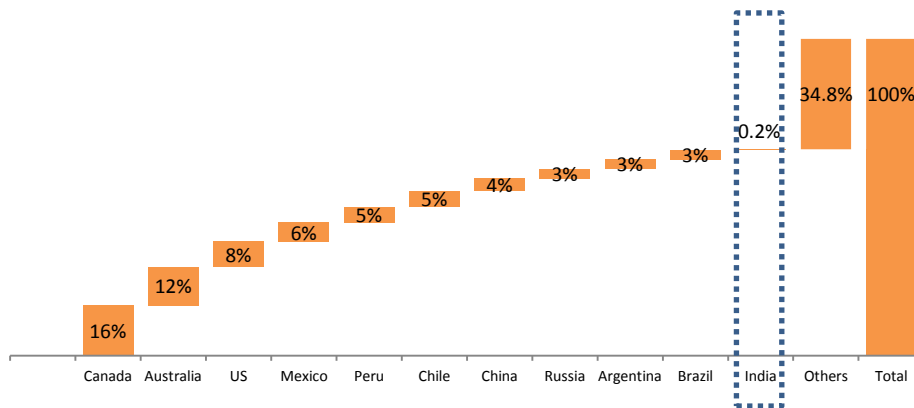
Global ranking<sup>1</sup>

- 5th Coal**  
R&R: 295 bn tonnes
- 6th Zinc**  
R&R: 50 mn tonnes
- 7th Iron Ore**  
R&R: 29 bn tonnes
- 8th Bauxite**  
R&R: 3.5 bn tonnes

Global non-ferrous exploration spending has fallen



India's share of global non-ferrous exploration spending very low



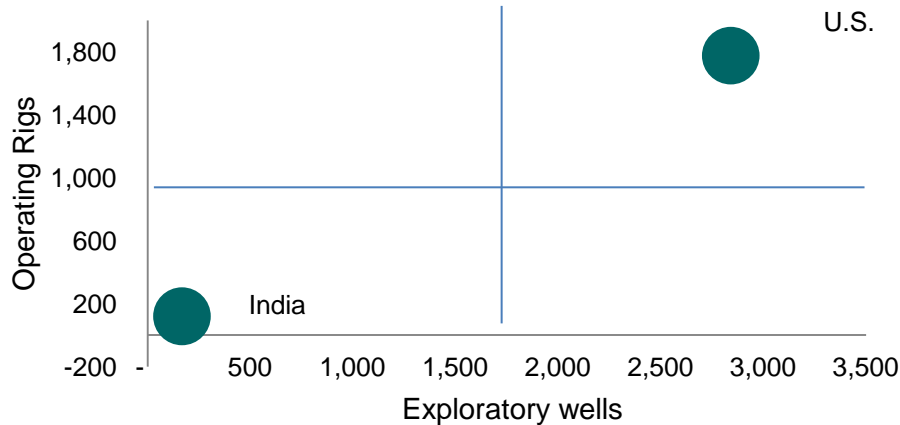
India's commodity production as a proportion of reserves lower than China

Reserves/ Production Ratio	Bauxite	Coal	Iron Ore
India	38	100	53
China	10	31	18

Source : SNL Metals Economics Group, Wood Mackenzie, GOI Ministry of Mines, BP Statistical Review June 2013, Metalitics Iron Ore compendium, U.S. Geological Survey  
 Total estimated Reserves and Resources based upon public sources including GSI, GOI, Wood Mackenzie, UNFC & IBM  
 1. Ranking based on reserves

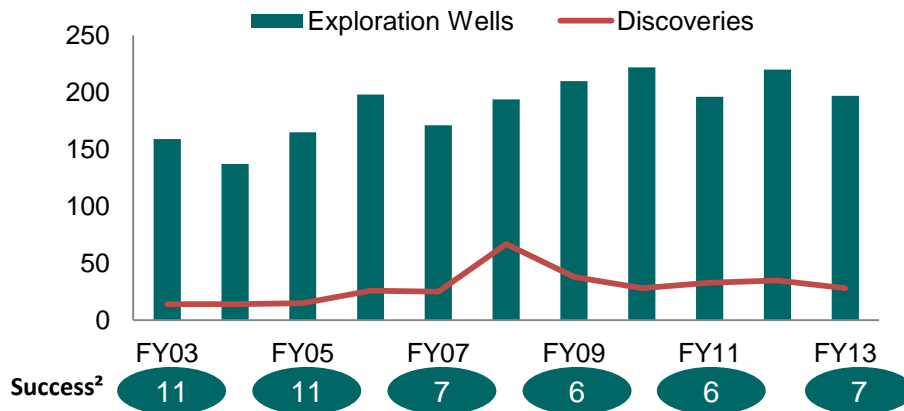
# India's Unexplored Potential – Oil & Gas

India drilled ~6,700 exploratory wells since inception; U.S drills as many wells in less than 3 years<sup>1</sup>

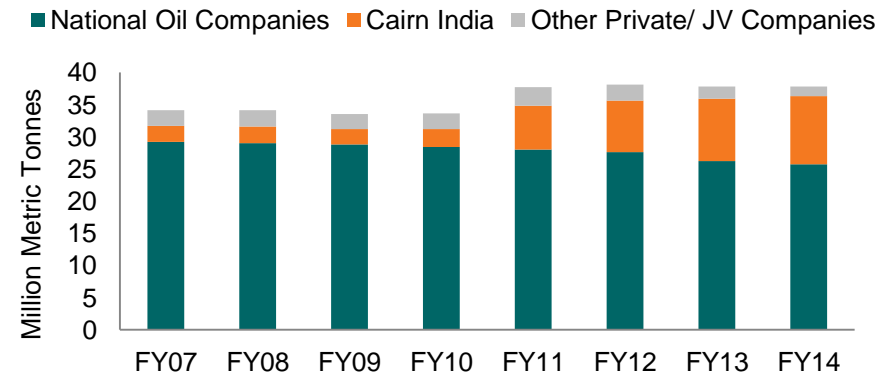


- 78% basins yet to be well explored
- ~130 Bn barrels of resource in 'yet to find' category
- 32% basins yet to be offered for exploration
- 96% discovered resources are from 6 of our 26 basins
- ~50% discoveries are now made by private/foreign companies

