"Vedanta Limited Q1 FY2016 Results Conference Call"

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Moderator: Ladies and Gentlemen, Good Day and Welcome to Vedanta Limited Q1 FY-2016 Results 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 touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashwin Bajaj — Director of Investor Relations. Thank you and over to you Sir.

Ashwin Bajaj: Thank you, operator. Hello! Ladies and Gentlemen, this is Ashwin Bajaj — Director of Investor Relations for Vedanta Limited. Thank you for joining us today to discuss our Results for the First Quarter of FY-2016. On this call, we will be referring to the 'Presentation' that is available on our website. Some of the information on today's call may be forward-looking in nature and will be covered by the Safe Harbor language on Page #2 of the Presentation.

From our management team, we have with us our CEO — Mr. Tom Albanese; our CFO — Mr. DD Jalan; we also have Mr. Mayank Ashar and Sudhir Mathur from Cairn India; Mr. Abhijit Pati from our Aluminum business; Mr. Kishore Kumar from our Iron Ore Business and Mr. Ajay Dixit who recently joined us to Head our Power business.

So with that I will hand it over to Tom.

Tom Albanese: Thank you, Ashwin, thank you, operator and Good Evening, Ladies and Gentlemen. I am pleased to welcome you to Vedanta Limited's First Quarter Fiscal 2016 Earnings Call. As all of you know I do not need to tell you the resources sector has been witnessing a challenging period due to the decline in commodity prices, we have seen a fall in demandfrom China and new supply additions in some of our products. This has been reflected in the performance of the mining and oil equities over the last year. I think that even more important than that right now would be the macro effect on confidence, so while the macro risks for supply/demand and commodities from US dollar strengthening are important, the other things that have been weighing on confidence include the recent challenges in Greece, the Chinese Shanghai Exchange recent equity sell-off, additional oil supplies anticipated to come to the market as a consequence of lifting of Iran sanctions, and, of course, the overall sentiment and uncertainty that comes about from all these various items. All these leading to continued uncertainty. So we have a difficult market environment in many ways. I think this is a difficult commodity space we would have seen back in 2009. So it reinforces the importance of what we have been saying which is following a disciplined approach to capital spending, looking for efficiencies in our operations will certainly be the key to managing this period of volatility.

At Vedanta Limited, we have been implementing a series of initiatives to reducing capital expenditure and operating costs while maintaining financial strength during this period of weaker commodity prices and ultimately preserving the strong resource position and the optionality around our portfolio of high quality assets with attractive long-term growth prospects.

So may be let me start the review of First Quarter performance with Slide #4 on Safety and Sustainability: On Safety, it is certainly with my own personal deepest regret that we had reported a loss of four of our colleagues in the last quarter and this is a deep disappointment for the organization particularly since we have been seeing so much improvement during fiscal year 2015 which had been one of the safest years in our history. So we do have certainly work that needs to be done. I just want to reinforce to all of you analysts and shareholders alike we are redoubling our efforts to improve and achieve objective of zero harm.

I think from a Sustainability standpoint a notable development this quarter we have published our first tax transparency report in line with our commitment to increase our communications with all our stakeholders including our host governments.

Moving on to Slide #5, operationally, we have had a good quarter with higher production in Zinc India, Copper India and Aluminium and Power compared to last year and stable production over the period in oil & gas. We also started pre-stripping at the Zinc Gamsberg project and at Iron ore we started sales from Karnataka and we are well positioned to start mining and start mining in Goa after our monsoon season.

Financially: The EBITDA was flat quarter-on-quarter in spite of an adverse impact of Rs.414 crores due in the provisions in the Renewable Power Obligation from the previous year.

I would like to draw your attention to the increase in the contribution of Zinc to our EBITDA. Now accounting 47% of our group total up from 27% in the first quarter of last year. As you know, Zinc fundamentals are quite strong as almost 5% of future zinc supply is going to be coming out of the market over the next 6-months with the closure of the Century and our own Lisheen mine. This strong performance of zinc during the period of commodity price pressure for other divisions of the group underlying the rationale for investing behind a well-diversified set of Tier-1 assets. In line with our stated strategic priority in simplifying the group structure, we also during the quarter announced the merger of Cairn India Limited and Vedanta Limited, of course subject to the approval of the minority shareholders in both the companies.

So with that, let me move on to Slide #6 and talk about the Merger. I do believe that merger is a win-win situation for all shareholders in both Vedanta Limited and Cairn India Limited. With this transaction we will reinforce our position as the only large diversified Indian Natural Resource major with a suite of Tier-1 assets across a number of commodities. The scale and diversity of the asset base will reduce earnings volatility and increase stability of cash flows through the cycle. Recently, we have seen a downward price movement in oil of $52 a barrel of Brent and that only reinforces the value of this merger to Cairn India shareholders. So we will focus on delivering long-term value to all shareholders by continuing to allocate capital with this merger, the most compelling growth opportunities across commodities and across geographies. This transaction provided the group with significant financial flexibility to distribute strong sustainable dividends to all our shareholders. Cairn India minority shareholders will have the opportunity to obtain exposure to this significant upside of Vedanta Limited which I will summarize in three key points – First, from the strong growth pipeline that is in the inflection point of delivering significant value without much additional capital investment. Second, Cairn India shareholders will see an increased share of the benefits of $1.3 billion cost improvement program which is primarily from the reduction in the hard costs such as procurement and marketing savings from the Metals businesses. And third, there will also be the beneficiaries of any further upside from the potential re-rating of the group going forward. All along, with all this, while continuing to retain the upside to recovery in oil prices. The enlarged company will have the stronger financial and credit profile leading to lower funding cost and a lower cost to capital. Let me emphasize that Cairn's growth strategy will not change post the merger. We will continue to operate our assets efficiently and execute our strong pipeline of projects with the same rigor. We have retained the proven management team and the strong brand.

As you can see for the timetable at the bottom left hand side of the slide the process is a marathon, not a sprint. Laying media speculation to one side we will maintain an ongoing dialogue with all shareholders until voting takes place in the 2nd half of the calendar year and we remain confident the transaction will be completed successfully in the 1st quarter of the calendar year 2016.

So I will now hand over to our CFO — Mr. DD Jalan to go through the Financial Updates.

