"Sesa Sterlite Limited Q3 FY-2015 Results Conference Call"

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MODERATOR:	**MR. ASHWIN BAJAJ – DIRECTOR, INVESTOR RELATIONS,**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Sesa Sterlite Q3 FY-2015 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashwin Bajaj. Thank you. And over to you sir.

Ashwin Bajaj: Thank you operator, Good Evening, Ladies and Gentlemen, this is Ashwin Bajaj – Director of Investor Relations, thanks for joining us for Sesa Sterlite's results call for the 3rd Quarter FY-2015. 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; and our Director – Mr. Tarun Jain. We also have several of our business leaders; we have Mr. Mayank Ashar and Mr. Sudhir Mathur from Cairn India, Mr. SK Roongta from our Aluminum and Power business and from our Iron ore business we have Mr. AN Joshi. I will now hand it over to Tom.

Tom Albanese: Thank you, Ashwin and thank you, operator. Good Evening Ladies and Gentlemen. It has been an eventful quarter both in India and in the commodity world. The Indian government has launched various policy initiatives to improve the business environment. As India becomes even more prominent part of the global economic landscape India is poised to become the fastest growing economy in the world by 2017 as per the IMF and the World Bank. Notwithstanding what is happening in India the commodity world has had a tougher run. We have seen unprecedented declines in oil and iron and ore and now this has begun to spill over into copper. While there are fears of global deflationary spiral I believe this remains the consequence of rising new supply coming in while growth slows in China. The fundamentals for our business remain sound but we do have to navigate this downturn. We have done this before on the strength of our business and our people and we can do this again.

Sesa Sterlite in our 3rd quarter we delivered substantial progress on enhancing production and start with other new capabilities. Our diversified and well invested asset base, low cost of production and exposure to the fast growing Indian market puts us in a strong position to manage the near-term commodity markets volatility. We are implementing a series of initiatives to reduce capital and operating costs to maintain financial strength during the period of weaker financial prices for preserving a strong resource position, strong optionality, and a portfolio of assets with attractive long-term growth prospects.

I am saddened to inform you that Dr. Kamat who was appointed as Director of Sesa Sterlite in 2005 just passed away on the 27th of January, 2015. Mr. Kamat has been a valued and respected member of our team, contributing significantly to the company as a board member. While we always cherish his guidance and wisdom he will be sorely missed.

So let me now start with a review of 3rd Quarter performance highlights and move on to Slide #4. I would like to start with my core priority, i.e. safety. We have made concerted efforts to improve safety on our operations by engaging with our employees and contractors but it was unfortunate that we did have one fatality in the 3rd quarter. Instituting our culture of zero harm and eliminate fatalities remains my top priority as I believe that "safe businesses make for good businesses." We are making good progress on this agenda as reflected by the decreasing LTIFR rate over the years. We continue to make significant investments in sustainability having spent Rs.338 crores on environmental protection measures in the last 3-years. We partnered with a WBCSD, i.e., the World Business Council for Sustainable Development and the IUCN the International Union for Conservation of Nature through our sustainability programs across our businesses. And across our businesses we benefitted more than 3.4 million people in fiscal year '14 through our community initiatives on health, education, livelihood, and environment.

Moving on to Slide #5. Operationally, we have had a good quarter with improving production rate in Zinc India, Oil and Gas and Aluminum. At Zinc India, in the beginning of the year we have given guidance that the second half production would be higher than the first half and we remain on track as mined metal production picked up and improved ore production from underground and higher ore grades. At Rajasthan Oil and Gas, the production was normalized following the planned maintenance shutdown of the MPT terminal in the 2nd quarter. The Aluminum business continued strong operating performance and newly commissioned pot lines at Korba and Jharsuguda ramping up as well. There is much more forward movement on the regulatory front with the government renewing our iron ore mining leases in Goa and Karnataka, and we recently received approvals to start the 1,200 MW power plant at BALCO and 600 MW Unit-1 of the TSPL Power Plant in Punjab which was also commissioned during this quarter. As I mentioned above, there has been a sharp there has been a sharp pullback in commodity prices in the last few quarters and we are reviewing our OPEX and CAPEX plans to continue to generate positive free cash flow even in these challenging commodity market conditions. We have a broad set of natural resource assets that provide many alternatives for future actions to maintain our financial strength and our flexibility. Overall, across our diversified portfolio remains strong EBITDA margins of 44% and attributable profit after tax reduced only marginally quarter-on-quarter despite lower commodity prices. Our leading contributors to EBITDA are Zinc India and Oil and gas with high EBITDA margins in excess of 50%. We reduced gross debt by Rs.400 crores in last quarter and our balance sheet remains strong with about Rs.47,000 crores of cash.

Moving on to Slide #6 – let me highlight some of the progress we have made in the 3rd quarter a near-term catalyst that will enable us to keep improving our operational, financial performance in the 4th quarter of the next fiscal year. Starting with Aluminum and Power, in Aluminum we have been commissioning new pot lines using surplus power. At BALCO as we have said we have started 84 pots and at Jharsuguda as of today we are running over 50 pots. We continue to ramp up new pot lines at BALCO with power from the recently approved 1,200 MW power plant. And at Jharsuguda, we will soon start ramping up further pots in the next few months, drawing power from our 2400 MW power plant. The remaining two units, TSPL, and IPP producer are also expected to commission in the first quarter of fiscal year 2016. We are witnessing improved bauxite availability from our own captive bauxite mines in BALCO and are working on starting production from laterite deposits for which PLs have been granted. A new coal and MMDR ordinances are likely to further facilitate increase domestic supply of coal and bauxite in the near-term through auctioning and fast approval for opening new mines.