## Wells explored and discoveries in India



## India's Crude Oil production



Source: DGH, EIA, World Oil, PIB, MoPNG., IEA WEO 2013

1. U.S wells data for 2010; India for FY 2012-13. Rig data for November 2013;

2. Number of exploration wells drilled per discovery

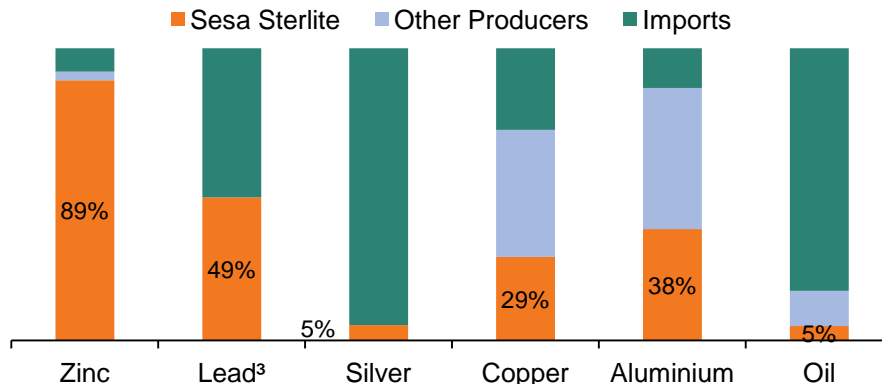
# Harnessing India's Resource Potential

Sesa Sterlite operates in the key mineral rich states of India (% of India's reserves) <sup>1</sup>

State	Jharkhand	Orissa	Chhattisgarh	Madhya Pradesh	Andhra Pradesh	Rajasthan	Karnataka	Goa
Bauxite	-	51%	-	-	21%	-	-	-
Iron Ore	14%	17%	10%	-	7%	-	41%	7%
Coal	29%	24%	16%	18%	7%	-	-	-
Zinc-Lead	-	-	-	-	1%	90%	-	-

## Sesa Sterlite - Strong Market Positioning in India

FY2014 India Market Shares<sup>2</sup>



- Contributing to India's energy security - c.30%<sup>4</sup> of India's domestic crude oil production
- One of India's largest private sector employers – Over 71,000 direct and indirect employees
- Sesa Sterlite is one of the largest private sector contributors to the exchequer
  - Tax contribution to exchequer of c.INR 31,000 Crore (\$5bn)<sup>5</sup> in FY 2014

Source: Indian Ministry of Petroleum and Natural Gas, IBIS, Aluminum Association of India, ILZDA, company sources, Ministry of Mines, Ministry of Coal, Government of India, Indian Bureau of Mines, Centre for Monitoring Indian Economy, FICCI.

<sup>1</sup> Only major states covered

<sup>2</sup> Based on domestic Consumption, except Aluminium which is based on primary production..

<sup>3</sup> Based on Primary lead

<sup>4</sup> Based on data from MoPNG, February 2014

<sup>5</sup> In terms of taxes, duties, royalties and profit petroleum

**World class assets and operational excellence to deliver  
strong, stable and sustainable cash flows**

**Improve Capacity Utilization**  
*(Aluminium & Power, Iron Ore)*

## Strong Shareholder Returns

- Sterlite 2003 market cap  
c. Rs.600 Crore
- Sesa Sterlite current market cap  
c. Rs.60,000 Crore
- Strong track record of dividends

## Strengthen Balance Sheet

- Debt Reduction
- Cash Fungibility

## Enhance Asset Portfolio

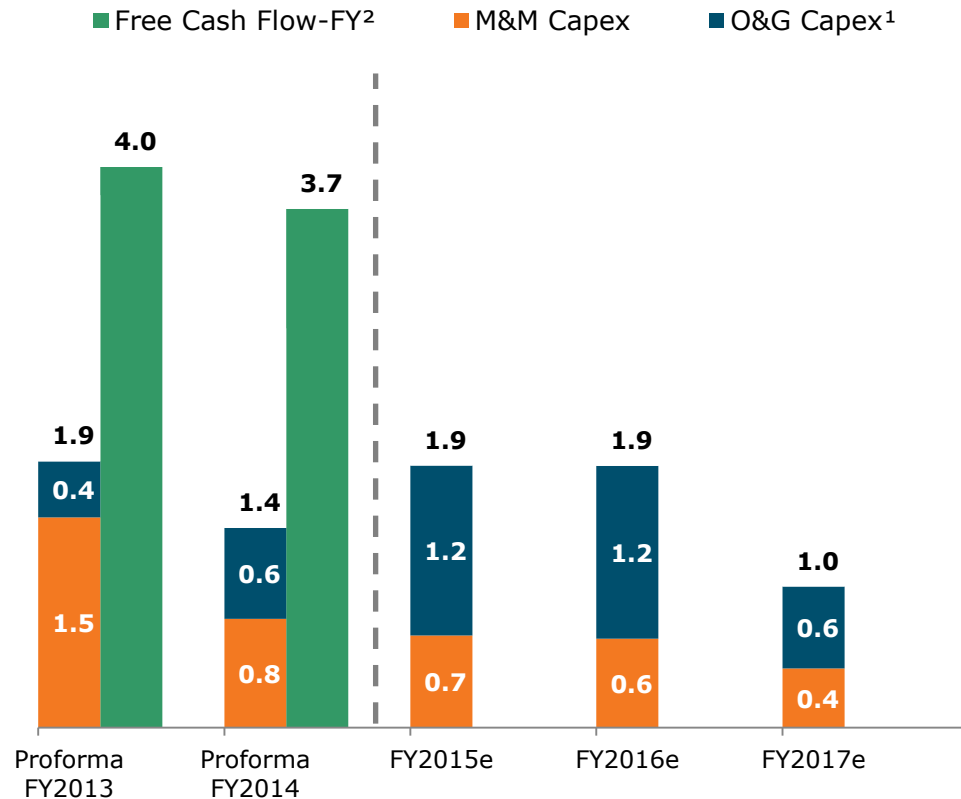
- Prioritizing capex for high-margin  
Zinc and Oil & Gas projects
- Robust approach to investment  
decisions to achieve **hurdle rate of  
return**