DD Jalan: Thanks, Tom, and Good Evening to You Ladies and Gentlemen. The commodity environment continues to be subdued and volatile as Tom also mentioned. As you all know, most commodities have fallen 6 to 8% in just last 2 weeks. Against this backdrop I am happy to say that we have delivered stable set of numbers for Q1 reflecting the high quality and diversity of our assets. We have achieved EBITDA of Rs.4,039 crores marginally higher sequentially albeit significantly lower over the corresponding previous quarter. While commodity prices help marginally, premia and regulatory headwinds have offset some of the base year effect thus delivering a steady quarter sequentially. EBITDA was affected by a one-off provision of Rs.414 crores for Renewable Power obligations on captive consumption in previous years following the Supreme Court order in this matter. The current quarter effect of this being Rs.36 crores which is part of the cost. Profit petroleum cost recovery timing amounted to another Rs.177 crores. The margin at 31% reflects the combined impact of these one-off as offset by better commodity prices in the quarter. If we knock off a one-time effect of RPO, then the margin remains 32.5% and Aluminium margin also shows a healthy 10% though lower as compared to the previous quarter. Compared to Q1 of previous year, while we saw good volume gains in Zinc, Copper, Aluminium and Power the significant decline in the Brent price and the Aluminium premia more than exceeded the operational gains leading to a significant margin contraction. However, for the rest of the year we expect volume ramp-up through the resumption of Iron Ore, higher Zinc volumes as per the mine plan, Aluminium pot ramp up at Jharsuguda, inventory liquidation and cost saving as key drivers for higher EBITDA. Nevertheless, a continued environment of weak commodity prices may offset expected gains from these initiatives.

We remain focused on debt reduction; gross debt did increase by Rs.1800 crores due to timing of funding for TSPL, Aluminium projects and temporary working capital requirements of around Rs.1,400 crores which we are confident will unwind in coming quarters. Further, with continued focus on reducing our gearing and continued strong cash generation at our Cairn and Zinc India businesses, the gross debt and net debt is expected to decrease during the year.

Moving to Slide #9, on this chart, we can see several items in the market and regulatory group which largely impacts EBITDA by around Rs.320 crores. Slightly improved Brent prices and Rupee depreciation of around 2% which normally impacts our business favorably, were largely offset by the lower premia, higher profit petroleum and RPO provision for previous years as discussed on the preceding slide.

On the Operational segment, lower volumes and higher COP had an impact of over Rs.380 crores. Of the total volume loss around Rs.200 crores was timing-related mainly due to lower integrated production in the Zinc business due to some local logistical challenges though the mine production was in line. This will be made up in the coming quarter.

Cost was impacted by around Rs.250 crores due to newly introduced contribution to District Mineral Foundation, Renewable Purchase Obligations, Electricity Duty in Rajasthan and Water cess which were mostly offset with the lower operating cost and improved efficiencies. We continue to focus on improving efficiency, cost and increasing capacity utilization across our well invested asset base.

Moving to Slide #10: Efforts to refinance loans at a more optimum cost level continue to bear results as shown by lower finance cost when compared to Q1 FY-'15. However, the temporary increase in borrowings to meet project funding and short-term working capital requirements has resulted in a marginal increase in finance cost as compared to Q4 FY-'15. We hope to pull back these. The cost of borrowing in Q1 is around 7.9% and is trending lower than FY-'15 average of 8.2%. During the year, we aim to lower the exit borrowing cost by about 50 basis points on an average.

Other income decreased by Rs.317 crores compared to Q1 FY-'15 largely due to timing differences in the maturity of our investments. Given that income under IGAAP is recognized only in the quarter of maturity of investment. As mentioned at Q4'15, the other income line was exceptionally low given the investment in certain classes of instruments where the income is deferred by a couple of years, hence the numbers are strictly not comparable quarter-on-quarter. The underlying portfolio did well with the average post tax return of around 7.7%, but as mentioned, the quarterly income will depend on the maturity profile of the investment. Depreciation and amortization was lower by Rs.347 crores over Q1 FY-'15, mainly on account of lower goodwill amortization by Rs.230 crores due to lower base following the impairment of goodwill in oil & gas business in Q4 of '15. The marginally lower depreciation is the result of reduction of Rs.220 crores approximately being impact of changes in useful life of assets effected in Q4 of '15. This impact largely offset by additional depreciation on capitalization of assets in the quarter largely in oil & gas business. Full year depreciation will increase gradually with capitalization of pot lines and units in Aluminium and Power, TSPL and Cairn India. The tax rate at 17% was broadly in line with our full year expectation of 15%. This is also similar to the tax rate in FY-'15. For the quarter the rate is higher than Q1 FY-'15 mainly due to the profit mix of taxable and non-taxable income; however, sequentially, the rate is lower as the Q4 tax rate was driven higher on account of deferred tax recognized on exploration and development spend at Cairn India. As a result of all the above, both the PAT and attributable PAT for the quarter were sequentially higher at Rs.1,712 crores and Rs.866 crores respectively.

Moving to the next slide: As we have been discussing for a while, we continue to make progress against our dual objective of refinancing at a lower cost as well as extending the tenure of our loan maturity profile which is evenly distributed. Of the immediate FY-'16 maturity of $1.8 billion, $0.4 billion has been refinanced and balance $1.4 billion of short-term debt will be rolled over or refinanced with longer-term debt over a period of time. We are actively involved in discussions with various banks on refinancing and are in advanced stage of negotiations. With the lower interest rate expectation scenario in India, we are also actively evaluating different structures and options for future maturities. Our strong balance sheet reflects $7.4 billion of cash and cash equivalent. We continue to focus on improving our cash flow by actions around better working capital control, continuous review and control of our CAPEX spends as well as improving efficiencies. Thank you.

And with this let me hand back to Tom.

Tom Albanese: Thank you, DD. I will start now with Slide #13, lets talk aboutOil & Gas. Rajasthan production was relatively flat quarter-on-quarter and averaged 172,000 boepd. I am happy to share the gas production has grown by 20% quarter-on-quarter averaging 19 million standard cubic feet per day in the first quarter as we had foreshadowed in the last quarterly report.

On the cost side, substantial savings were attained in key high value contracts through negotiations, field operations, and improvements in well drilling time. The average water flood OPEX at Rajasthan was down to US$5.2 per barrel equivalent compared to US$5.8 barrels of oil equivalent in fiscal year 2015. We do as we said continue to invest in our core fields and drive growth projects. The polymer injection rate at Mangala has been ramped up and progressive production impact have begun to show up we would expect it to show up later this year. We ramped up our gas production as I said by 20% quarter-on-quarter with the existing infrastructure in the Raageshwari of gas terminal and we are now preparing for further growth in Raageshwari deep gas field via new terminal and pipeline, work of which is progressing well. The capital investments requirement for Bhagyam EOR have been substantially optimized over the last few months through value engineering base by our teams. And based upon this success we have submitted a revised Field Development Plan to our joint venture partner, ONGC. Lower capital cost has enabled this project to cross our threshold returns, stress tested to a $55 oil price assumption. We expect Bhagyam EOR to have CAPEX of approximately $250 million. At Barmer Hill, we have taken our first step with finalization of the development concept for the Aishwariya, Barmer Hill well in the Barmer Hill field. This field would be in the Barmer Hill formation overlying our existing Aishwariya operations. Initial well productivity rates are promising and lie in the region of 800 to 1000 barrels per well. We do expect the Aishwariya, Barmer Hill to have a CAPEX of approximately $300 million. And finally we have embarked on a 20-well infill program at Aishwariya to ramp up production volumes.

