"Vedanta Limited's 3QFY23 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to 3QFY'23 Vedanta Limited Earnings 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sandep Agrawal – Group Head (Investor Relations), Vedanta Limited. Thank you and over to you sir.

Sandep Agrawal: Thank you, Faizan, and hello, everyone. I am Sandep Agrawal. On behalf of Vedanta Limited, I am delighted to welcome you to our Third Quarter of this Financial Year Earnings Call. The transcript of this call will be made available on our website as well as audio. The Financial Statements, Press Release and Presentation are already available on the website.

Today, from our leadership team, we have with us Mr. Sunil Duggal – our Group CEO; Mr. Ajay Goel – Group CFO. We are also joined by leaders from a couple of key businesses; Mr. Arun Misra – CEO of Zinc business; and Mr. Rahul Sharma – Deputy CEO, Aluminium business.

Please note today's entire discussion will be covered by the cautionary statement on Slide #2 of the presentation. We will start with Update on our Operational and Financial Performance and then we'll open the floor for Questions-and-Answers.

Now, without further ado, I would like to hand over the call to Mr. Duggal.

Sunil Duggal: Thank you, Sandep. Good evening everyone, and welcome to Q3 Conference Call.

During the third quarter, the Indian economy remains strong and resilient on some macroeconomic fundamentals and healthy domestic consumption. Despite rising interest rates, robust growth was witnessed in metal consuming sectors like housing, automobile, consumer durables. However, the global economy continue to grapple with multiple headwinds like monetary tightening, high inflation, geopolitical instability and volatility in financial markets.

Commodity prices also witnessed sluggishness. In this macro environment, our team has performed commendably. We stood on several initiatives, achieved strong operational performance. We delivered a good set of financial results despite weaker commodity prices.

Our third quarter EBITDA stood at Rs.7,100 crores. Pre-CAPEX for the quarter stood at Rs.6,500 crore with a focus on working capital and cost optimization.

In line with our repurposed ESG strategy, we work to uplift the quality of life of communities through various initiatives around drinking water, sanitation, healthcare, community infrastructure, children's wellbeing and education among the rest. We have spent more than Rs.216 crore in the first nine months of the year and positively touched 3.14-plus million lives. ESG focus and action have been recognized by several major ESG rating agencies. Vedanta

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Limited is now ranked #6 among top-10 diversified metal and mining peers in DJSI. It has been inducted into the Dow Jones Sustainability Emerging Markets Index. Our MSCI ESG rating has improved from CCC in 2020 to BB now, and Sustainalytics have also improved our risk score by 4.5 points. Across the board improvement in our ESG risk rating is a testimony of our team's diligent effort to become an ESG leader in the industry.

Furthering on our goal to deploy 2.5 GW of around-the-clock renewable energy for our operation by 2030, I'm delighted to share that we have approved plans for another 941 MW RE power under group captive RE power development program for our operations across India, including Hindustan Zinc.

During the quarter, our aluminum business procured 390 million units of RE power and are conducting biofuel trials as a green alternative for ladle preheating and heavy vehicles. We successfully conducted biomass trials at FACOR in ESL to explore alternative sources of clean energy.

We have also joined by HZL, Cairn India and Iron Ore businesses in net water-positive operation. Cairn signed an MoU with Gujarat State Forest Department for development of 60 hectares of Mangrove Forest, 50,000 saplings in coastal area of Surat in our effort to promote biodiversity and preserve environment.

We introduced an industry-leading EV policy for all of our employees. The policy will lead to increase adoption of EVs amongst employees and drive the mines and change aiding India's green mobility push for a sustainable future.

When I come to operations and first on aluminum, our quarterly CoP further reduced by 12% to $2149 per ton on account of operations and buying efficiency. Our linkage coal materialization improved to 66%. We have commenced operations at Jamkhani mines. We continue to focus on volume growth and vertical integration projects to unlock its full potential.

Zinc India achieved best ever mine and refined metal production in nine months. It's quarterly refined metal production improved by 5% QoQ. With better plant and mine metal availability, it continues to be in the first quartile of global cost curve.