On Iron Ore I am happy with the progress made and restarting our iron ore mines at Goa and Karnataka although we have not yet moved any there. All our mining leases have been renewed and we are working towards obtaining remaining approvals to start mining soon. However, the pricing environment for sea borne iron ore remains challenging and we are in discussions with the government on the waiver of the export duty of 30% on our low grade iron ore production at Goa to make the restart economically feasible.

And at Zinc, Zinc India production is ramping up and the underground projects are being focused upon. At Rampura Agucha we are deepening the open pit to bring forward production which would otherwise remain unavailable for up to 10-years. This will also de-risk volumes and a stable mined metal output while we transition to underground. At Zinc International, we integrated Gamsberg project in South Africa and Skorpion project in Namibia were approved in November. However, right now, in these markets we are reviewing the capital phasing of the project in order to reduce the upfront CAPEX in fiscal year 2016 given the current commodity price volatility.

In Oil and Gas, the newly appointed CEO Mayank Asher who is on this call is focused on driving operational excellence. EOR for increased recoveries and realizing the gas potential of the Rajasthan block. We have made substantial progress in the 3rd quarter on three major projects; first polymer injection in Mangala EOR, one of the largest polymer floods in the world. MPT debottlenecking which has increased our liquid handling capacity to 800,000 barrels per day and connective international grid which significantly improves the assurance of reliability of our power systems. Going forward we should start to see the positive impact in the EOR in mid fiscal year 2016.

The compressors on the existing gas line will also be commissioned soon to double the gas production within the quarter. We are taking steps to drive operational efficiencies on our oil and gas business and reviewing all aspects of capital spending to manage the current low oil price environment.

Cairn's oil fields are resilient to volatility in oil prices due to low operating costs and high margins and we continue to generate positive free cash flow after capital expenditures. We are proactively focused on re-engineering some of the projects to optimize CAPEX and further improve on our operating cost.

Moving on to Slide #7, over the past several months we have all seen the Government of India launching a broader initiatives focused on improving transparency and ease of doing business in India, while promoting manufacturing and infrastructure spending the government is pushing through this agenda has shown serious intent by issuing ordinances on these matters that could not have been passed in a previous session of the legislature. Specifically, the MMDR and coal mining ordinances will break the logjam in the Indian mining industry and make the sector attractive to long-term investors. We do welcome the MMDR ordinance that mandates auctions for issuance of all new mining leases. The ordinance also provides for setting up of the national mining exploration trust to promote mineral explorations. Certainty of 10-year or 50-years and prescribed timelines for unique process approvals all which will give a huge fillip to investment in the mining sector. We are uniquely poised to participate in the opportunities arising in these changes and that provide more access to resources as iron ore, bauxite, lead, zinc and other minerals. The Coal Ordinance also overcomes past controversies in this sector and proposes allocate coal to power plants and other users transparently through an auction process. The industry has starved for coal as seen by the increased exports of coal into India and inability of Coal India to meet the high demand. The imports as a percentage of the total cost consumption in India has risen from 6.5% in fiscal year 2003 to about 20% in fiscal year 2013 and much-much higher than that this year. There is one coal auction that is scheduled in February and March for 46 mines for the production capacity of circa 90 million tonnes per year and we are reviewing the opportunities and we will participate to augment coal supplies to our plants. As one of the largest miners in India, we continue to engage with the government on other important policy matters like building digital exploration databases to further the potential of the large mineral resources in India for oil and gas, bauxite, coal, iron ore and again other minerals. I will now hand over to our CFO, Mr. Jalan to go through the financial review.

DD Jalan: Thanks, Tom, and Good Evening, Ladies and Gentlemen. I am happy to share a strong set of results for Q3 FY-'15. So moving to Slide #9, EBITDA for Q3 at Rs.6,234 crores held up well compared to Q2 despite a distinctly weaker commodity space especially with the Brent prices falling by 25% from $102 to $77 for the quarter. Improved margins in aluminum on better premia and cost, strong TC/RCs and cost helping copper business, healthier zinc margins on back of better cost and higher volumes keep EBITDA margins healthy at 44% despite weaker commodity market. The strong performance of the aluminum and copper segments also reflects in a healthier attributable pre-exceptional share of PAT at about 56% for the quarter which for FY-'14 was around 41%. With continued focus on cash, we have been able to reduce the gross debt level by about Rs.1,500 crores this year so far. We continue as Tom mentioned briefly earlier to review all CAPEX closely both in terms of optimizing or deferring they are warranted, continue to ensure strict capital allocation and evaluation discipline so as to generate enough cash even in tough commodity price environment.