So I would like to emphasize that our priority in the oil & gas business remains to be free cash flow positive even in this low crude oil price environment. Over 90% of our production volumes are from the core fields of MBA, Ravva and Cambay. These fields are resilient of volatility in oil prices due to the low operating cost and high margins.

Moving on to Slide #14, I would like to talk about Hindustan Zinc. The first quarter was a very good quarter for Zinc India as metal mine increased driven primarily by higher ore production from Rampura Agucha, Kayad and the SK Mines. We lowered our cost of production to US$802/tonne in spite of higher power and fuel cost on account of water cess and electricity duties and renewable energy purchase obligations on captive power consumption, which together had an additional government imposed impact of $48/tonne on the cost of production. The Rampura Agucha and SK shaft projects are progressing well with no further delay in the former. Pre-stripping is further deepening of the open pit of Rampura Agucha is under progress. With the plant extension of the open cast mine, the overall production work at Rampura Agucha will be on track. The shaft project at SK meanwhile remains ahead of schedule and internal infrastructure works, development through shaft and ventilation works have been initiated.

Our Zinc India business is well positioned due to strong fundamentals of zinc metal. Two major mines representing about 5% of the world's zinc production coming out of production in the next 6-months and LME stocks refined zinc metal being close to historic lows. Thus we believe creating a strong momentum for Zinc prices to outperform other base metals over the next few years.

Staying on Zinc, I'd like to move on to Slide #15. At Zinc International, production was affected by lower grades at Skorpion and ramping down production at Lisheen which will now end production in November 2015. Overall, we are on track to produce about 230,000 tonnes in fiscal year 2016. Cost of production in the first quarter was at $1,409 per tonne and for the full year cost of production is expected to be approximately between $1,450 and $1,500 per tonne as volumes from Lisheen ramped down. At Skorpion push back is in progress with the extension of pit from fiscal year 2017 to fiscal year 2019. And at Gamsberg the pre-stripping has commenced; we had our first blast just earlier this week, I was in Johannesburg in Northern Cape just on Monday this week and we would expect to see first ore production in fiscal year 2018. This project is being developed using a modular approach with the current focus being on mining. And we would intend initially to produce **and co-mingle** blended with our existing Black Mountain ores and this allows us flexibility to adapt the CAPEX to the zinc price environment.

Moving to Aluminium Slide #16. In Aluminium production at the 500,000 tonnes Jhrasuguda-1 and 245,000 tonne Korba-I smelters was stable and we continue to operate the Lanjigarh refinery at a high utilization rate. The Korba-II Smelter produced 18,000 tonnes while the Jharsuguda-II Smelter produced 20,000 tonnes during the quarter. Aluminum prices of premiums have witnessed a steep decline in the last quarter as you know whereby EBITDA margin has declined from $490 per tonne in the 4th quarter of fiscal year 2015 to $177/MT in the first quarter of fiscal year 2016. And you can rest assured we are not standing by and just watching these prices decline. We put in place several measures to deal in this challenging backdrop. The cost of production is currently at $1,689/tonne is being optimized by reviewing higher cost operations, higher cost pots improving the domestic sourcing of bauxite and reducing specific consumption of inputs. We certainly will look forward to ramping up the Aluminium refinery to 2 million tonnes upon receipt of approvals from the state government and the central government has already approved the expansion of 4 million tonnes in Phase-I and I think it is important to recognize Lanjigarh if we do not increase the expansion of its 2 million tonnes per year in this environment is a very challenging environment as we watch Alumina prices beginning to drop across the board. We are also looking to increase proportion evaluated products in our sales and we have been in discussion with the government to control the dumping of Chinese aluminium and scrap into the Indian market.

In terms of further ramp up of Aluminium Smelters, we will follow a disciplined approach and ramp up only if there is a positive cash generation. Accordingly, due to high cost further ramp up of pots of BALCO-II Smelter have been temporarily put on hold. Meanwhile, our Jharsuguda-II Smelter we are in discussions with the government authorities for using Power in the 2,400 MW power plant which we start earlier this year and expect to start ramp up the remaining parts for the first line of 312,000 tonnes in the third quarter of fiscal year 2016.

Notwithstanding of the above measures we are very mindful of the Aluminium prices and now Alumina prices and Aluminium premiums. So this moment we are looking at all parts of refining and smelting business. We are prepared to make those necessary difficult decisions even reducing production if necessary to protect our cash flow.

Moving on to Slide # 17 in Power: In order to create synergies among the portfolio of 9,000 MW of power assets, as we foreshadowed created a power vertical and appointed Ajay Dixit as you know is on this call, a seasonal professional in the power industry as CEO of power. He is now responsible for all our power plant operations as well as power-purchases and power sales. I have to say I have been very impressed with just a short time he has been in the role.

During the quarter, PLF at 2400 MW Jharsuguda power plant was at 47% due to continued lower demand and evacuation constraints from Odisha. We expect the PLF to increase gradually in the second half of fiscal 2016 as we start ramping up the pots in the Jharsuguda-II Smelter line.

At TSPL, the first 660 MW unit is operational but the PLF and availability was impacted due to a temporary shutdown. We are compensated by the Punjab State Electricity Board on the basis of availabilities to the plant and we have 56% availability in the first unit during the quarter. This unit is expected to operate at above 80% availability in the second quarter of fiscal year 2016. The second 660 MW unit of the two TSPL power plant will be synchronized by the end of the second quarter of fiscal year 2016 and third unit is expected to be commissioned in the 2^{nd} half of fiscal year 2016. The first 300 MW power plant IPP unit of the 1,200 MW Cobalt power plant has been commissioned in July and the 2^{nd} unit is expected to start trial runs by the end of the second quarter of fiscal year 2016.