# Well-Invested Assets Driving Cash Flow Growth

- Positive Free Cash Flow with production ramp-up
  - \$2.3bn free cash flow (post growth capex) in FY2014
- Capex up to FY2017<sup>3</sup>: \$4.7bn
  - Oil & Gas: c.\$3.0bn<sup>1</sup>
    - Proven and high-margin Rajasthan block: \$2.6bn
  - Zinc India: \$0.75bn for brownfield expansion
  - Other : \$0.95bn<sup>3</sup> on Talwandi Sabo, Aluminium smelters and refinery, and other ongoing projects

Cash Flow and Growth Capex Profile - \$bn



Notes: M&M refers to Metals and Mining, O&G refers to Oil & Gas. Free Cashflow and capex are IFRS numbers on proforma basis

1. Capex net to Cairn India; subject to Government of India approval.

2. Free cash flow after sustaining capex but before growth capex.

3. Excludes flexible capex of a further 1.4bn (Lanjigarh Refinery, Tuticorin Smelter and India Iron Ore Expansions): Awaiting regulatory approvals and subject to review.

**Positive Free Cash Flows post growth capex to drive Deleveraging**

# Sustainability: Core to our Business

## Safety

- Significant reduction in LTIFR
- Focus is on eliminating fatalities
- Behavioral based safety programmes introduced

## Environment

- Significant investments (US\$250mn+ over last 3 years)
- Higher technical standards, more recycling rate and zero-discharge facilities.
- 50%+ increase in waste heat power generation capacity to 139 MW
- 74% of non-hazardous waste recycled

## Communities and Human Rights

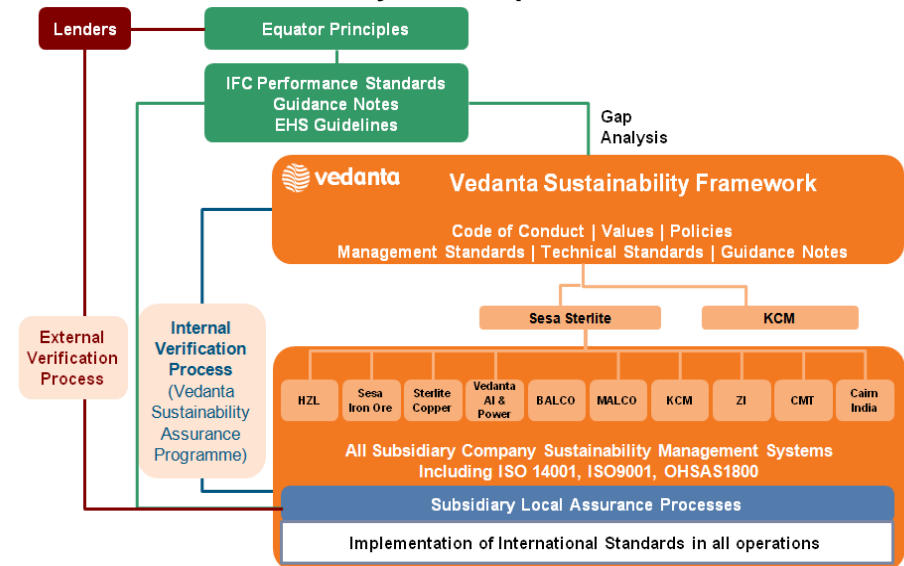
- Focus on stakeholder engagement
- Human Rights: Conducting a gap analysis as a step towards becoming a signatory of UNCHR
- Community relations: 250+ partnerships with NGOs, local governments, academia and private hospitals
- Focus on local consent prior to accessing resources

## Society

- Employment: Around 68,000 direct and indirect employees
- In FY2014:
  - US\$5bn to government exchequers
  - 3,500 village meetings held
  - Over 3.4 million people benefited through initiatives



## Vedanta Sustainability Assurance Program (VSAP) in the second year of implementation.



# Key Strategic Priorities remain unchanged



**Production growth** across portfolio with a focus on returns

- Disciplined capital allocation: Low-risk and phased development
- Sustained operational excellence and cost efficiencies
- Active engagement with Governments

**Reduce gearing** from increasing free cash flow

- Production ramp-up from well-invested assets driving strong free cash flow
- Generate positive free cash flow from all businesses
- Utilise cash flows to de-lever

**Continue to add R&R** in our existing portfolio of assets to drive long-term value

- Development and exploration on track to realise Rajasthan basin potential
- Continued focus to more than replace production

Consolidation and Simplification of the **Group structure**

- Sesa Sterlite merger: Realize full synergies
- Buyout of Gol's stake in HZL and BALCO

Protect and preserve our **License to Operate**

- Continued focus on
  - Eliminating fatalities
  - Stakeholder Engagement



# Summary: Building on Operational Momentum

- ✓ Diversified portfolio of high-quality world-class assets
- ✓ Cash flows ramping up from well-invested assets to drive deleveraging
- ✓ Focus on delivering operational excellence and exploration upside
- ✓ Sustainability is core to our operations and long term value for all stakeholders
- ✓ Strategy remains unchanged