Moving to Slide #10, we have as you notice try to focus on what is controllable and internal to us and what we do best is to drive volumes up and cost down. Commodity price headwind though offset partially by a weaker currency which helps our realization posted Rs.850 crores challenge to Q2 EBITDA base. However, higher Zinc India volume up by 8%, oil at 20 million barrel gross up 12%, lower Q2 impacted by a planned shutdown, pots ramp-up in aluminum helped claw back Rs.500 crores. A strong recovery from coal cost and availability issues in Q2 in aluminum and power business, cost out initiatives with better volumes at zinc and other initiatives helped further Rs.300 crores. This helped us almost offset the unfavorable market environment and stay focused on driving volume and cost across our well diversified portfolio which has helped us cushion challenge in oil and gas prices.

Moving to Slide #11 – finance cost as you see has started trending lower. The refinancing of nearly $2 billion of project loan in aluminum during H1 at around 150 to 175 basis points lower cost on an average and repayment of fully covered FCCBs during the quarter partly from internal cash accrual, helped ease our costs lower sequentially and compared to previous year. Q4 should be similar to Q3. Our strong cash pile of Rs.47,000 crores deployed in sound high quality debt mutual funds, bonds and fixed deposits clocked about 10% post tax return YTD, which is about 250 basis points higher than FY-'14. While we continue to earn a good return, the income line at Rs.429 crores reflects lower due to accounting for income in FMPs on maturity as per accounting standards then on accrual basis. Hence I would say timing impacts the line though underlying post tax returns are almost double-digit. Depreciation and amortization tracks higher capitalization at Cairn, aluminum and power on a sequential basis versus prior year was largely driven by methodology change at Cairn India which we have covered in detail in earlier quarter. Q4 might come higher with progressive capitalization of pot at aluminum and power capacity. The tax charge in the current period at 14.3% is broadly in line with our earlier guidance and we are likely to be somewhere around 15%. Attributable profit share as mentioned earlier continues to improve on the strength of our fully owned business of aluminum and copper.

Moving to Slide #12, fairly evenly distributed maturity profile as you can see here will help us refinance entire debt in a well-planned manner. The immediate FY-'15 maturity of 1.2 billion is mostly short term loans taken at relatively low cost in the path to drive overall finance cost reduction. But now with the lower interest rate expectations we are actively considering refinancing this progressively into longer tenure instruments.

I would also like to update you on our ratings where CRISIL has revised its outlook on Sesa Sterlite from 'Stable' to 'Negative" while reaffirming the rating at AA+ plus in the backdrop of lower oil prices. It is our endeavor to reaffirm the strength of our diversified portfolio by delivering strongly in zinc and aluminum stepping closer to iron ore mining startup and bringing online power capacities to help offset the pricing pressures in oil and gas business.

To conclude, we believe that strong focus, generating healthy cash flows from operations, discipline around CAPEX spends and evaluation, drive volumes and minimize cost would be fundamental financial pillars around which we will continue to strengthen our balance sheet and protect profitability. With this I will hand it over to Tom again. Thanks.

Tom Albanese: Thank you, DD. Now I will spend some time going through our business units in detail for each of them. Let us start with oil and gas: We made substantial progress in our oil and gas business over the quarter operationally and our focus remains on near-term volumes and improving efficiencies and recovery. Our Rajasthan production is back up after the plant shut down in the second quarter with daily gross average production of 180,000 barrels per day. The Aishwariya field has quickly ramped up to 30,000 barrels per day after receiving the joint venture approval to do so. And the Ravva and Cambay fields in the offshore performed very well as a result of optimization initiatives undertaken with Ravva achieving a recovery rate of 48%. In this quarter, we did make a new discovery on the Ravva block RE6 with estimated 10 to 15 million new barrels of hydrocarbons in place. Our operating cost of Rajasthan continues to remain single digits at US$5.70/barrel.

In the 3rd Quarter our focus was on progressing key development projects like EOR and increasing liquid handling capacity at MPT, all which met planned milestones. As you know, in addition to the above base, we have rich set of optionalities for growth in the areas of exploration, satellite fields, Barmar Hill and the gas business. In Barmar Hill, we have undertaken some of the largest fracks in the region and initial results are encouraging and we continue to improve our understanding of these fields and the technology. During the quarter, we successfully drilled 6 horizontal wells with lateral lengths ranging between 800 and 1200 meters in the Mangala and Aishwariya areas taking the cumulative horizontal wells to 8. The management committee approval at RDG FDP for 100 million cubic feet of gas per day is in advanced stages. Having received approval from our partner in the previous quarter we are well prepared to commence development activities. Compressor installation and commissioning is ongoing, we are on track to double gas production by the 4th quarter this quarter. We enhanced resource base in Rajasthan by 60 million barrels to 1.5 billion barrels of hydrocarbons in place and we are evaluating prioritization new discoveries basis volumes, commercial returns and proximity to existing infrastructure certainly in these markets. I do want to reemphasize our priority in the oil and gas business as Mayank said in the call last week remains to be positive free cash flows even in low price oil environment. Over 90% of our production volumes are from the core fields of MBA, Ravva, and Cambay and these fields are resilient to volatility in oil prices due to the low operating costs and higher margins. As I said earlier we are re-engineering our OPEX and CAPEX costs and reviewing opportunities for CAPEX deferral throughout our businesses and we expect to make significant savings in our cumulative spends around all business in fiscal year 2016 which we will provide more details in the next couple of months.