Moving on to Coal Sourcing: The group consumed about 6 million tonnes of coal in the first quarter, 47% of which came from linkage and 35% came from e-auction with the rest being imported. Although imported coal prices have declined in the last quarter, the linkage in e-auction prices continue to be higher due to de-allocation of coal blocks and production not starting at new allocated mines. This is further accentuated due to very limited coal being available in e-auction for the industry and CPPs in particular. While the government is trying to increase domestic coal production and streamline policy, the scenario is not good for the cost competitiveness of the domestic industry which is already battling a surge of Aluminium imports into India. And I am saying that this not only affects the Aluminium sector but also the Indian Steel sectors and the Indian Cement sectors. We made substantial progress at the Chotia coal block approvals and expected to start production in the second quarter of fiscal year 2016. We remain in discussion with the government on the Gare Palma 4/1 coal block and are confident that our bid will be accepted by the government and we are participating in the Third Round of Coal Block Auctions which are currently scheduled in August.

Moving on to Slide #18: I would like to speak a bit about Iron Ore. At Karnataka, ore sales commenced during the quarter. Production were 200,000 tonnes, constrained by existing ore stock piles which will be liquidated at the second quarter of fiscal year 2016. Currently, there is a production cap of 2.3 mtpa and we remain engaged with the authorities to relax the cap. At Goa, the remaining approvals are expected to be in early August and mining is expected to resume post-monsoons.

Moving on to Copper India: In the first quarter, Copper Cathode production at Tuticorin smelter was stable and near its capacity. The smelter continued to maintain strong operational efficiency taking full advantage from higher TC/RCs and higher sulphuric acid prices. Copper prices have been falling; however, TC/RCs are expected to remain strong in the near-term.

So, again, I would like to close now before we move on to questions with strategic priorities: These strategic priorities remain unchanged. We are working toward making significant progress on them during this year. We are on track to achieve record high Zinc-led Aluminium, Alumina and Copper production and will be restarting Iron Ore operations soon. We continue to be focused on disciplined capital allocation, ramping up free cash flows, deleveraging and refinancing our maturities to maintain the strength of the balance sheet. We will take the necessary steps to complete the merger of Cairn India and Vedanta Limited to simplify the group structure. Zero harm community engagement and transparency in communication will continue to be pillars to sustain our license to operate. With the continued focus and momentum on proving production and cost we aim to keep delivering superior returns to our shareholders.

So, with that, operator, open the floor for questions. And as before, I will probably take the lead on these answers and then I will direct those questions particularly to individual business units if they are relative for those respective business units.

Moderator: Thank you very much, sir. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. Our first question is from the line of Jigar Mistry from HSBC. Please go ahead.

Jigar Mistry: Two questions from my end; Tom, there has been a lot of speculation in the media with regards to how the Vedanta and Cairn merger is progressing. To the extent that they have gone and suggested that almost majority of minorities sort of do not seem happy with the deal. That is pretty evident even from the spreads between the Cairn and Vedanta equity pricing which has expanded to almost 30%. Now, I do not expect you to speak on behalf of them, but in your interactions, have you come across them asking for a much sweeter deal than what the respective boards have already offered? That is #1. And maybe I can ask the second question once you answer this.

Tom Albanese: Jigar, I am sure you have been involved, but those who have involved with transactions that require shareholder approvals, after other things are put in place take some time to important to recognize that it is the best interest of people to let that time pass, see how markets develop, see how conditions were to play out. I would say it is speculative at this stage to be too conclusive as how people will vote at some time in the future. Again, even just over the past few weeks we have seen quite a bit of market volatility and these things could go anyway. So, I think in the fairness of time we will continue to engage with each of our investors, we will engage with the Vedanta Limited shareholders and of course we and the Cairn teams will be engaging with the Cairn shareholders to make sure they have all the information, answer any questions that they might have. So at the time of when we are ready to take it to shareholder vote, they are ready with all materials so they can make their decision at that point in time. Anything before that would be purely speculative. And I would say that just from the nature of what I read in the press, newspapers have to sell papers

Jigar Mistry: Right. A connected question to Mr. Jalan on this; Should in the eventuality which in the opinion of the board might be remote, but should the deal not go through, is there the position of the banks that the refinancing could get a little more tougher than what it already is?

DD Jalan: So, I think Jigar, as I have been mentioning earlier also that the refinancing is independent activity and we are very comfortable on refinancing of our maturities which are coming in this year and the year to come. The other activity is the simplification of the structure which is our strategic priority. So, both are independent and nothing is connected with each other and refinancing is going on and as I have announced earlier also that we will complete all the refinancing for the upcoming maturities within this calendar year and hopefully sometime in the November or so when we come up for Vedanta Plc Call by that point of time we will be having a very clear picture of refinancing plan.

Tom Albanese: If you recall from our Capital Markets Day in Mumbai back in late-March and our year-end results before there were any decisions on the Cairn-Vedanta merger. Basically what DD had said then is exactly what we are saying now. Our intent is to complete these refinancing in, what is the favorable market force to do so, independent of the Cairn-Vedanta merger.

Moderator: Thank you. The next question is from the line of Danielle Chigumira from UBS. Please go ahead.

Danielle Chigumira: A couple of questions from my side; Firstly, you mentioned put in BALCO-II on hold, can you give us a sense of what kind of realized Aluminium prices you need to restart the expansion, or alternatively if you are looking at cutting costs for those operations that would make sense to continue to expand there? Secondly, on Zinc India, you mentioned a $48 tonne headwind from the water cess and electricity duty. Could you clarify whether that was fully realized within Q1 or whether that still a bit to come in Q2?

Tom Albanese: Maybe if I can just say something about BALCO in general but Abhijit if you can comment more specifically and then I think DD probably you are best positioned on Zinc India focusing on. I think first of all, this is a provision rather than actual money is but then how it plays out in terms of new renewable purchase obligations and those dynamics. I just want to reinforce, Daniel, that on BALCO, we are looking at all aspects of the business to make sure that business is sustainable and survivable at any Aluminium price. And we should recognize that business was originally part of a state owned entity and I think it is fair to say there is probably some legacies that come with that. This is the time for us to be quite disciplined in terms of tackling anything that does not need to be run. Now, once we do that, we would expect to see an overall reduction in our cost of production, that gives us then a lot more flexibility to see of what pace of increase and bring on incremental pots. The second part of it is going to be ultimately what price that we procure our coal at and what price that we can diverse that coal to energy for Aluminium and there are two factors – first would be to get our own mining going from the recently approved and soon to be operated Chotia mine; and second, as we have ramped up our second unit of the BALCO 1200 MW power plant to be putting that online while we then potentially take a tough decision on the existing older power plants which does not convert that coal to electricity at very competitive price. So, Abhijit, anything further you would want to say on Aluminium?