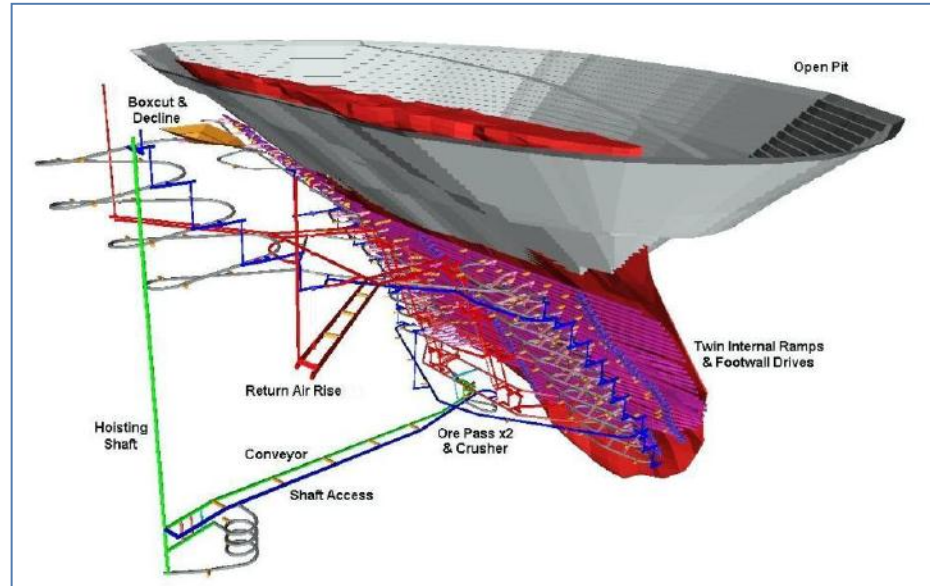
# Appendix

---

# Zinc India : Brownfield Expansion

- Rampura Agucha:
  - Evaluating optimizing the RAM open pit, to ensure consistent output from the mine
  - Delivered steady increase in underground mine development rates
- Record mined and refined metal production
  - Maintained lowest quartile costs
  - Integrated mined and refined metal production (including silver) expected to be marginally higher in FY2015

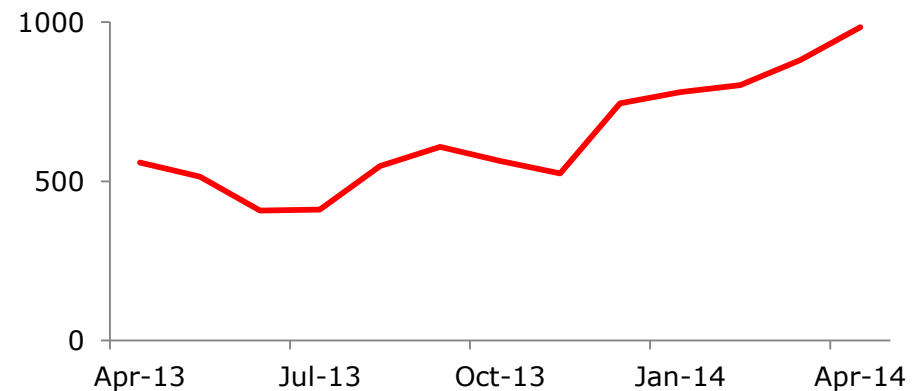
**Rampura Agucha Mine – Isometric View**



**RAM Open Cast Mine**



**RA Underground Mine Development**  
(in meters per month)



# Oil & Gas: A world class asset getting better

## Rajasthan

Operations: Strong execution focus

- 200kboepd rate and cumulative production of over 200 million barrels achieved
- 7% production growth driven by rapid well construction - 129 new wells
- Operating costs at \$3.9/bbl

2P Reserve Replacement: 100%

Exploration:

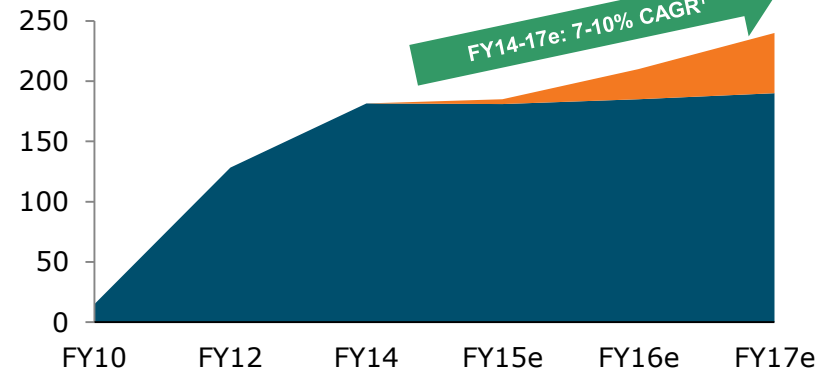
- On track: 50% success, 6 discoveries, 5 play types
  - Added 1bboe-in-place to discovered resources
  - Finding costs maintained <US\$ 2/bbl
  - 3D seismic: Acquired 266km<sup>2</sup>, 14% of total
  - 17 exploratory wells drilled since exploration resumption, over 80% show hydrocarbons

## Mature Assets

- Ravva: High Recovery (47%)
  - Ravva HPHT prospect: Drilled up to depth of 3,400m
- Cambay: 44% production growth