Now let us speak about Zinc India. The 3rd quarter was a good quarter as the mined metal production started recovering in line with the mine plan and 4th quarter production will be even higher as we continue to ramp up the underground and **ore grades** from the open pit continue to remain higher. We are on track to meet full year guidance of marginally higher mined metal production compared to fiscal year 2014 and stable silver production. Compared to Q2 cost improved in Q3 in line with a higher production, lower diesel prices, and higher asset credits. Improving trend of cost of production is expected to continue in the 4th quarter with higher volumes as per the mine plan. And if you consider by product credit for silver, this business delivered stellar zinc cost of production of $624/tonne. At SK mine shaft sinking is on schedule but there is Rampura underground shaft projects has been slower than expected and we are taking steps at Rampura Agucha to have the shaft work of reinforcing the contracted efforts. And part and parcel with that is the Hindustan Zinc and Sesa Sterlite boards have approved the deepening of Rampura Agucha open pit from 372 meters to 420 meters in depth to increase the life of the open pit to fiscal year 2020. Pre-stripping work is expected to start this fiscal quarter and this will de-risk mine metal volume as a transition to the underground.

Next I would like to speak about Zinc International. And at Zinc International second quarter production was lower primarily due to lower production from Lisheen where 3rd quarter of fiscal year 2015 production of 41,000 tonnes compares with 48,000 tonnes in fiscal year 3rd quarter 2014, and as it nears the end of its mine life in the middle of fiscal year 2016. The Skorpion refinery has had a recent shut down during January 2015 due to the fire in the cell house which will affect 4th quarter production for about 23 days. The refinery will resume normalized operation by January-end. Overall, we are on track to produce about 310,000 to 320,000 tonnes in fiscal year 2015. The cost of production was US$1,364 per tonne compared to US$1,257 per tonne for the same period last year due to the lower volume and again higher shipping costs at Skorpion. In the 3rd quarter, we also improved the Gamsberg mine and Skorpion refinery conversion as integrated zinc project for the CAPEX of about 780 million and in line with the capital allocation to higher margin projects. Recognizing the current markets, we are evaluating opportunities to develop this project in a phased manner with lower CAPEX in 2016. And this will essentially mean that all the critical enabling activities especially mine pre-start, detail plan and infrastructure design, etc., will be carried out as planned, but the initial production rate may be a bit lower. We remain on track to produce ore in fiscal year 2018 and we will have more guidance on this at our year-end results. And we have been simultaneously doing work on opportunities to extend the mine life at Skorpion open pit.

In aluminum, we continue to improve our production rate and operate our smelters at aluminum refinery at high efficiencies. We operate the Lanjigarh refinery at 98% utilization due to improved bauxite availability and we will continue the same utilization rate going forward even as we are making good progress in securing bauxite feed for the refinery. BALCO'S captive bauxite mine at Kawardha has ramped up production and the mining operations at Mainpat mines are also expected to start within this quarter as we receive the EC and forest clearance. And we developed alternate sources of domestic bauxites supply from central India (Jharkhand and Andhra Pradesh at the west coast in Gujarat and are importing the remaining bauxite from Guinea and Australia. Imports currently account for 45% of our feed mix. And we do look forward to the new MMDR Act allowing for expeditious granting of bauxite mines under an auction route. Meanwhile, Jharsuguda smelter line too we started production from over 50 pots currently and we will continue to ramp up productions at steady rate in the 4th quarter and fiscal year 2016 using power for the 2400 MW power plant. We have commissioned as we said 84 pots at BALCO and with the approval for the 1200 MW power plant coming through we will be in a position to ramp up the rest of the pots within the next fiscal year. And we plan to alternate the start of IPP units and CPP units with the first 300 MW IPP unit at the power plant starting within this quarter and thereafter the first 300 MW CPP unit in the early first quarter of next fiscal year. Cost of production at Jharsuguda - 1 was US$1,597 per tonne as compared to US$1,591 per tonne in the 3rd quarter last year and US$1,740 per tonne in the second quarter of fiscal year 2015. This significant improvement over the last second quarter of fiscal year 2015 was on account of better availability of the e-auction coal during the latter part of the quarter. Cost of production at 245,000 Korba-1 was US$1904 per tonne as compared to US$1709 per tonne in the 3rd quarter last year and over US$2089 per tonne in the second quarter fiscal 2015 earlier. Again like Jharsuguda the culprit has been coal. The increase over 3rd quarter fiscal year 2014 was on account of higher coal cost due to tapering of the coal linkage and the significant improvement over the 2nd quarter of fiscal year 2015 was on account of better availabilities of domestic coal. Improved coal availability, coupled with higher efficiency in the newly commissioned pots is expected to derive lower cost in the 4th quarter. Ingot premium continue to hold strong in the 3rd quarter of $415 per MT, although recently we have seen some softening in the ingot premium as we move into this 4th quarter of this year. The expansion of Lanjigarh refinery is in the final stages of approval and the environmental clearances are expected soon. Once we get this approval, we expect it to ramp up the aluminum production to between 1.5 and 2.0 million tonnes per annum in fiscal year 2016 from our existing facility.

Moving to other assets and starting with power, PLF has a 2400 MW Jharsuguda power plant was at 41% in the 3rd quarter due to continued lower demand and evacuation constraints.