Zinc International operations are now steady at 280-plus KTPA MIC production run rate. It achieved best ever MIC production in the nine Gamsberg. The cost of production excluding TC/RC in this quarter decreased 12% vis-à-vis with operational efficiency and higher production volumes. Gamsberg Phase-II extension is progressing well.

In Oil & Gas business, our average gross production increased 3% QoQ to 145 kboepd as natural production declined was off offset by infill wells in MBA and RDG fields. We have successfully drilled one exploration well in Ravva and have put that to production, adding close to five kboepd.

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We commenced the first gas and condensate facility in Jaya field, which is OALP. As you know, that the government has extended the PSC for 10 years and we have signed the addendum to extension w.e.f. May 2020.

In Iron Ore business, our production of saleable ore in Karnataka increased by 32% QoQ. Sale was sluggish due to common imposed duty and exports, but now they have picked up.

Pig Iron production was up by 66% QoQ to 200 kt as all of our furnaces were online for post maintenance shutdown in the previous quarter. However, we saw a quarterly decline in pig iron margin owing to price correction.

Liberia operations achieved first ever export shipment in this month. In steel, one of our blast furnaces was put on maintenance shutdown, resulting in a 6% quarterly production decline. Our quarterly CoP excluding the impact of iron ore mine cost improved on account of lower coking coal cost. However, ESL’s margins were affected by the decline in steel prices and high cost of production with the newly acquired iron ore mine owing to regulatory charges to repair on iron ore production.

In FACOR, nine months ore production grew 15% YoY due to operation efficiency. Our 60 KTPA furnace is undergoing a test run and we are on track to get first production in the month of February current quarter.

Overall, we have made significant progress across our strategic priorities, creating value for our stakeholders. Our world-class assets have delivered outstanding financial results driven by operational efficiency.

I would also like to share that the Vedanta board has approved the sale of its ZI assets to HZL at valuation of $2.98 billion. Consolidation of ZI under HZL will fast track ZI's growth by using HZL's best-in-class expertise in underground mining, smelting and metal marketing. HZL's combined R&R would be one billion ton plus, and it would have benefit of improved access to developed markets and strong foothold in African sub-continent for expansion. This monetization would provide greater flexibility to Vedanta for future growth projects and leverage at group level. This transaction is a win-win transaction and will unlock significant value for both HZL and Vedanta shareholders. Moving forward, we are optimistic on the commodity market and macro data that we see now is improving.

China’s reopening post zero COVID policy, property market stimulus and front loading of infrastructure investments to expand is another positive for metals global demand. At the same time, India's economic situation is expected to be better than the rest of the world due to strong domestic consumption. Moreover, this is seasonally a good quarter for commodity demand in India. India being our largest market, it's continued strength augurs well for our business performance.

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With our outstanding portfolio of low-cost assets, multi-commodity presence, strong balance sheet and a commitment to ESG leadership, we are well positioned to deliver value to our shareholders and our communities.

With this, now I would like to hand it over to our CFO – Mr. Ajay Goel, for Financial Performance. Over to you Ajay.

Ajay Goel: Yes, thank you, Sunil, and good evening, everyone. The third quarter witnessed falling inflation and improving the sentiments, which has driven recent metal outperformance. Indian economy remained buoyant and saw strong growth in metal-consuming sectors and India's manufacturing sectors ended 2022 on a strong note, with the manufacturing PMI rising to two-year high of almost 57.8.

India's inflation is below RBI's upper tolerance level for the first time is in December to 5.7%. We believe that the commodity prices are now under the influence of demand recovery and will stay elevated in calendar 2023 and beyond.

This quarter performance witnessed steady production, easing off inflation that helped in a lower operating cost. At the same time, the profit was impacted by further softening of commodity prices.

Numbers for the Q3 are a reflection of continuing our various improvement initiatives in terms of enhancing production, lowering operating cost, and focus on free cash flow.

I want to share some of the highlights for the current quarter. They being, the consol quarterly revenue stands at about Rs.33,691 crores, down 7% quarter-on-quarter, impacted by lower LME and brent. The quarterly EBITDA at Rs.7,100 crores with the margin of 24% supported by easing off input inflation and also strategic hedging.

