

"Vedanta Limited Q4 and Full Year FY-22 Earnings Conference Call"

April 28, 2022





MANAGEMENT: MR. SUNIL DUGGAL – GROUP CEO, VEDANTA LIMITED

Mr. AJAY GOEL - GROUP ACTING CFO, VEDANTA

LIMITED

MR. RAHUL SHARMA - DEPUTY CEO (ALUMINUM),

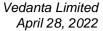
VEDANTA LIMITED

Mr. Prachur Sah - Deputy CEO (Oil & Gas),

VEDANTA LIMITED

Mr. Sauvik Mazumdar - CEO (Iron & Steel),

VEDANTA LIMITED





Moderator:

Ladies and gentlemen, good day and welcome to the Q4 and full year FY22 Earnings Conference Call of Vedanta Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sandeep Agarwal from Vedanta Limited. Thank you and over to you.

Sandeep Agarwal:

Thank you, Stanford and hello, everyone. I am Sandeep Agarwal. On behalf of Vedanta, I am delighted to welcome you to our fourth quarter and full year FY22 Earnings Call.

We have with us today our Group CEO – Mr. Sunil Duggal, our Group Acting CFO – Mr. Ajay Goel. We are also joined by Deputy CEO, Aluminum – Mr. Rahul Sharma, Deputy CEO Oil & Gas – Mr. Prachur Sah, and CEO Iron and Steel – Mr. Sauvik Mazumdar.

We will start with update on key highlights of our performance and then answer the questions, which you may have. Please note today's entire discussion will be covered by safe harbor clause mentioned on page 2 of the presentation. Now without further ado, I would like to handover to Mr. Duggal to take us through the presentation. Over to you, Mr. Duggal.

Sunil Duggal:

Thank you, Sandeep. Hello everyone. Welcome to Vedanta Limited fourth quarter and full Financial Year 2022 Earnings Conference Call. The commodity market had a remarkable spell in the Financial Year 2022. Initial driven by energy crisis in China, natural gas shortage in Europe, coal supply shortage due to Australian and Indonesian coal supply curtailment and then due to Russia/Ukraine conflict. Metal supply chain is seeing disruptions with increased Energy cost, financing issues due to sanctions on Russia and logistic issues due to trouble in ports access from Russia and Ukraine. Production cuts by various European manufacturer, particularly for aluminum and zinc coupled with abysmally low inventories have led to all time high metal prices. Oil and gas prices have also jumped amidst increased demand and Europe's high dependence on Russia's oil and gas. It appears that strong supply side disruptions continue to outweigh potential of economic risk from high inflation and rising COVID cases in China. Metal prices can remain elevated for longer especially in short to medium term.

Indian economy remained resilient on the back of record exports, improving manufacturing and services, government led infra spending, buoyant GST and other tax collections, rising new investment proposals indicate investment cycle revival. The core sector output growth was also at a 4-month high of 5.8% YoY in February signaling a rebound in industrial activities.

Vedanta continues to deliver strong performance underpinned by asset quality and business model strength. We have delivered best ever annual financial performance with an EBITDA Rs. 45,319 crore and strong free cash flows driven by record volume growth across our key businesses. EBITDA margin remained strong despite inflationary pressure on cost of production. In line with our earning distribution track record, we had record Rs. 45 per share dividend payout in FY22. As per our redefined ESG strategy, our overall purpose is supported by three pillars.



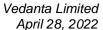
Under the first pillar of transforming the community, we have worked to uplift the quality of communities through various initiatives including drinking water, sanitation, healthcare, community infrastructure, children wellbeing, etc. 4.36 million lives benefited across 1,268 villages. We are proud to announce that we established more than 3,200 Nand Ghars benefiting 2,40,000 children and women.

Under the second pillar of transforming the planet, we took a very significant action by signing 580 MW of renewable-power power delivery agreement. We launched Restora & Restora Ultra brand of green aluminum to usher in new era of green metals. In line with our aim to move to a greener business model, Jharsuguda dispatched first fly-ash to cement plant. We are saddened by loss of three lives in the fourth quarter. Our senior leadership team has completed incident investigation. The outcome has been shared immediately with all our sites to deploy the learnings. Safety stand-downs have been conducted across the sites to communicate learning to all employees and business partners.