## Rajasthan – A World Class Asset

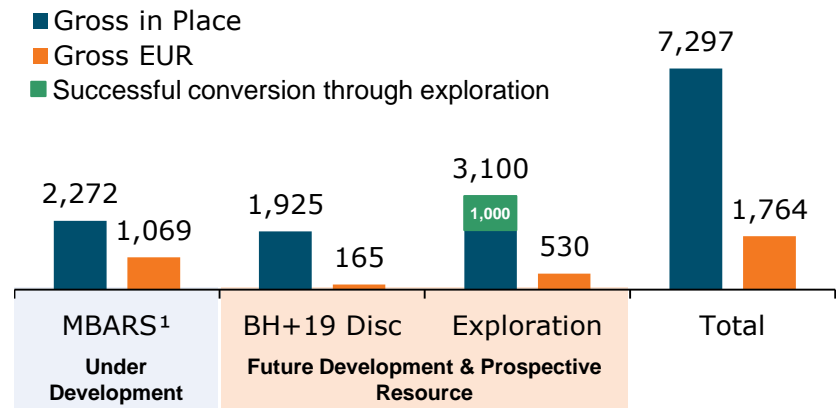
(production in kboepd)



Note: 1. From known discoveries.

## Exploration: Significant Potential Upside Reserves and Resources - 7.3bn boe in place

(in mmmboe)

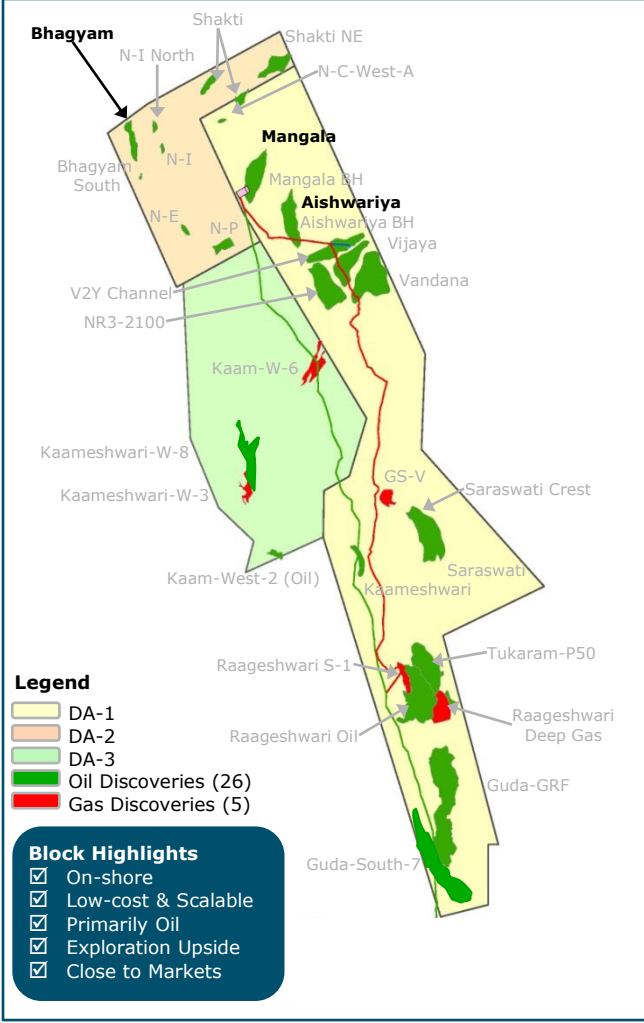


Note: 1. Includes EOR potential.

# Oil & Gas: Rajasthan – Jewel in the crown



## Rajasthan Block – 31 discoveries to date



## Rajasthan 3 Year Plan: \$2.6bn net capex

Rajasthan Development: \$2.4bn net capex to drive 150% RRR and 7-10% production CAGR<sup>1</sup>

- **MBA: 180-200kbopd, net capex of \$1.6bn**
  - EOR/Polymer flood:
    - Mangala: EOR injection in Q4'15, ASP pilot started
    - Bhagyam: Plan in place, JV alignment in progress
    - Aishwariya: Plans being prepared
  - 7 rigs in place to drill 120-150 wells in FY15
  - Upgrade fluid handling capacity and augment water injection facilities
  - Pipeline tested at 227kbopd, upgrades possible to reach 300kbopd
- **Barmer Hill: 10-30kboepd, net capex of \$0.6bn**
  - Exploration confirmed BH potential across block
  - Permeability better than shales
- **Gas: 10-20kboepd, net capex of 0.2bn**
  - Develop existing Raageshwari Deep Gas
  - Upgrade RDG terminal capacity and plans for higher capacity gas pipelines

Rajasthan Exploration: \$200million, for significant upside to reserves and resources

- Continue exploration and appraisal program across the portfolio, with a sharper focus on Rajasthan

Notes: 1. Production from known discoveries, exploration subject to PSC extension.



# Iron Ore : Regaining momentum

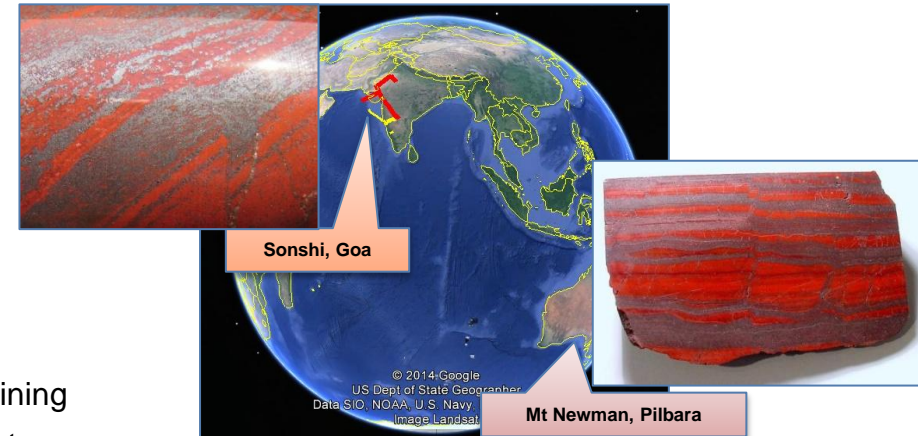
## Karnataka

- Mining restarted end Dec'2013
  - Annual capacity capped at 2.29mt
  - Produced 1.5mt in Q4
- Sales: e-auction in the domestic market