We expect this PLF to increase gradually in fiscal year 2016 as we start ramping up parts of the Jharsuguda smelter line 2. At TSPL at Punjab, the first 660 MW plant was capitalized in the 1st December after successful completion of the trial run period. During the quarter, 216 MU units were sold as commercial production. And the second and third units are expected to be synchronized in the Q4 Fiscal Year 2015 and Q1 Fiscal Year 2016 respectively. We expect that the margin of Rs.1 per unit once all the 3 units have stabilized.

Moving on to Iron Ore – At Karnataka, the mine was not operational at Q3 awaiting forest clearance and mining lease renewal. The mining lease since been renewed for 20 years effective October 2012 and the forest clearance orders have been issued, we expect to commence operations at Karnataka by February 2015 after release the execution. Currently, there is a production cap of 2.3 million tonnes per annum and we will remain engaged with the authorities to relax this cap although we probably would not hit that cap during the course of the current fiscal year because of the mining eruption that we just talked about.

Similarly at Goa, under the new policy for grant of mining leases announced in the Q2, the State Government renewed all the companies' pre-banned capacity of 15.3 million tonnes for all the corporate leases and renewal validity till 2027, subject of course to a production cap to be proposed by the express committee appointed by the Supreme Court. We are now engaged with the State and Central Government authorities to get the remaining approvals. We understand the Government wants to kick start the industry, so we expect all approvals soon; hopefully within the quarter. In terms of timing, monsoons will arrive after the next four months, we hope to use the major part of the remaining fair season for our operations after due approvals.

I am finishing with Copper India and Australia. In the Q3, Copper Cathode production at Tuticorin, the smelter was stable and near its capacity. The smelter continues to maintain strong operational efficiency taking full advantage of the higher TcRcs and the betters Sulfuric Acid prices. Copper prices have been falling; however, Tc/Rcs expect to remain strong. The global TcRcs in the calendar year 2015 were settled at higher levels compared to calendar level 2014 and we expect to realize over 25 cents per **pound** for fiscal year 2016. We expect positive impact of reduced petroleum prices and higher byproducts, credits of sulfuric acid to continue in the Q4 as well. At Australia, our business in Tasmania, drilling at the deep panel and other areas are currently under way to attempt to find the economically feasible mining areas.

So, I would like to close with our strategic priorities:

Our strategic priorities remain unchanged. Our focus on sustainability, discipline capital allocations in Zinc and Oil and Gas, driving operational excellence, ramping up production and free cash flow, deleveraging and simplification of the group structure. We believe the bulk priorities are aligned with the Indian Government's agenda on getting projects going, creating new jobs, and delivering on its "Make in India" theme. Our focus on the strategic priorities; we are also mindful of the challenging commodity price environment and we will be responsive to market conditions. Reprimanding, as we speak a series of initiatives, reduce capital and operating costs across all our businesses to maintain financial strength and a stronger balance sheet with focus on maximizing free cash flow.

With that, I plan to open the floor for questions and again as we have done in the past, will let the operator take the lead. I will start of with the responses and then see that the right people are answering each of the respective questions for you as you ask the questions. So, operator, over to you.

Moderator Thank you very much sir. Ladies and Gentlemen, we will begin the question-and-answer session. Our first question is from Jigar Mistry of HSBC. Please go ahead.

Jigar Mistry Two questions from my end. One assuming we get the EC for Lanjigarh pretty soon; how difficult is the 2400 MW conversion because unless the company gets that, I doubt the 1.25 would be operational and secondly, can you give us an update on where we are on the Hindustan Zinc stake sale by the Government of India and assuming that gets delayed by another year, how do you intend to finance the $1-odd billion debt repayment that you say in the maturity profile is due next year.

Tom Albanese I will start by maybe tackling your Lanjigarh point, the 2400 MW then turn it over to Mr. Roongta to go into the detail for that and then maybe make a comment on we understand regarding the Hindustan Zinc disinvestment process by the Government maybe ask Mr. Jalan to talk about the influence of the delay on that on the overall financial position. Starting at Lanjigarh, we do believe that there is actually two separate question there; one is the approval of Lanjigarh which allows to ramp up the Alumina production which we need in our current level capacity and we would anticipate that without a lot of new capital, we can be ramping our refinery up to from the 1 million ton current capacity up into the 1.7 million tonnes with a little debottlenecking and bring it to 2 million tonnes and that is needed for our existing smelter capacity. Separately, Mr. Roongta talk about with regard to our 2400 MW power facility at Jharsuguda. We are looking at a number of options whether we can make use of the IPP and excess power capacity we have there to begin to move to the next stage of pipeline commissioning in the Jharsuguda pipeline #2. With that maybe Mr. Roongta, you can talk a little more about the Aluminum business and answer those questions.

S.K. Roongta Thank you Tom. So, on Lanjigarh, you have already answered that our plans with regards to the Lanjigarh Refinery once we have the EC in place. Coming to 2400 MW power plant at Jharsuguda, out of this 4 units of 600 MW each, we have obligation to supply 600 MW of power to GRIDCO, Government of Odisha undertaking and the rest of the 3 units, there are no such obligations and since that we will be using the power for captive use. Per the prevailing law, we can start using it unit by unit for captive consumption for more than 50% in the financial year. We are engaged with Government of Odisha on this and we do not expect any problem for usage of this power for captive consumption for 3 units of 600 each. So, we will be sequentially taking up our port ramp up starting with usage of power from 1 of 4 units and as we ramp up one line fully using 600 MW one unit, then we will take up the second unit power for port ramp up and sequentially, we will complete 2 line ramp up of Aluminum capacity in Jharsuguda in FY16.