Abhijit Pati: Tom, thanks, because you mostly covered the outline. Because the decisions for the ramp up hold is, is a decision purely taking into consideration the present business situation, and apart from that we have been looking into many other opportunities because this is the right time for even do the corrections of the financial restructuring of the BALCO where we are definitely looking into certain specific business like roll product, we are also looking into that where the substantial amount of the legacy of overheads which has been creating definitely disturbance so far as the cost structure is concerned in BALCO can get optimized. This is on temporary hold because initially I think one good part is happening in BALCO that we are steadily getting into a newly commissioned power plant. So, that is getting in and it is good to really share with all of you that the COD has already been obtained for the first unit. So the stability of the power plant is moving as per the plan but we will certainly look into the market properly to before really get into further ramping up of the BALCO facility. So, we are looking into mainly other aspects of large cost control into that particular unit so that we can really come down to a reasonable level of cost of production. Though there is still having a good amount of margin between Jharsuguda and BALCO, we have clearly increase of around $200 and you will certainly appreciate at this market level this increase is very-very difficult to absorb and thereby we need to really cut down drastically certain amount of non-productive assets in the process. So, that is what we have been doing now.

Tom Albanese: I think from a global context we would see BALCO as a third quartile producer, not a fourth quartile producer, in many ways it suggests the difficult stage of the global Aluminium sector when a third quartile producer has to look at these types of tough actions and so you can imagine what that means in terms of the sustainability of the overall supply/demand balance in these market conditions. D.D. over to you.

DD Jalan: I think if you just try to look at, most of the provisions what we have made of $48/tonne in Zinc on account of contribution to the District Mineral Foundation, Renewable Purchase Obligation and Electricity Duty and Water cess which has been imposed. I think these all are revenue-earning measure by the government but though there is no cash out but at the same time as a conservative method of accounting, we have made provision of this in our quarterly record.

Danielle Chigumira: But that is fully reflected in Q1 cost numbers that you reported?

DD Jalan: Absolutely right.

Moderator: Thank you. The next question is from the line of Pinakin Parekh from JP Morgan. Please go ahead.

Pinakin Parekh: Two quick questions: First, on Aluminium. Given that the current coal and oil prices have fallen so sharply, is there scope for further reduction in Jharsuguda cost of production?

Tom Albanese: Maybe I will take that one first and then Abhijit. There have been a reduction in coal prices on a global basis and we have had some reduction year-on-year in coal prices in India. Unfortunately, coal pricing in India is still trending upward and we are mindful of the fact that there is a risk that coal prices can continue to increase for e-auction coal in the coming term. So, I think it is fair for us to assume that we have the fine compression in our coal pricing, we have to improve our efficiency even at Jharsuguda converting that coal to electricity which I think getting a higher PLF factor will help us with. In the case of Alumina, we have to find a better sourcing from Alumina to reduce the deliberate cost of that including from producing more of our own Alumina at Lanjigarh. While we are all very proud of our conversion cost at Jharsuguda and the efficiency of the manpower we have to look at compressing all of the other conversion costs including coke, including pitch, including manpower, including all the other inputs. But, Abhijit Pati, anything I missed?

Abhijit Pati: No, I think you covered up everything really and there definitely lies an opportunity as Tom has indicated the areas that definitely have a substantial positive impact so far as cost of generation is concerned. So today, we are maybe around $1,690 level of Jharsuguda metal cost and opportunity remains in a short-term. And moreover, one point I would like to also add that we are looking into a very aggressive opportunity for our cost reduction initiative. That is an initiative which will certainly get into a good amount of potential to further have some amount of positive cost contribution reduction into the metal. So that is also one of the areas I would like to mention in this call.

Tom Albanese: Before we go to your next question, I like maybe Ajay, this is your day debut answer, if you can maybe speak briefly about what you see that has to be done in terms of both improving coal pricing but also the conversion of coal to electricity.

Ajay Dixit: Dixit here. I think Tom already made a presentation on his Slide on Page #17 where you see linkages price are going up and we see imports coming down only after May, so practically as far as Q1 is concerned, the linkage price went up because of the de-allocation, all the earlier consumers of coal went into this yearly same mines where we were operating and therefore the linkage cost soared up. We are seeing slowly that it comes down and we also have to see Coal India brings production up on the coal into which pockets – are they the close ones to us or are they farther than us? So that is the topic which we have to see how this e-auctions of the coal block and the coming up linkage auction go. We would like to have a stability and I would say also draw advantage of practically all options that when the imports prices are now going down we would like to place ourselves well on this. So we will squeeze some opportunities here going forward. As far as the conversions are concerned, we are moving up significantly in improving the plant load factors and specific coal consumptions where specific initiatives have been taken on all plants as well as in Jharsuguda. So, we will see this improvements coming up slowly as we move forward both on the machinery, on the auxiliary power consumption improvements and also on the coal blocks squeezing out of the prices making a good basket out of linkage or owned mines and import.

Pinakin Parekh: Just related to Aluminium, what is the update on the two regulatory headwinds – what are the bottlenecks holding up the 2 million tonnes Lanjigarh refinery expansion and secondly, the 2,400 MW power plant as on Q4 it was supposed to have been addressed, are there any lingering issues which is not allowing the company to use the power from the power plant?

Tom Albanese: Maybe **Abhijit Pati**, if yon tackle both those – one, in the approval on the expansion of Lanjigarh, that is now residing at the state level; and second, the CPP conversion of the 2400 MW power plant at Jharsuguda

Abhijit Pati: So far as the Lanjigarh expansion approval, definitely, whatever ESC meetings and other things was required that has been conducted. So it is still at the state level because you need to get referred to the center. It is the last leg of an approval at the state level which is resting on. So, we are hopeful that the way we are driving now and with the state positivity things should really get materialized fast. So, that is the status. Otherwise, so far as the expansion related to Lanjigarh is there, there is no further hold-up. So that is so far as Lanjigarh is concerned. And I think so far as IPP to CPP conversion, we had an extremely good representation and as you know that OERC last phase of the direction is required, there is an interim order which has come out. So we are very close to get realized one unit conversion and thereby start our ramp up process in Jharsuguda. So, we are expecting that by at least in the end of August we should be in a position to really get that clarity and there is a very good positivity so far as the state is concerned and government is also supporting this move.

Moderator: Thank you. The next question is from the line of Indrajit Agarwal from Goldman Sachs. Please go ahead.