## Goa

- Mining ban lifted conditionally in April 2014
  - Conditions include additional royalty, new overburden dumping constraints, and lease renewals
  - Working with State Government and MoEF to restart mining
  - Inventory sales through e-auction as per Supreme Court conditions

## Geologic Potential similar to Pilbara Banded Haematite Quartzite Formations

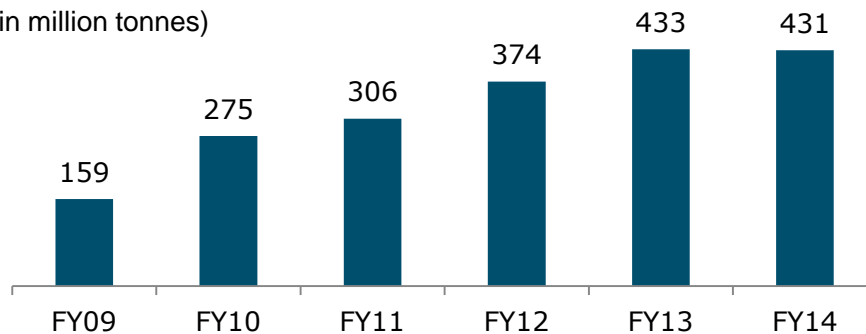


## Goa Iron Ore Mines – Proximity to Coast



## R&R<sup>1</sup>

(in million tonnes)



Note: 1. Excludes Odisha operations that were closed in FY2011.

# Aluminium : Putting capacity to work

## Operations

- Smelters delivered high operating efficiencies
- 2<sup>nd</sup> quartile costs with third-party bauxite and alumina
- High ingot premiums of \$276/t
- 58% of metal production converted to value-added products

## Project Ramp-ups

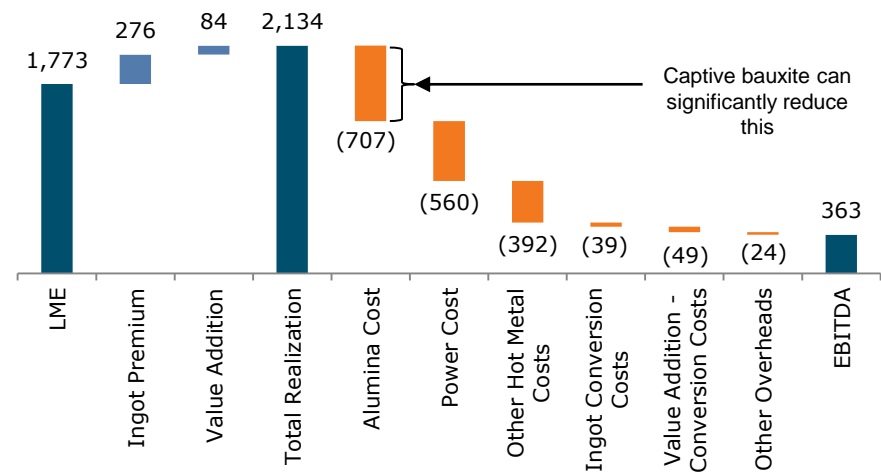
- Korba-III 325kt (BALCO): First metal tapped in Q4, 1<sup>st</sup> phase of 84 pots ramping up
  - Further pots to be started after commissioning of BALCO 1,200 MW power plant

## Other key issues:

- Refinery feed: Pursuing options with Odisha Government
  - Niyamgiri: Not pursuing bauxite without local consent
  - Focusing on other abundant bauxite in the state
- Coal block: BALCO 211mt coal block mining in FY2015

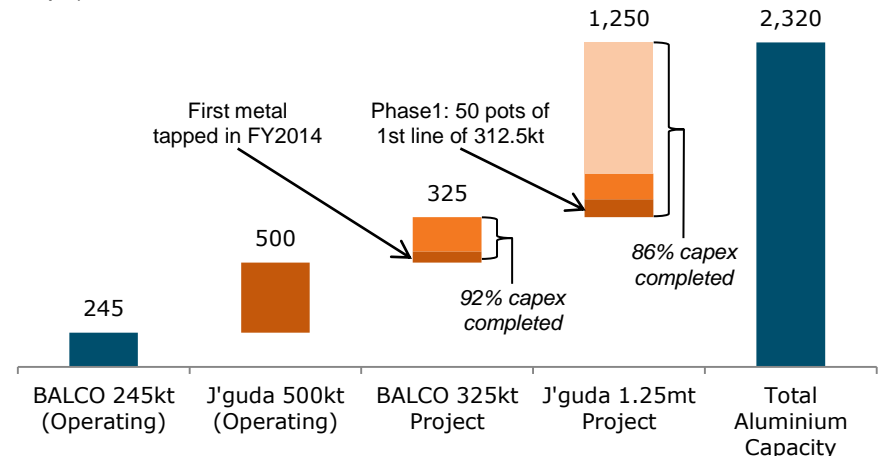
## Aluminium Costs and Margins

(in \$/t, for FY2014)



## Roadmap to 2.3mtpa Aluminium Capacity

(in ktpa)



# Other Assets: Significant part of the portfolio

## Zinc International

- Working on extending life of assets
  - Lisheen: Extension beyond FY2015 depends on discovery of new ore
  - Skorpion: Refinery conversion to tap feed sources in large sulphide belt, including BMM - Technical feasibility in progress
  - BMM: Swartberg and Gamsberg projects feasibility