Tom Albanese Thank you Mr. Roongta. Now, on Hindustan Zinc, we are taking the lead from the Government of India in terms of their disinvestment plans and as you see from the recent announcement they appear to be focusing on large stated owned MNCs particularly, Coal India for the next stage of disinvestments. But, we do look forward to the Government of India making decision on disinvestment and we would expect that to be an auction and we would look forward to participate in that auction process. With that, DD maybe you want to talk about what it means with the company if we see the delay for whatever reason in their auctioning effort.

D.D. Jalan Jigar, our repayment and our maturity profile is not contingent upon any of Hindustan Zinc auction availability. So, as you have seen that our each of the businesses are doing very well and Aluminum, Copper, Iron ore with the restart of the iron ore operation, the standalone business itself is going to generate a good amount of free cash flow and basically if you look at in FY’16 and FY’17, the refinancing amount is also not very big. It is about $900 million to a $1 billion and which will partially be financed internally and partially it will get refinanced. In India, as of now, if you see that we are having an opportunity of low interest regime. So, we will be able to refinance these loans at wherever required, we will be able to refinance at an attractive cost.

Moderator Thank you. Our next question is from Pinakin Parekh of JP Morgan. Please go ahead.

Pinakin Parekh Two questions from my side. The first question is Aluminum. I am just a bit confused in regarding the Vedanta Aluminum ramp up. Does it require approvals from here or can we as of now start ramping up the pot lines using one unit and given that the BALCO Power Plant has also got approvals, just trying to get a sense of what kind of Aluminum ramp up can we see in FY'16. Second question is on Iron Ore – at current Iron Ore prices, given the export duty, what is the breakeven realization? Just trying to understand the FOB cost in Goa under the current situation and therefore what kind of export realizations do we need to see for Iron ore exports to become viable. Thank you.

Tom Albanese Thank you. I think again on the Aluminum business, you are asking about the any approval that is necessary to ramp up Jharsuguda and given a recent BALCO 200 MW approval; what is required for that and I will just reemphasize that the BALCO just for variety of reasons we are choosing to start an IPP facility at the first unit and then we will then in the next quarter, move to a CPP facility which allows us intermedially begin ramping up the second part. We will expect during the next fiscal year that we will have completely ramped up the production capacity at BALCO. Maybe Mr. Roongta you can talk a little bit more about that and I will just trying and back with the answer to your earlier question.

SK Roongta Yes, thank you. As mentioned by you, for BALCO, we are already operating 84 pots and subsequent ramping up of pots, we will start when we start the second unit of the power plant which is first unit of CPP and with that we expect to ramp up all the pots by the end of Q2 of fiscal year '16 and then subsequently, in 2 to 3 months' time, the pots will get stabilized. So, we will be ending the year will fully-stabilized pot line of BALCO at expansion smelter. Coming to Jharsuguda, we are not requiring any specific approvals and we have plans to start further ramp up of pots from the new power unit of 600 Mw form 1st of April. Meanwhile, we are also taking some more pots ramp up from about 50 odd pots which we are operating today to come to roughly about 75 to 80 pots by end of this current fiscal and as mentioned earlier, we will be completing one line ramp up sometime in the first half and then we will take up the second line and that we expect to complete by end of the fiscal year '16. So, two lines out of the four lines of the new smelter; we expect to complete ramp up in coming fiscal year.

Tom Albanese On Iron ore, we are very mindful of lower iron ore prices and if you look at the discounts we will get and then we will back out from the discounted Iron ore price for the low grade that we have at Goa and then you look at the new royalties both the Federal and the State levels imposed and the 30% export duty are effective price where we are receiving for the Iron Ore is right about $25 per ton which is our unit cost of producing it before the shutdown. So, obviously, we are not centralized to operate at a breakeven number and resume operations with making our margins. So, we have to do two things and we have Mr. Joshi on the line here and he can talk about those; the first is to reduce our cost of production below $25 per ton and second, working with the Federal Government in particularly on the merits of why it makes sense for the Federal Government to provide relief on the export duty, so we can economically centralize and start mining and provide jobs. Mr. Joshi, over to you.

AN Joshi Thanks Tom. Actually, we are working with the Government and it is not unusual for Government to reduce or withdraw the duty. In 2008, when the market had fallen, end the 2008, the Government had reduced the duty and withdrawn the duty at that time. So we are asking similar thing, the whole industry is asking, and we are very sure that they are looking on this very seriously and we may get it even before the budget, we feel that we can get this duty withdrawn and Iron Ore businesses going to be good margin business once again.

Tom Albanese: Thank you, Mr. Joshi. I notice you did not talk about lowering the cost of production and I think for the audience here you can be assured that the management of Sesa Sterlite would be very unhappy with the management of Sesa Goa, they can now significantly reduce the cost of Iron Ore production well below $25/tonne.