We are making steady progress towards aim to ensure gender parity, diversity, and inclusivity across the organization from the senior leadership and decision-making bodies to our SBU and enabling function. Our aim is to strengthen our position as an equal opportunity employer. We have launched group-wide program Green Spark to scale our partnership with innovative startups to leverage their technological capability and execution speed aimed towards achieving strategic goals in operational excellence, new product development and 360-degree sustainability.

For the Atmanirbhar Bharat, India needs to reduce electronics imports. Semiconductor, which is a critical raw material for electronics manufacturing has significant demand-supply gap. We are partnering with the largest global player, Foxconn, to start semiconductor production in 2 years' time. This has a very large potential for shareholder value creation.

Now, I will turn to business verticals. Our aluminum business recorded highest ever annual aluminum and alumina production of 2.3 million tonnes and 2.0 tonnes respectively driven by strong focus on operational excellence and asset optimization. Fourth quarter was also exceptional with 8% YoY metal production growth. Quarterly aluminum COP was \$2182 per tonne impacted by input commodity headwinds, particularly power costs. With our continued focus on growth and integrated operation, aluminum business has now become second largest contributor in group's profitability. It is poised to be third largest global player ex China with \$1.4 billion CAPEX program over the next two years for growth and vertical integration to create sustainable value and reduce market volatility impact. India achieved historic high mine metal production crossing 1 million tonne mark. Quarterly mine metal production was 295 KT, was also best ever since underground transition. The cost of production was down by 1% to \$1,136 per tonne on QoQ basis and input commodity inflation impact was more than offset by higher volumes, operational efficiency including improved recoveries and favorable LME. Zinc International Gamsberg is now well poised to deliver significant value. Gamsberg achieved 220 KT annualized run rate of MIC production in the month of March. The COP increased mainly





due to spend on South Pit Project and exchange rate appreciation. We successfully finished the commissioning of the Zinc Rougher Cell, which resulted in 3-5% recovery improvement. We are spending \$466 billion to increase Gamsberg MIC capacity to 450 KTPA. Gamsberg has potential to become South Africa's largest zinc producer and one of the biggest zinc smelting complex in the world.

Oil & Gas business operations remained stable. The natural field decline was largely offset by volume addition with infill wells, polymer injection and RDG field gas ramp ups. OPEX increased to \$12.4 per barrel in the fourth quarter primarily on increased polymer prices in line with higher oil prices and polymer consumption to arrest decline. We notified two OALP hydrocarbon discoveries, Durga-1 in Rajasthan, and Jaya-1 Cambay, adding 40 million barrels to resources. To augment our reserves and resources and mitigate natural decline, we will spend \$687 billion on exploration work in OALP and PSC block, infill well programs and shale exploration.

In iron ore, we achieved highest ever annual production with 30% YoY growth. Quarterly sales grew 17% YoY with support from all key operational projects. We have achieved record annual production of 790 KT. VAB recorded highest ever annual margin of \$111 per tonne. Quarterly margins were down due to higher coking coal prices after partial offset from higher steel prices.

Steel delivered record annual hot metal production of 1.36 million tonnes through enhanced furnace operations. Quarterly hot metal production grew 3% YoY. The margin was higher by 10% QoQ mainly on improved market despite input commodity headwinds. We commenced commercial production from recently acquired two iron ore mines in Orissa. This will enable ESL to have 100% iron ore security.

FACOR continues its turnaround journey. It achieved historic annual Ferro Chrome production with 10% YoY growth. Our annual EBITDA margin was up by 3x YoY to \$534 per tonne. Quarterly Ferro Chrome production was 18 KT, lower due to maintenance shutdown. Overall, if you see, we have made significant progress across our strategic priorities creating value for all stakeholders. Our world-class assets have delivered outstanding financial results driven by operational performance and supportive commodity prices.

Our underlying businesses remain strong and we are committed to make it stronger through growth, vertical integration, operational efficiencies, unlocking through technology and digitization, and targeted acquisitions.

With this now I would like to hand over to my friend, Mr. Ajay Goel, CFO for the financial performance.

Ajay Goel:

Thank you, Sunil, and good evening, everyone. We achieved our best ever financial performance not only for the quarter, but also the full year was a record year in terms of various financial matrices by a significant margin. This quarter witnessed our highest ever revenue and EBITDA



performance, and the leverage ratio, which is net debt to EBITDA was the lowest in last 5 years. The quarter was benefited by positive operational performance across our key businesses and favorable sales realization following strong demand and elevated commodity prices for all our major commodities namely zinc, aluminum, or Brent. The record earnings and resultant cash flows supported the full-year dividend of Rs. 45 per share with total quantum of dividend payout at Rs. 16.728 crore.