Navin: Navin here. Just following upon the previous question, we have been getting this assurance from you in the last couple of quarters on the power transfer in the CPP and every time we pretty much hear the same answer that state government is very keen on getting it done and the timeline keeps shifting. So is there anything that we are missing in this or are there any specific, can you help us understand the specific approvals which is holding up because there seems to be consistently a shifting timeline on this?

Abhijit Pati: Let me give you a little process clarity of this approval of 2400 MW supply to the SEZ Aluminium Smelter. As we stand and we continue to stand that so far as the technicalities of this proposal is concerned, this is absolutely clear, it is not clear from our side, it is even clear at the OERC as well as the technical body of the GRIDCO site. Please try to understand in case suppose we go we would have gone ahead with the consumption of this power. There is always a liberty by the Westco in this case it is a discom of the state to have a liberty to raise the cost of city bill. We did not want to do that because as a very transparent and honest business transaction clauses, we did not really get into any liabilities when we move forward. And that is the reason we wanted to refer this matter to Odisha Electricity Regulatory Commission and that is what exactly has happened and Odisha Regulatory Commission we have presented our case in the last month and it was one of the historical I think events I must say that Odisha Regulatory Commission without even waiting for the next hearing to happen, they came out with a complete directive and the directive was so clear that definitely there is a need and feasibility for the supply of the power of one unit to produce for the Aluminium production. What we are waiting today is only a written communication from the OERC and whatever the directive they have given we are only complying. That is a reason with very confident level we are today talking about another one month’s time is basically compliance of the order which they have issued in the last month so that those compliance once it is done then we are absolutely free and there is no further liability from any corner whether it is Westco or whether it is GRIDCO can really impose on. So that is the level we are today here and I believe that that is the process which we should follow and it will be the right process with the right governance.

Tom Albanese: In all seriousness, I would say that this has been one more where the devil has been in the details where it is quite technically complex process . You have many stakeholders that are involved, some of them are part of the Odisha government, some of them are wholly-owned by the Odisha government and ultimately what we got to do is get this thing right in the first instance and not find a situation where we miss the step and then a year later have to unwind something. So I think it is appropriate for us to take all the necessary steps as Abhijit was saying. I think also that the system we have in place now actually gets us higher level of confidence not just for this first round of increase, you may recall we have talked about the need to fully build up the entire capacity of Jharsuguda, the steps we are taking probably give the higher probability of doing so than where we would have been four-months ago.

Navin: One more question maybe for Mr. Jalan, if I look at the debt numbers on Slide #21, the net debt in the Cairn acquisition SPV has come down in the quarter. I assume this is because of the 5% stake transfer that was done from the SPV to the standalone entity. Is that understanding correct?

DD Jalan: Absolutely right.

Navin: Following upon this, how should we look at funding of interest on this SPV because if I look at the standalone net debt, that has gone up quite substantially; it is Rs.39,000 crores and if I annualize the current quarter’s EBITDA, the net debt-to-EBITDA is almost 10x over there. So, what are the ways we should look at funding of the interest on the Cairn SPV if you could just help us?

DD Jalan: Basically, the funding at Cairn SPV level is by two-three ways — # One is by way of dividend on the shares which are being held in the SPV. So, that takes care of part of the interest funding and then the second is by way of up-streaming of the funds from India over there. So, I think these are the two ways how the funding of interest is taken care of at the SPV level.

Navin: So you do not foresee any issue in the interest payment at the Cairn SPV level?

DD Jalan: No, I do not think that there is any issue over there.

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

Ritesh Shah: Sir, if you could please clarify what is the percentage of export by volumes for the Aluminium division and if you could provide some color on the differential in premia between domestic and export sales? Thirdly, there were press articles which did indicate wherein the company had asked the government to change the duty structure specifically on Aluminium to make the assets more viable?

Tom Albanese: I will ask Abhijit Pati to directly to respond on the percentage of exports by volume versus imports and also what is the difference in premium we get on our exports business versus our domestic business and then maybe I will just take the first shot at your third question and then ask Abhijit Pati to follow up on that. In that third question, what I have been increasingly seeing and we have actually been foreshadowing this with government officials for the past 6-months that we are now seeing more for the first time sizeable amounts of Chinese Aluminium leaving the Chinese domestic market being exported under the guise of finished products with a relaxation of some of the export duties in China. So increasingly, we see that ex-increase of Aluminium export is looking a lot like Chinese steel exports. And I think in the beginning have the same effect on the Indian Aluminium sector as we heard for long time, it has had an effect on the Indian steel sector. So, our position and and its not just Vedanta, but this is the Aluminium association with support by customers and others that are stakeholders in the Aluminium business are basically saying let us look at creating a common approach. We propose a common approach between the Indian Steel sector and the Indian Aluminium sector with regard to import tariffs so that we can protect these businesses, allow them to survive and grow in anticipation of increased future demand from India, which we believe is in the cards, it is a matter of time and India will want to have this as a solvent, as a thriving sector, not something that is struggling, the industry just can invest capital. So, similar issue with for Indian Steel as we see for Indian Aluminium.

Abhijit Pati: I think the first quarter the total Aluminium volume as a sector we have around 232 kt, out of that the Aluminium sold into the market domestic plus export is around 226 kt. We operate around 40% of the export with the volume at around 90,000 tonnes. That is a level today.

Ritesh Shah: How much will be the differential in premium between domestic sales and external sales and how much would it actually mean at the contribution level given there will be a hit on the logistic cost as well?

Abhijit Pati: As you know, the premium level today between the domestic and others is more on an average is around $100 level because today let me have $1600 and $100 is the premium they will average. So, that is the level we are today in the Q1. And your next question was on logistic cost; logistic cost component is if you see the net realization level, definitely, domestic realization is in the tune of around 20-22% higher compared to the exports where it takes care including the logistic cost and everything. So, obviously, that is the main focus and if you really see the domestic volume over the years or precisely over the last 6 to 8-months we have grown at least today roughly around 60,000 tonnes of the domestic volume per month we are able to really sell it off. So, there is a substantial market share in domestic increase around 14% in Q1 compared to the corresponding figure in the Q1 of last year. So, that is the strategy we are making. Where there are more money we sell more and where there is a less money we are selling less. That is the way.

Tom Albanese: I just would also comment that the first quarter was a very unusual quarter and maybe Abhijit comment whether it was represented or not, because we had a very-very rapid decline in those premiums in the first part of the first quarter and we found that none of our customers were willing to go long, they were all rapidly depleting their stock piles. We and others in the producing sector I think builds up of finished stock and we were able to bring down by the end of the quarter but it made for an unusual set of trade and possibly export flows as a consequence of that.