The main highlight for the current quarter remains our profit after tax, (PAT), which is at about Rs.3,092, which increased by 15%, quarter-on-quarter. Healthy free cash flow, pre-CAPEX was Rs.6,504 crores, and also, we continue to maintain strong double-digit ROCE of almost 23%.

You heard that we also declared Rs.12.5 per share, fourth interim dividend, that makes total for the full fiscal at about Rs.81 per share YTD, and that also makes Vedanta the highest dividend paying company among its peers in India.

Before I move ahead further in Q3 performance, I would like to also highlight that our key metal businesses, that is Zinc India, Zinc International and Aluminum, recorded highest ever MIC and metal production in the last nine months. This demonstrates that our long-term fundamentals remains strong and we will deliver a robust year in terms of operational growth. We have an income statement in appendix, where you will find details against each head of profit & loss account.

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I now move to EBITDA bridge. When comparing the third quarter EBITDA to the second quarter, the largest driver was the lower input inflation and first gain, which was partly offset by lower metal and brent prices. Further, if you look at items that were under our control during the quarter, we did well in terms of operational performance on cost front, which was the outcome of various improvement initiatives running across the businesses, and to some extent, strategic hedging in Q3 as well. But, if you compare last quarter, the benefit of hedging was lower comparatively and therefore, it also impacted the EBITDA for the quarter.

Moving on to next page on net debt bridge. Net debt as on December 31 stand at about Rs.38,000 crores with net debt-to-EBITDA, the leverage ratio at 0.96, which is maintained at low levels amongst Indian peers. The increase in the debt in the current quarter is a result of spending on various sustaining and growth CAPEX at businesses and also the money returned to shareholders that resulted in a better debt mix at the overall Vedanta Group level. As we have committed earlier, our net debt-to-EBITDA level remains comfortable and well within the range of our capital allocation framework.

Moving onto the balance sheet, we have built a more harmonious balance sheet with assets and liabilities moving towards better equilibrium, and by which, I mean to say the overall debt at holding company has come down significantly in the current fiscal. We are well positioned to address our current maturities, focusing on driving improvement. We also continue to have solid balance sheet with our net debt-to-EBITDA maintained at comfortable low levels and we finished the quarter with almost $2.8 billion of healthy cash and cash equivalents. Our average maturity is maintained at about 3.7 years with the average cost of borrowings at about 7.7%.

Our credit rating continues to be at AA with stable outlook both by India Ratings and CRISIL.

We moved a step closure to our commitment of reducing holdco debt by $4 billion over three years. In the first nine months, which is April to December, we deleveraged holdco by $1.7 billion.

Finally, we are confident in our ability to close the year with a strong performance as we have the expertise to drive improvements across businesses while successfully weathering macroeconomic uncertainties. We have numerous initiatives that support our strategic priorities and collectively these will position us to meet growing demand for net zero transition at the same time returning capital to shareholders.

With this, I now hand over to the operator for Q&A. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Pinakin Parekh from JPMorgan. Please go ahead.

Pinakin Parekh: Sir, my first question is on the proposed transaction with Hindustan Zinc. Now, given that in the past, the government apparently did not approve the transaction back in 2012 when it was

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proposed to buy, what gives us confidence this time that the government representatives will be onboard to approve the transaction?

Sunil Duggal: See, this transaction is value-accretive for both the organizations. I mean the kind of reserve and resources, ZI has at that point of time and now it has, Gamsberg has been put up, already ramped up to almost the full production, second project is in pipeline. So, that means the business is on track to deliver 600 ktpa of volume in the next two years' time. Along with that a lot of exploration success has come. And from the time then to now, you can see that the total contained metal in ZI is more than at this point of time. So, it creates a huge synergy and the success of the Hindustan Zinc transitioning to underground, putting up the smelting capacity, integrating the operation, I think it is a winning combination, and with that winning combination, the government gains and you can see that ONGC Videsh, other government company. Now, the government has set up KABIL to acquire the assets abroad which is under the Mines ministry today. So, the government is looking at the global footprint. We believe that this proposal could be exciting for the country, for the government and why should the government not support.