AN Joshi: We are going to work on that, sir, and we have already some plans in place, which we will be sharing with you.

Moderator: Thank you. The next question is from Bhavin Chheda of Enam Holdings. Please go ahead.

Bhavin Chheda: Just to continue on the Iron Ore, what is the update on Karnataka – will you be able to do 2.3 million in current fiscal also?

Tom Albanese: I think in Karnataka, we have had now a good part of the past two quarters our Iron Ore in production that assuming we get back in the production early next month that is going to be probably less than 2 million tonnes for the year, so that will be the 2.3 million tonnes cap that we have set. A lot of it can be heard by the time the work is going and the ability to ramp up and the ability for us to get the trucks and the needed road haulage capacity. Mr. Joshi, anything further you like to say?

AN Joshi: Actually, we have already received a mail from government that we can execute the lease on 2nd. Given that…

Bhavin Chheda: Karnataka lease can be renewed in Feb 1st week?

AN Joshi: Yes.

Bhavin Chheda: So after the lease renewal you can immediately start mining and …?

AN Joshi: Can immediately restart, Yes.

Bhavin Chheda: Regarding the VAL alumina refinery, we are looking for expansion, we are looking from 1 to 3 million or 1 to 5 million and if at all we are looking at that number how fast that can happen?

Tom Albanese: Again, I think Mr. Roongta can cover that, but I just want to repeat what we have said in the past, which is the existing facility with some minor debottlenecking probably get to about 2 million tonnes, our first quarter business would be to do that and then that we would have to resume the expansion activities and we probably be looking at doing that in phases as we had bauxite available but maybe Mr. Roongta, you can talk about that in more detail.

SK Roongta: Lanjigarh refinery, eventually, we are looking at growing our capacity from 1 to 5 million and further through debottlenecking going up to 6 million, but it will be in the stages. So as a first stage, as Tom mentioned, through debottlenecking, we are virtually already had 2 million tonnes stage and after we have the government approval with regard to environmental clearance, we can start operating at annualized capacity of 2 million tonnes, of course, it will be 1.5-2 million tonnes because it will depend upon the bauxite feed capacity. So with the better bauxite feed capacity we can reach 2 million tonnes and with lower quality of bauxite may be 1.5-1.6 million tonnes and then we will be working on completing our project which was halted to go beyond 2 million tonnes in …

Bhavin Chheda: Sir, this EC will be for a 2 million number or EC will have a higher number?

Management: EC may have a higher number but we are awaiting formal approval of the government.

Moderator: Thank you. The next question is from Pratik Singh of Credit Suisse. Please go ahead

Pratik Singh: I wanted to ask about difference between debt numbers which are reported by Vedanta and Sesa Sterlite, for example, end of September number, Sesa Sterlite's standalone, there is a difference of $1.3 billion. So, is it only due to the GAAP differences or anything else?

DD Jalan: Basically, the difference between Sesa Sterlite debt number and Vedanta numbers are the debt taken by KCM and #2, the debt taken in the Vedanta balance sheet. So that is where you will find the difference at Sesa Sterlite and Vedanta balance sheet.

Moderator: Thank you. The next question is from Saumil Mehta of IDFC Securities. Please go ahead.

Saumil Mehta: Two questions from my side: One is can you give me the coal cost for this quarter for FEL, BALCO, and VAL and the coal sourcing mix if it has changed on a QoQ basis?

SK Roongta: Coming to Jharsuguda, we have for our CPP, we got about 40% linkage coal and balance through auction or some kind of stock coal also, MCL had so we sourced about 45% from that and 15% imported coal. That was the coal mix. As far as the cost of coal is concerned, for our CPP at Jharsuguda it was roughly about Rs.1.90 to 2/unit. In case of IPP, the mix are different; we had a higher share of linkage coal roughly about 65%, about 10% imported coal and balance e-auction coal. That is about Sesa Sterlite at Jharsuguda. In BALCO also, our coal mix improved in Q3 as compared to Q2 because some of the backlog of Q2 did not give us, we got in Q3, so we had roughly about 25% linkage coal and 25% imported coal and balance 50% through auction and other sources. That was a mix and of course coal cost at BALCO was little over Rs.3/unit.

Saumil Mehta: Post the mining ordinance, how fast you believe the L&T Raikal the PLs can be converted into RPs and probably MLs, can you just walk us through what kind of approvals will be required and what is the position as of now?

SK Roongta: I think the ordinance provides that all subsisting PLs will remain valid and will be outside the scope of auction, earlier they had preferential right, now they have to be converted into ML, so Government of Odisha has to take a final call because some points they have been rising with regard to completion of all formalities with regard to the conditions of the PL. So, we are awaiting the final word from the Government of Odisha in this regard and they have to take a decision to convert PL into ML.

Saumil Mehta: So do we believe any risk of those PLs getting auctioned and probably we will have to bid higher or those will be automatically be passed on to us?

SK Roongta: As I mentioned that Government of Odisha is to issue the appropriate order in this regard, recognizing write of L&T at that time because they had completed the requirements of prospecting license and had applied for conversion into mining leach as per due process. Of course, but in the interim period, a lot of time has passed and those PL was not converted into ML. So, we have to wait for the final decision of the Government of Odisha.

Saumil Mehta: So the final decision lies in the state government? So should we assume we have got all these central government-related clearance if at all?