## Copper India

- Tuticorin copper smelter
  - Strong utilizations through debottlenecking
  - Planned maintenance shutdown in progress
  - 2nd 80MW power unit commissioned in Q4
- CMT: Working with Work Safe Tasmania to resume modified operations

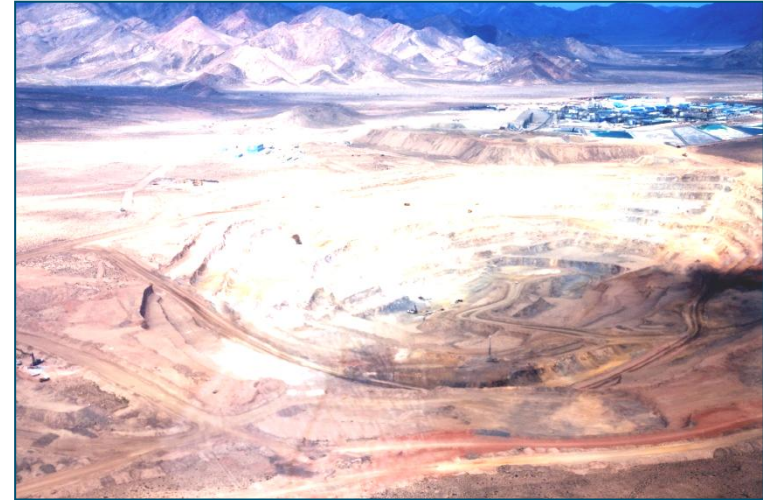
## Power

- Power sales affected by weak demand and evacuation constraint
- Talwandi Sabo: 1st unit synchronized and trial runs in Q1 FY2015

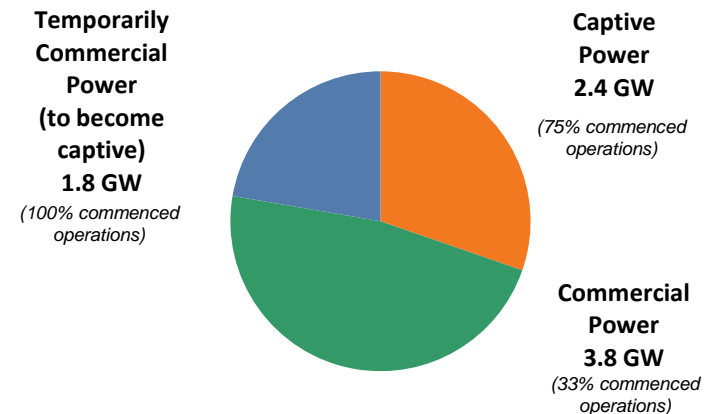
## Liberia Iron Ore

- Working with government on infrastructure solutions for ore evacuation
- Successful exploration results

## Skorpion Mine and Refinery



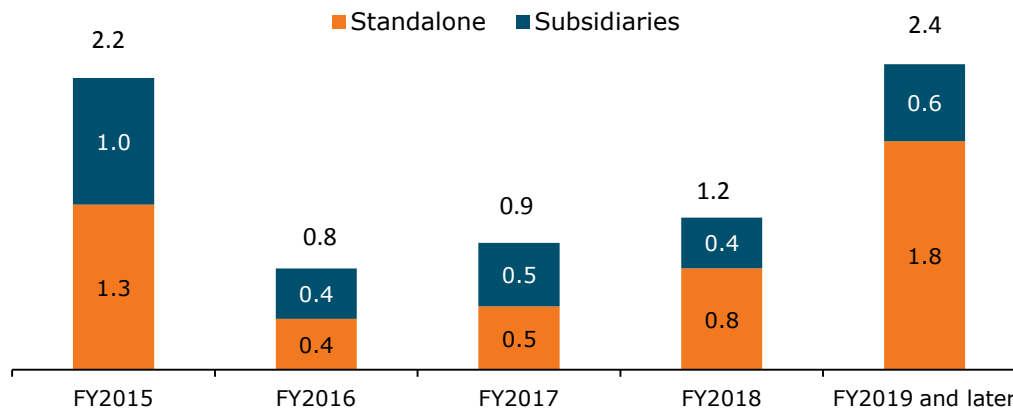
## Power Generation Capacity – c. 8.7 GW



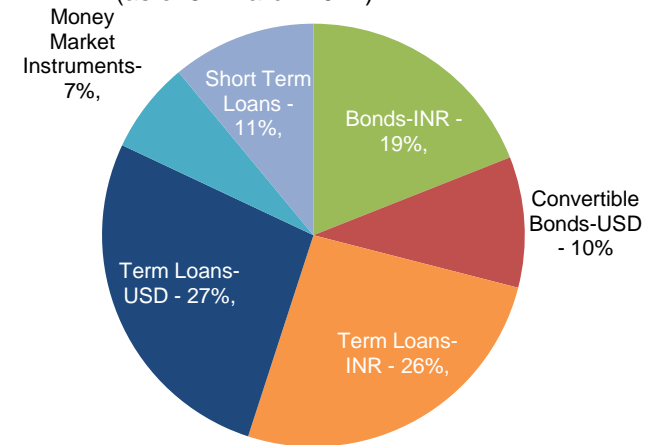
Notes: Pie chart excludes 0.6 GW of captive power at Zinc India and Copper India.