Pinakin Parekh: My last question is that with the expected proceeds, I think $2.4 billion upfront and then remaining over a timeframe, what does Vedanta India plan to do with the cash; would that be entire amount be distributed as dividends or will it look at some kind of acquisitions?

Ajay Goel: Pinakin, you remember our policy allocation of capital to Feb and the entire proceeds of $2.4 billion plus $0.5 billion in terms of time will be used and it'll be guided by our policy and allocation of capital. Now, it may have multiple usages, example remains using the money for funding our project in terms of group CAPEX and including the payment of dividend and deleveraging both VEDL and also VRL as a group.

Pinakin Parekh: But any deleveraging at VRL would be done via dividends from Vedanta Limited or can we expect inter-company loans or asset buybacks from Vedanta Resources to Vedanta Limited?

Ajay Goel: Any kind of inter-corporate loan is out of question and I covered this point also in a couple of the earlier calls. So, there is no ICD planned. In terms of how much money we can repatriate, be it dividend or other means, I think that is something we are working on, Pinakin. But as I mentioned, allocation of capital policy remains we are working. So, it'll be used for funding our growth CAPEX, any acquisitions, at the same time, payment of dividend and deleveraging of VEDL or VRL.

Sunil Duggal: About ICL, we have spoken at many front and many times.

Moderator: The next question is from the line of Prashanth KP Kota from Emkay Global. Please go ahead.

Prashanth KP Kota: Congratulations for the deal with HZL and it's really reassuring that you've committed again that there will be no ICD replica. A couple of questions. On Aluminum business, how do we expect the CoP to progress in Q4 FY'23 assuming the coal linkage is materialized at 65%, 70%

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and all other sources of Coal price where they are today, what is the CoP that you can expect in Q4?

Sunil Duggal: So, I have colleague in the name of Rahul Sharma, who's the CEO of Aluminum Business with me. But, in the meantime, you can appreciate that we reduce the cost by say around $300 in Q3 compared to Q2. But we feel that broadly the journey could continue depending on how much of the coal realization and the movement would come. But there are a lot of levers in hand and we believe that we may have good cost reduction. So, any guidance, Rahul, you want to give?

Rahul Sharma: Thanks, Mr. Duggal. I think first, I would just like to maybe just to take your flashback, in Q2 if you recall, we have said that we'll reduce our cost by $200 and that was H2 guidance. If you see in Q3 itself, we have reduced $280, which is 12% reduction. And that purely comes from three factors. For sure is a coal cost, improved operational KPI and also the buying efficiency. But, coming to the Q4, I think it's going to be better from here, especially the lever which we see because we are going to have the 100% coal materialization and also our Jamkhani coal mine, which has started in December, we are looking for quantity from Jamkhani mine, and also softer the commodity price, we see that there is going to be further reduction and maybe around 5% to 7%.

Prashanth KP Kota: My second questions is on the oil and gas business. Sir, am I missing something here, the realization on QoQ are lower because of the lower crude prices? The volumes are same, CoP are same, however, EBITDA and revenue are the same despite lower realizations. So, is there any mix issue there or what is it that I'm missing?

Sunil Duggal: See, the volumes are up slightly; up by 3%. The cost is down by $1 per barrel or so. So, there are positive levers around the operations because of which… what is the percentage increase in EBITDA from oil and gas?

Prashanth KP Kota: It is flat QoQ despite much lower crude prices and realization.

Sunil Duggal: Yes, so you can see that the volume has gone up to 145, 146 and cost has also reduced.

Moderator: The next question is from the line Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: A couple of questions. First is, I just wanted to have a sense on understanding of the debt maturity profile at Vedanta Resources. Please correct me if I'm wrong, but what I understand is, we have an total outgo from $2.5 billion, I think we are trying to tap into PSUs probably look to roll over at Barclays and even potentially looking to top up at Oaktree. So, I just wanted to understand, how should one look at the cash flows from now till June if one has to take care of the cash flow requirement at the parent level?