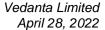
I would like to highlight a few of the vital numbers for the fourth quarter, the quarter just bygone. Highest ever quarterly EBITDA of Rs. 13,768 crore, up 51% YoY and up 26% with an underlying margin of 39%. We maintain the leadership position across the industry on margins. PAT before exceptionals and any one-time gains stands at Rs. 7,570 crore, up 48% YoY and 40% QoQ. We continue to maintain our strong liquidity position with cash and cash equivalents at Rs. 32,130 crore. With that the net debt stands at about Rs. 21,000 crore, which is down 24% quarter to quarter. Let me add, this is the quarter where we also paid dividend. So, net debt is down 24% quarter to quarter with net debt to EBITDA ratio of 0.5, which again as I mentioned, is the lowest in last 5 years and is the best amongst Indian pears.

I also want to call out a couple of key numbers for the full fiscal FY22. All time high EBITDA of Rs. 45,319 crore, up 66 % from the previous year with an underlying margin of 39%. PAT before exceptionals and any one-time gains stands at Rs. 24,299 crore. It is up by 95% from the previous year. The ROCE (Return on Capital Employed) was 30%, which is 1.6x higher versus last year number of 19%. So, our profitability is racing ahead of need for the capital.

We have a detailed Income Statement in the appendix, and I want to just update you on a couple of a couple of items in that Income Statement. It is on page #31 in the IR presentation. Depreciation charge for the fourth quarter was Rs. 2379 crore, it is 16% higher YoY due to higher overall depreciation charge for RJ at Oil & Gas and higher ore volume and capitalization of Zinc. The depreciation quarter-on-quarter increased by 5%, which is in line with the business magnitude for the current quarter. The finance cost for Q4 was Rs. 1,333 crore, up 1% YoY, primarily on account of one-time prepayment charge on loan refinancing. It is partly offset by lower average borrowings and lower interest rate. Income from investment for the fourth quarter was Rs. 520 crore, down 40% YoY and up 1% QoQ due to MTM accounting, mark-to-market movement and change in the mix of the investment. The normalized ETR for the full fiscal stands at about 28%, which is in line with the guidance provided. As we know, the normalized ETR excludes any tax on exceptional items or any deferred tax asset reverses on the losses.

Now I'll move to EBITDA Bridge:

The EBITDA is up 51% YoY and 26% up QoQ. As you may have seen from the bridge, the strong demand for all our commodities and higher pricing have positively impacted our EBITDA along with higher volumes across all our key businesses. This has been partly offset by input inflation across various commodities, specifically in the aluminum business.





Moving on to the net debt bridge.

Net debt as on the year end March 31, stands at about Rs. 20,979 crore, reduced by Rs. 6,590 crore from the previous quarter. This is supported by strong cash flows from operations and partly offset by payment of dividend in the fourth quarter and CAPEX spendings.

From balance sheet viewpoint, long-term strategic balance sheet management is a key enterprise-wide priority for us. The average maturity for long-term debt is about 3.5 years with an average cost of borrowings at 7.9%. The 7.9% has come down to 7.7% as at March end. I am very happy to report to you that our rating has been augmented to AA with a stable outlook in the fourth quarter, both by India Rating and CRISIL, and that demonstrates our strong financial performance and the free cash flows.

As you are aware, we announced our allocation of capital policy in the fourth quarter, sometime in February. This policy establishes various guardrails on allocation of funds. The policy focuses on rapid and responsible growth with a key objective of deleveraging across the group and at the same time maximizing shareholder's value. Our CAPEX program is progressing quite well and it is in line with overall policy on allocation of capital, which intends to invest in next phase of growth projects. You may have seen on the guidance provided for the current fiscal as in F23, we have planned for Rs. 2 billion of growth CAPEX in the current year wherein we are investing in aluminum business towards vertical integration. We are also investing in Oil & Gas to augment R&R and mitigate any natural decline in the oil fields. We are also looking to double the capacity at Zinc International and ESL. In FY22, we achieved highest ever cash flows before CAPEX of about Rs. 3.6 billion, which shows the strength of our operations. Our CAPEX programs over the various previous years have been largely self-funded and we will continue doing so in near future as well.