# Maturity Profile

**Term Debt Maturity Profile (in \$bn)**  
(as of 31 March 2014)



**Diversified Funding Sources**  
(as of 31 March 2014)



**Total External Term Debt of \$7.5bn**

- Debt of \$4.7bn at Standalone and \$2.8bn at Subsidiaries, total consolidated \$7.5bn
- Above maturity profile excludes working capital debt of c.\$2bn and inter-company loan from Vedanta Plc of \$3.9bn.
- Maturity profile shows external debt at book value
- **Cash and Liquid Investments of \$8.4bn, with additional \$1.8 bn undrawn lines of credit**
- **Healthy net Debt/EBITDA of 1.2x<sup>1</sup>**
- **Net Gearing ratio of 22%**

Note: Exchange Rate : INR 60.1 per USD at 31 Mar 2014

1. FY2014 Annualised Proforma EBITDA

# Entity wise Debt and Cash

Net Debt Summary (\$ mn)	31 March 2013 (Proforma)			31 March 14		
	Debt	Cash & LI	Net Debt	Debt	Cash & LI	Net Debt
Sesa Sterlite Standalone	6,830	494	6,336	6,479	409	6,070
Zinc India	-	3,929	(3,929)	-	3,984	-3,984
Zinc International	-	197	(197)	-	200	-200
Cairn India	-	3,093	(3,093)	-	3,830	-3,830
BALCO	790	0	790	796	0	796
Talwandi Sabo	706	1	705	837	4	833
Cairn acquisition SPV <sup>1</sup>	5,108	10	5,098	5,094	8	5,086
Others <sup>2</sup>	114	10	104	199	17	182
<b>Sesa Sterlite Consolidated</b>	<b>13,548</b>	<b>7,734</b>	<b>5,814</b>	<b>13,405</b>	<b>8,452</b>	<b>4,953</b>

Notes:

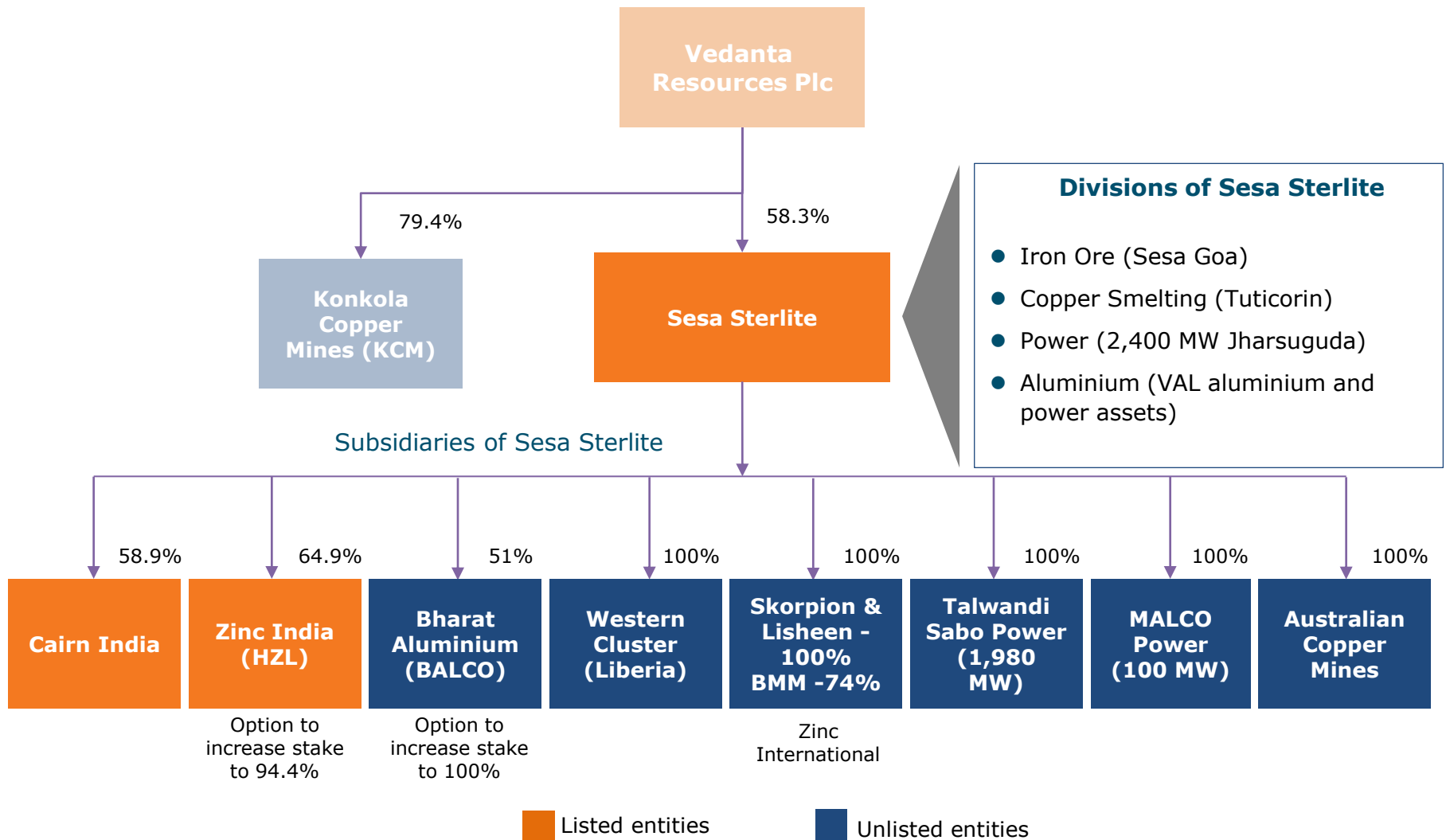
Debt numbers at Book Value

Exchange Rate : INR 54.4 per USD as on 31 March 2013; INR 60.1 per USD as on 31 March 2014

1. Includes inter-company loan from Vedanta Plc to Sesa Sterlite of \$3.9 bn as on 31 March 2014 for Cairn acquisition. There was an accrued interest payable of \$404 mn on the inter-company debt.
2. Others includes CMT, VGCB, Fujairah Gold, and Sesa Sterlite investment companies.



# Group Structure



Note: Shareholding based on basic shares outstanding as on 31 March 2014