SK Roongta: No, central government, as I mentioned that ordinance excludes the existing PL or those cases where PL conditions were complied with and ML was applied well in time, those are outside the scope of this auction route.

Moderator: Thank you. The next question is from Navin Gupta of Goldman Sachs. Please go ahead

Navin Gupta: This question is to Mr. Roongta, just coming back, sir, again to the Jharsuguda power plant, you mentioned that only one unit is aligned to the gridco and out of the 3 units you can use up to 50% of captive use and you said there are no further approvals required but as far as my understanding was concerned in the last quarter you mentioned that we need a formal approval to transfer power from IPP to CPP. So just wanted to get a clarification on that? How would we bid in the upcoming coal auctions, because my understanding is that the bidding process for power and for non-regulated sectors would be different, so in which category would we fall into for the entire 2400 MW?

Tom Albanese: You guys can imagine the auctioning processes, it is going to be quite complex and competitive and maybe we will wait a month or two before we tell you what we did rather than giving you any competitive advantage.

SK Roongta: Auction process, let us see, we are evaluating our options and as I mentioned with regard to four units, we are committed to supply power from one unit as IPP to the Discom of Odisha government, and another three units, of course, we had auction to sell the power in open access and if we use since we are the owner now of those power units, post merger, if we use the power for our own consumption, then they are taken as captive units. So, it is not 50%, but the 100% of the power of the remaining three units can be used for captive consumption.

Navin Gupta: I understand the auction process, I am not asking questions on that. So basically if I have to understand you would go with the three units as captive units in the auction process and one unit as an IPP?

SK Roongta: Let us see that auction process proceeds.

Moderator: Thank you. The next question is from the line of Dhawal Doshi of PhillipCapital. Please go ahead.

Dhawal Joshi: Just a repeat on the last question, so just wanted to clarify we were awaiting permission from the Odisha government to convert the IPP status into a CPP status for the three units of 600 MW. Has that come through or that does not yet?

SK Roongta: I think I have explained it very clearly that Sesa Sterlite is the owner now for all the four units, and our agreement only binds us to supply power from one unit to Government of Odisha as IPP and another three units of power we can use it for captive consumption, and if there are any intimation or any approvals required, it will be taken, we do not see any difficulty about it.

Dhawal Joshi: Yes, so basically that approval is yet to come through is what I am trying to understand?

SK Roongta: It is not a question of approval, as I mentioned that we can use this power for our captive consumption and we will be doing it from 1st of April and if any intimations are required to the Government of Odisha we are engaged with them and there is no difficulty about it.

Dhawal Joshi: To be more specific, do we pay the cross-subsidy surcharge from 1st April or we do it without that?

SK Roongta: For a captive power unit, there is no cross-subsidy.

Dhawal Joshi: With regards to the output from Goa, based on the mining lease approvals that we have got and the revised mining limit which the government was planning, what can be the volume that we can expect to start from Goa?

Tom Albanese: To some extent it can be driven by what two other producers do in the low Iron Ore environment which will be somewhat influenced by their own cost of production and whether the export duties are removed or not, but on balance we expect that we would be able to resume mining about half of the capacity that we were mining at before the closure which should be about 7 million tonnes per year.

Dhawal Joshi: I just missed the Zinc international production for FY15, you mentioned the number in the opening remarks, I am sorry.

Management: 310-320 kilo tonnes.

Moderator: Thank you. The next question is from Bhaskar Basu of Merrill Lynch. Please go ahead.

Bhaskar Basu: Just a follow up question on one of the previous questions regarding the aluminum asset and the Sterlite Energy power, just wanted to confirm whether the coal linkage which has been granted to Sterlite Energy, because it is IPP, would that continue to stay once it gets converted into CPP or would that go away?

SK Roongta: We will have to discuss the issue with the government when we come to that stage.

Bhaskar Basu: So when you start supplying power from the first unit, would you continue to get coal linkage or you need to sort of tie up another new FSA with Coal India?

SK Roongta: Even they start supplying power to the first unit, as of now, we are not drawing any coal for that unit from Coal India Limited. So it does not alter the situation for the time being.

Bhaskar Basu: Because currently Sterlite Energy is basically sourcing about 65% coal through linkage if I understand correctly. So when you use part of that power for captive purpose, would the 65% stay or would that go away?

SK Roongta: In many cases, one unit of power which is going to the Discom, so that remains the status same, others we will have to discuss with the government and let us see what view is taken by the government.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the floor back to Mr. Ashwin Bajaj for closing comments.

Ashwin Bajaj: Thank you operator and thanks, Ladies and Gentlemen for joining us. Please contact us at Investor Relations for any further questions.

Moderator: Thank you, members of the management. Ladies and Gentlemen, on behalf of Sesa Sterlite Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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Sesa Sterlite Limited (SSLT) is one of the world's largest diversified natural resources companies, whose business primarily involves exploring and processing minerals and oil & gas. SSLT produces oil & gas, zinc, lead, silver, copper, iron ore, aluminium and commercial power and has a presence across India, South Africa, Namibia, Ireland, Australia, Liberia and Sri Lanka. Sustainability is at the core of SSLT's strategy, with a strong focus on health, safety and environment and on enhancing the lives of local communities.

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