Ritesh Shah: Two follow-up questions: If you could provide some color on the value-addition for the Aluminium segment at BALCO and VAL separately? Secondly, how much is the scope for further cost reduction at BALCO specifically?

Abhijit Pati: Today, the difference as I indicated earlier so far as the BALCO production cost is concerned is in the tune of around $200 difference from the Jharsuguda and Jharsuguda, as I indicated today, I am producing a metal at Jharsuguda in the tune of around $1,690, obviously, there is an opportunity going forward and which we are targeting to at least save out roughly around $80 to $100 of a reduction further going forward. If I really compare that particular difference for the BALCO, BALCO challenges are pretty high. We have at least a migration required to definitely go to a certain amount of cash positive level of BALCO production, definitely, there is a shade off of roughly around $200 needed to really make some positive contribution so far as the Aluminium is concerned. So that is a reference journey what we have. That is the vision and obviously this is what the vision which is a short-term and long-term as Tom indicated earlier, the potentials are high when you have your own supply of the bauxite, your cost of generations of the Alumina comes down from a present level to a desired level at least $75-100 reduction from the present level of Alumina with your laterite and bauxite coming in into the system. So obviously if I correlate with that, that itself will give you $150-200 reduction per tonne of Aluminium. Your first question of the value-addition, yes, we do have moved into the value addition propositions of the BALCO. For your information, we have successfully launched two products in the domestic market – those are basically alloy ingot of AS3562 for alloy wheels and the Aluminium silicon alloy slab for the galven and gives us an advantage to grow our domestic market share. So apart from that also, we are also trying to do certain amount of the value addition so far as the physical quality of the wire rod is concerned, because one thing which has come in that we have a very large capacity of the wire rod, two mills have been commissioned in the BALCO and also parallelly there is a growth in the wire rod market in the domestic due to PGCIL and other orders on an average of around 25,000 to 30,000 of the wire rod market has opened up domestically. So we are also addressing that. So value addition plus the wire rod, the combination to sell into the domestic market is the real focus for us. That is the way BALCO alloy additions and other value added products are getting organized.

Ritesh Shah: In an event of delay in the proposed merger, how do we foresee the CAPEX plans going forward – is it still on track or are we going slow?

Tom Albanese: I would comment on that and I would also maybe ask Mayank Ashar as CEO of the Cairn to talk about what the capital plans are for the Cairn business. I just want to reinforce what we have said previously which is that all of our businesses are prudent in their capital spending but also looking for the right opportunities and that is basically an allocation to capital in this year and next with independent of the merger. So, we will continue to focus on the sustaining capital which for the most part is what we are spending, wind down on some capital projects in some of the Aluminium and Power plant projects. As you know, we pared back the capital spending this year for Gamsberg and that is based on a phase basis. We are continuing with our overall conversion of our open pit operations in Hindustan Zinc to underground thats staying on the same phase and of course on oil & gas, we are continuing to focus on building the oil & gas business within a confined, equivalent to that stress testing of $55 which we would have talked about oil price, but maybe Mayank if you just say a few words about your growth plans in the oil & gas business with or without the merger.

Mayank Ashar: As far as the Cairn capital is concerned, it is focused on three areas as a function of today's oil prices – one is the core field of Mangala, Bhagyam, Aishwariya where we enjoy very low cost. So we will continue to do projects like EOR and others that will continue to produce from our core field. Second is we have announced the Raageshwari Deep Gas Project that where the capital will spend over multiple years to bring 100 million scuffs of production. And the third is tight oil. The first phase of it we recently announced with respect to Aishwariya, Barmer Hill and we are looking at subsequent phases of tight oil projects. So, these are all predicated on $55/bbl oil, we have a suite of projects that are more economical at higher prices but they effectively have been on hold. To summarize, the capital program on a go-forward basis would be broadly similar to this year consistent with $55/bbl oil.

Ritesh Shah: Tom, just a follow-up; Specifically on the duty structure for Aluminium you cited that the association is working closely. Have you proposed anything specific like safeguard duties or anti-dumping duties and is there any timeline to this that we are looking at?

Abhijit Pati: What we have taken up is a very specific point through the association. We are all talking about the import duty increase because we have a very common that there is only one metal Aluminium in the country compared to the other non-ferrous metal where there is a difference between the Aluminium ingots with the sales scrap, there is a difference of 5%. So, association objective is what we have taken up to the center is that clearly increase of the import duty and make at par between scrap as well as metal. So that is the only one point. We have not taken up any other issue as of today.

Moderator: Thank you. The next question is from the line of Raj Gandhi from Sundaram Mutual Fund. Please go ahead.

Raj Gandhi: There were news regarding state government having forwarded to center the proposal to give Larsen mine where we have a JV partner approval to move ahead with the production since under MMDR Merchant Mined will be allowed till 2020. So any progress on that?

Abhijit Pati: So far as the L&T mines are concerned, yes, they have at least got the PL refereed from the ML from the state to the central level. And as you know that there are three years of time which they have indicated that they need to really come out with their own refinery and that is 3-4-years of the time they have a possibility of merchant way to sell this entire alumina. We are just watching the situation because there are different types of complications are there into the system. It is not so simple case of just a supply agreement. So we are observing, we are getting engaged with the L&T. As of now, there is not much of clarity that how we really get associated with them but definitely there is an active discussion which is going on between L&T and our management.

Raj Gandhi: But under this MMDR if they get the PL to ML conversion is approved from the center, in that case, Larsen can even without promising Alumina refinery they can progress with production and sell in the market till 2020 to VAL or anybody else, right?

Abhijit Pati: No, as per the condition which has been laid it is very crystal clear that within 5-years from their commencement of their approval, I think they need to come out with their refinery complex. Till that 4-5-years of a timeframe, they are allowed and have got a liberty to sell this product to any other customers. But, those bindings are absolutely clear. So, that is the way they have to do it.

Raj Gandhi: Let us assuming we have 100% captive bauxite and we ramp up the Lanjigarh refinery to 2 million tonnes, what will be the CoP in such a scenario for this captive Alumina with 100% bauxite?

Abhijit Pati: Today, we are producing on an average of around $340/tonne buying bauxite from domestic as well as import. Obviously, once we have a complete bauxite stream and it comes up to a 2 million tonnes of a production level, definitely, there is a production possibility to produce this Alumina at a level of around $200-225. So, you can see that is the difference. At least clearly $100-125 reduction is just possible by way of 100% captive supply of the bauxite. This is per tonne of Alumina for your information, not for metal.