Ajay Goel: If you look at maybe the two quarters, the one is a fourth quarter, the current quarter of March, the need for the funding will be about 550 million and with the current dividend of Rs.12.5 and the remainder amount, so we are fully covered. So, the entire cash requirement in terms of source

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and application are fully in equilibrium for the current quarter. If you look at the Q1 of next fiscal, which is April to June, the total requirement at Vedanta Resources is almost $2.1 billion… in fact $2,050 million to be precise. Now, again multiple discussions are going on. I would say three large buckets to meet the $2.1 billion. First of all, the Oaktree upsizing by almost $750 million is one win. Secondly, we are in talks with the various banks, be it a PSU or multinational banks, and at least $0.5 billion we assume we'll get from there, so $1.2 billion. The remainder amount is a combination of I guess brand fee, which we pay in the first quarter and dividend. So, both for Q4, we are fully locked in, and in Q1, we are in the advance stages of closing all of those over the next two weeks' time.

Ritesh Shah: Sir, if I just go by the numbers what you indicated, assuming Oaktree at $750 million, brand fee at the $300 million, PSU at $550 million, Barclays at $150 million, it still leaves with a gap of nearly $750 million. So, is this what you are saying is it could be by way of dividends, and are we pretty much okay that the cash flows from India operations will be able to cover up for this post CAPEX?

Ajay Goel: Well, I think those are the ones which are already in the pipeline I would say, Ritesh, and even the numbers can go hard. But with a combination of $750 million, $0.5 billion and the brand fee, we'll be covering almost $1.7 billion or so, and that leaves a small number, and even that we can cover. Any additional payment of dividend always in option in Q1.

Ritesh Shah: I just wanted to understand we were striving for GR2RE, which I think the court has actually put a spanner. How does your thinking change basically when we are looking at a cash flows for the next year specifically, given that is again upwards of $2.5 billion plus of maturity for Vedanta Resources? So, I'm just trying to understand your thought process when it comes to matching the cash flow requirement of the parent?

Ajay Goel: So, the whole proposal, as you remember, we spoke in last also a couple of investors call, the whole movement from GR2RE was juristic. Knowing that the whole GR concept is basically a pass under new Companies Act, including I would think in very contemporary technical accounting. And companies are doing it even to manage things for the future. The amount that is paid in the last fiscal, including the two days amount is from the current reserve and profitability. The hearing at NCLT has taken place and all the hearing by both the parties have been finished. Now, the order is reserved and we are expecting the order to come over next four to six weeks' time. So, what we are doing right now is to get NOC from the bankers and we have significant portion more than 50% bankers are doing NOC. So, we expect that the whole GR2RE closure will be happening within the fourth quarter.

Sunil Duggal: And we are quite hopeful about it.

Ritesh Shah: Sir, are there any covenants that one has to be mindful of? We understand Vedanta India balance sheet is pretty much okay, but, when we look at the bond documents we have in past taken leave it to actually basically soften out the covenants, are there any hard covenants that one needs to be watchful for?

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Ajay Goel: I think all the covenants even at Vedanta Resources are quite I think routine and standard. Nothing that I think we need to worry about.

Moderator: The next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: Hi, sir, two questions from my side, both again on the transaction. First, what would be the tax incidence of this inflow that we will get about $2.98 billion? So, what is the kind of cost on the books that we have and if there is any tax incidence on this?

Ajay Goel: So, again, Indrajit, in terms of taxation, once you look at impact of the two aspects. One is the international one. And the entire transaction from the international tax viewpoint is fully tax-agnostic. So, the $2.98 billion, one would receive the full consideration, there is no tax implication. Secondly, from the Indian tax perspective, I think that's where we are still evaluating certain tax optimization ideas.

Indrajit Agarwal: So, even if we upstream this as dividend, will there be a tax incidence thing or that is still under consideration?

Ajay Goel: That we are still working on, Indrajit.

Indrajit Agarwal: My second question is on the first tranche payment of $2.4 billion. So, what are the milestones or approvals that we are awaiting post which we will see that this amount will be upstreamed to us, what kind of milestones we are looking?

Ajay Goel: So, in terms of approvals, this is an RPT as we know, and that too also material RPT, which is crossing Rs.1,000 crores. So, in terms of approvals, it is the audit committee of both the companies, Zinc and Vedanta Limited, which is done. The board of both the companies also have cleared the transaction. Now the third step of course is sending a postal ballot and getting the approval by the shareholders. There we need the majority of the minority. The entire process both from the Zinc side and from the Vedanta side will be finished over next six weeks' time… so early March, it'll be finished. Thereafter, the 2.4 billion state consideration, leaving that deferred consideration can finish pretty quickly over next one month's time.