Moderator: Thank you. The next question is from the line of Anshuman Atri from Espirito Santo. Please go ahead.

Anshuman Atri: My question is related to Iron Ore business: At the current pricing for Iron Ore, how much production can we expect from the Goa and margins?

Tom Albanese: Maybe Kishore you can talk about that both in the context of the existing cap that is there and the type of margins you would be looking for. I think it would be also good Kishore if you talk about the increased level of government cess, royalties, permanent funds, export duties, etc., that we have to bear even in this difficult Iron Ore market.

Kishore Kumar: As you know at the current level of taxes and duties, the cash cost for our typical Goan miner will be anywhere between $30 to 32. That is the kind of cash cost that will be incurred and your FOB realization is almost at the same level. So hardly any business case to restart. So, we have already appealed to the government not to allow any duplication of taxes especially on the Goa Permanent Fund and the District Mineral Fund. Similarly, export duty is no longer a viable option because hardly any exports are happening except for a few controlled exports by the government. So, as you see that, Goan opportunity directly rest on two important levers – a), the scale of production has to come on place which is important and can only come up with the EC limits getting enhanced. Second one would be the costs have to be managed, the large part of the costs are stuck with duties and royalties and we have made representations both at the state as well as central government.

Tom Albanese: Maybe Kishore if you can explain how we are going to regain market share loss with this new supply that has come into the market?

Kishore Kumar: One of the most important challenges for Goa would be how do we reposition ourselves to the market share that we have lost largely to Australia, Brazil and South Africa So the question that comes up is that what is the Goan Ore can offer to the Chinese mills where the production being slow, is there a value proposition from our side and from what some of you are observing that in terms of the quality of the Goan Ore probably that is the only Ore in India which can actually be exported because of a couple of reasons; a) you have a much stronger phosphorus content in your product, your product phosphorus is almost 0.05% compared to global average of 0.1% coming from the large mines in Australia.; #2, your yellow eye which is your gross on magnesium is at about 4-5% which still makes your product a much healthier product in terms of the sintered feed as well as for the cargo that you have you are in a position to much easy access stronger market for the blend with high grades in China; and third, of course, there is a price component which obviously has to be profitable for the Chinese operator. If anybody can export today in India at this price it would be Goa provided your duty structure and your permanent fund, duplication taxes and all removed in the next couple of quarters, we can see Goa had a good chance of coming back into this.

Anshuman Atri: What could be the cash cost if such things are removed and say…?

Kishore Kumar: Today, the cost of taxes is 50% in your FOB price; FOB price is 32, the taxes are at about $15-16. Right from export duty, Goa Permanent Fund, District Mineral Fund, royalty, transport cess, if we add all these things and then you add the VAT, that is $16 for you in the price.

Anshuman Atri: Secondly, on the Karnataka Iron Ore front, there have been talks of increasing cap on Karnataka Iron Ore mining. So, what can we expect in terms of our cap for Vedanta?

Kishore Kumar: If you know how EC limit in Karnataka has been at 6 billion tonnes and now that our cases are being heard in the Supreme Court and as you know today and tomorrow the cases are being extended. So, let us wait for the total decisions post the Supreme Court hearing

Anshuman Atri: Given that Copper is doing really well in terms of TC/RC margins, are there any plans of the Brownfield expansions which were earlier discussed and then shelved?

Tom Albanese: We are continuing with our engagement with the state for the requisite environmental approvals. We have not seen a lot of progress recently and I think as those approvals progress we will be considering it and mindful of the overall points regarding capital allocation. So it had to be a good return project. I think also we will recognize that it makes sense to expand this business particularly if it has the ability to handle some of the more complex constraints are now beginning to come into the market. But D.D., anything else you can add to that?

DD Jalan: No, I think as of now, looking at current economics, this business proposal and business sense, it just makes a lot of sense but once we get all the regulatory clearance at that point of time we will again review the project economy and as Tom said the project has to go through a rigorous hurdle rate and if the project makes sense in long-term then definitely we will make the investment.

Moderator: Thank you. Last question is from the line of Dhaval Doshi from Phillip Capital. Please go ahead.

Dhaval Doshi: My first question is what would be the revised Aluminium production guidance? You were targeting close to 1.4 million tonnes earlier but with a slower ramp up at BALCO and a delay in the power plant conversion. How do we see the Aluminium production for this year?

Tom Albanese: Maybe I will start with that and I will ask Abhijit Pati to follow up. Again, to some extent in this market it is a frankly dynamic number and I want to say that because if we cannot get the necessary production increases and cost cut, particularly cost cuts at BALCO, then we are going to have to take some tougher decisions and that could have the negative effect on Aluminium production. Our objective is to maximize cash flow per tonne of Aluminium produced and that is the first and foremost the priority before growth. If we can do the right things in terms of protecting the business, reducing the costs, then we are going to have a lower marginal cost for new pots coming online and that allows us to ramp up success on that basis. Meanwhile, at Jharsuguda, right now as long as we continue to stay cost disciplined that allows us to increase our production as we would expect although realistically we have lost a few months from what we would have expected earlier in the year. But Abhijit, anything more to add?

Abhijit Pati: You have covered everything because in this dynamic market we are very cautiously and carefully evaluating the proposition of the ramp up because there is no point in doing in a cash negative of a business at this scenario. But expected production as you indicated as of today we decided for at least one line ramp up at Jharsuguda completely hold and BALCO we should be in a position for the year estimate around 0.9-1 million tonne of Aluminium production.

Dhaval Doshi: Secondly, if there are some delays with regards to getting the approval of converting from IPP to CPP, what is the maximum time that we can wait on for this year to start the production because we need to minimum cater to that 50% captive consumption limit, and does this plan push to FY17 then probably there is a couple of months needed further?

Abhijit Pati: The latest buy at least in the month of September is something where you need to really start because you have to definitely qualify at 51% of the consumption level. So it has an interim relaxation you get in one unit of conversion, definitely, that is the timeline. Beyond that it has become little tougher but definitely September is something where you need to really take on so far as the conversion is concerned.

Dhaval Doshi: Just an update on the court case with regards to the Gare Palma coal block. From what we heard that the court was favoring us as far as the overall auction process was concerned and had asked the government to review the entire thing once again. So, is there some further …?

Tom Albanese: Recently, there was a court hearing and the government asked for 30-day extension in the consideration of making the transfer that was granted by the court.

I always like a call that has more questions than fewer. So, again, I want to thank all of you for your continued interest and your continued participation in these events. Thank You and have a Good Evening.

Moderator: Thank you very much, sir. 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.