Indrajit Agarwal: Any government approvals either in India or overseas?

Sunil Duggal: No, it's a board matter. So, the board has already approved this and post that we have to get the shareholder approval as explained by Ajay.

Moderator: The next question is from the line of Rahul Jain from Systematics. Please go ahead.

Rahul Jain: I had a couple of questions. Firstly, can you give some update on the expansion of alumina and aluminum at Lanjigarh and what is the status over there, when can we see additional output coming from there?

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Sunil Duggal: So, the erection work is in full swing. So, the expansion is in two parts. One is 1.5-billion-ton, train-I, 1.5-million-ton train-II. So, as we speak, the train-I mechanical completion is getting over, and by this quarter end or the next quarter the plant will be fired, and we are hopeful that in the next one to two quarters it should ramp up to full volume, that is train-I. And the second train, I think by the mid of the next year, the mechanical completion will be over, and then thereafter it will take one quarter or 1.5 quarter to fully ramp up. So, by the end of the next year exit, the total alumina refinery up to a capacity of 3 million tons will be up and running.

Rahul Jain: On the sale of the transaction, whatever…

Moderator: Please repeat your question, sir?

Rahul Jain: I was asking that whatever dividend payment we will get from the conclusion of transaction whatever money we will get, will be just paid out as dividend?

Ajay Goel: I covered this in the call, so I said, so in terms of this entire money 2.4 plus 0.5 in terms of utilization will be guided by company' policy on allocation of capital, and it can be used for funding our CAPEX both growth and sustaining, at the same time payment of dividend and deleveraging for VEDL and VRL, but substantial portion we intend to use for deleveraging at a group level.

Moderator: The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Duggal sir, a question for you, sir, how should we look at the incremental capital allocation? I think we have been awaiting clarity specifically on the semiconductor foray, if you can provide some color over there? I think secondly, after Athena, we have gobbled another asset in Meenakshi at pretty attractive valuations. So, I am just trying to get a sense incrementally on capital allocation and how are we marrying this decision specifically with the ESG targets that we already stated?

Sunil Duggal: You are asking about the semiconductor business no?

Ritesh Shah: Yes, sir.

Sunil Duggal: So, semiconductor business as of now is not under the ambit of Vedanta. So, if any call will be taken, we'll discuss this, this question at that point of time.

Ritesh Shah: If hypothetically it goes at the parent or at Vedanta India listed entity, how should we look at the financials or if it's possible, if you can indicate what is the quantum of CAPEX, which is required, I assume that the JV, that Foxconn 50-50 and there might be 30-70, so the effective outgo might be a bit low, can you give us some comfort with some numbers over here, so basically which we can understand it better?

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Sunil Duggal: Ritesh, you have to appreciate that once this transaction is not approved, I am not supposed to discuss this numbers also at this point of time, but you can do your math, some of the numbers you are doing in your mind is also right, but it would not require much of a CAPEX with the participation of Foxconn and the government subsidy, you understand, and there is a state subsidy also over 50% subsidy from the central. Beyond this, it will not be possible for me to comment.

Ritesh Shah: Sir, on power, and secondly, basically Hindustan Zinc incremental OFS if at all. So, after Athena, we had Meenakshi, anything on that side specifically we see targets one on ESG?

Sunil Duggal: See, as far as ESG is concerned, we made the 10 commandments declaration to the market that what are we going to do. One was that 25% of our operations will be decarbonized by 2030. And there are various approvals, projects, initiatives, various entities are taking. And the plan is that we put 4 GW of the capacity in the pipeline this quarter itself. Even when we take the PLF of 4 GW, it will reduce the carbon footprint by 15% from our current level. So, against our overall declaration of 25%, if we are able to decarbonize 15% in the next two years' time, I think we should pat ourselves on the back, #1. #2, as far as Athena and Meenakshi is concerned, see, the power demand in country, you must have seen, last year has gone up by 8% to 10%, and the way the GDP growth is projected, and the way the standard of living of the people is going up, I feel that the power demand growth is going to be 8% to 10% in the next few years' time. So, these are idle effects. It is in the best interest of the nation that these idle effects should be put into operation. So, from that point of view, our footprints are not increasing from our operations, but this is the initiative, I think which is in the best interest of the society and the country, and that is why we think that what we are doing is the right thing to do.

Ritesh Shah: Sir, on the Hindustan Zinc OFS, any update on the status?

Sunil Duggal: What we saw in Hindustan Zinc… Arun, you are a party to the roadshow, if you can comment on that?

Arun Misra: Thank you for the question. We have conducted roadshow extensively spanning many countries along with Government of India and a very positive feedback from the potential buyers. So, which I think certain government is working out, in what form, how many tranches they would do, and let's wait for that.

Moderator: We will take the next question from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Just a question on aluminum growth outlook on the volume side. If you could just highlight how is demand scenario looking and what kind of volume growth we could look at on the aluminum side?

Sunil Duggal: While the world is very excited about the green metal and the demand is going to grow, but Rahul, what do you have detailed information from your side?

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Rahul Sharma: Thanks for the question. I think aluminum is a strategic metal. And we know that this CY'22, primary demand was 70 million and we see that it is going to be a CAGR of 4% to 5% as a growth which is likely to happen. And if I talk about India per se, India demand if we see that, on the backdrop of 17% YoY growth has been seen in the last nine months. And we see that the demand for the country, especially for India, last year was 3.9 million, and this year is going to touch 4.5 million. So, we can see that there is a very strong demand, especially for India demand has been increasing in electrical and power sector. And other factor also, China is coming back and we see that China is also growing by 4.4% year-on-year growth. Overall, demand is quite robust and is strong, and that's what I think on the same line we are also looking to expand our capacity from, 2.3 MTPA to 2.8 MTPA, then we are taking up to 3 MTPA.

Alok Deora: Also sir, how do you see the realization moving now going forward because the prices have started to go up, so just your thoughts on that from near to medium term perspective?

Rahul Sharma: Again, price point of view, I can only say that key indicator which drives the growth and I have said a few, but the important is that I think China removal of COVID-related restriction, that's one. Second is India, which I have already spoken. Third is that US inflation dropped to 6.5% in December vis-à-vis 7.1% in November. US dollar index also dropped from 115 to 102. And other side, if I see that, the kind of production cut, which is 2.5 million in China and 1 million in Europe. And there is also if you see the inventory level, which is I think the lowest since 2002, 1.4 million. So, all the indicators, you see that is a very strong indicator to have the better level from the current which maybe has gone to 2,200 kind of LME, I would only say on that point.

Alok Deora: You mentioned during the call that the iron ore after this export ban removal, the exports are picking up. So, is it normal now or it will still take one quarter?

Sunil Duggal: When the ban was removed, we took a conscious call of slowing down the domestic sales because there is an increase in EBITDA by around $8 to $10 per ton. So, as we speak, we have been able to, move some shipments already and I feel that from the current month the dispatch and the sale would come up to the normal level. So, that means around 0.6 million tons this month itself it'll take. So, that is what the story. Although we will have some inventory at the end of this month, which will be able to capitalize in the current quarter.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Antique Stock Broking Limited. Please go ahead.

Sumant Kumar: Could you please elaborate on the amount of hedging gains specifically we had in this quarter, and if at all some portion we have that can come in Q4?

Ajay Goel: So, the hedging gain in the third quarter is almost Rs.475 crores. And if you look at maybe for the first nine months, it’s in fact almost touching Rs.3,000 crores, the number is actually Rs.2,945 crores. The quantum of hedge impact is tagged low for the fourth quarter. And we also can evaluate taking further hedges specifically in the aluminum side. But right now, if you look

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at mark-to-market for the quantity hedged, the gain is almost still about 15-odd million for the fourth quarter.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Sandep Agrawal for closing comments. Thank you and over to you, sir.

Sandep Agrawal: Thanks, everyone.

Moderator: Ladies and gentlemen, on behalf of Vedanta Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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