Overall, in summary, with an excellent yearly performance, we delivered record profitability. We are progressing well on the path of deleveraging and rewarding shareholders through consistent dividend. I also want to mention that we ensured highest level of corporate governance and transparency with clean statutory audit report across the group as at year end. With this we are confident that we will continue to sustain our strong performance in the current fiscal as well and create further value for the shareholders.

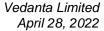
Thank you all, and I go back to operator for any Q&A's.

Moderator: Thank you very much, sir. Ladies and gent

Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from Amit Dixit from Edelweiss. Please go ahead.

I have two questions. The first one is essentially on the green aluminum products, Restora & Restora Ultra. If you can throw some light on the timeline, the volume and the premium that these products will command over your regular aluminum products? That is the first question.

Amit Dixit:





Sunil Duggal:

So, these are two products. One is Restora and the other is Restora Ultra. Restora Ultra is made with the renewable power. It is with the intensity of 3.2 tonnes of CO2 per tonne of metal compared to a traditional 17-18 tonne of CO2 per tonne of metal. So, this is Restora. The other is Restora Ultra. Restora Ultra is made from the aluminum dross. So, the aluminum dross is normally dumped in the secure landfill. So, our sister organization, Runaya, set up the technology to process this dross to convert it into aluminum. So, with this, the overall carbon per tonne of metal is around 0.37 tonne per tonne of metal. So, this is Restora Ultra. I may also tell you that as per the global standards, the green metals are made with CO2 of 4 tonne CO2 equivalent per tonne of metal. So, even our Restora metal is better than the global standard and the Restora Ultra is also better than the global standard. So, these numbers have been ratified and verified by DNV, the third party and based on that certification, we have launched this product in the market. This is enabling us to earn good premium from the export market, but my colleague Rahul is also there. Rahul, anything you want to add on what premium we are earning from the market on this?

Rahul Sharma:

I think the point is that why we have gone for it. It is an obvious reason. When we want to see that from the metal side and more from the ESG side, that is a part of our journey to make 25% GHG reduction by 2030, and that was the first product, which has been launched last year. It has been registered and launched as Restora brand. As Mr. Duggal said, this product has better than the global average, which is less than 4 tonne CO2 emission of per tonne of aluminum and the last year if we say that we have already produced 130 KT, and this year also we have already customer with us and we will continue to ramp up the volume but that's our volume, which we did last year and more than the premium, I think it is more of a segment which is more friendly or more conscious about the environment. They are demanding and we are contributing towards our ESG goal and the demand.

Amit Dixit:

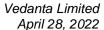
The second question is essentially on the balance sheet and cash flow. So, if I look at the working capital build up that is almost Rs. 12,000 crore, Rs. 8,100 crore is in receivable but if I look at the balance sheet then the trade receivable, they have gone up but not to the extent of Rs. 8100 crore. So, just wanted to understand where the remaining receivables have gone up.

Ajay Goel:

If you also look at the overall bridge in terms of free cash flow for the full fiscal and you are right that the working capital is not investment for the full fiscal, but we should not look at the just the absolute value. As you may have seen, our revenue has grown from about Rs. 87,000 crore last year to about Rs. 1.3 lakh crore. It is 1.5x. So, the investment in the working capital be it inventory or in terms of debtors is all led by the pricing, the higher volume in the current fiscal. If you look at the number of days outstanding, our working capital in fact is lower than the last year.

Amit Dixit:

My question was more on receivables. So, if I look in cash flow, the receivables have gone up by Rs. 8,100 crore but in balance sheet, trade receivables are up Rs. 1,500 odd crore in current asset and in non-current asset, they are hardly up. So, I can't reconcile this difference in





receivables, Rs. 8100 crore have gone up but trade receivables have gone up by only Rs. 1,500 crore. Just wanted to understand that what is the other component of this receivable.

Ajay Goel:

It is multiple components; it is normal trade debtors and including the power debtors. What we can do is we can send you a breakup over the email.

Moderator:

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

Pinakin:

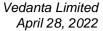
I have two questions. My first question relates to the aluminum segment. Now, the company has laid out the three coal mines, Jamkhani and other two in the expectations of mining commissioning. So, my first question relates to coal is that can you give us the sense of what is the expected volumes from each of the mines and what would be the total all-in cost at these mines versus your current procurement of coal cost, adjusted for calorific values. I am trying to understand what could be the potential savings from this captive coal mine.

Sunil Duggal:

So, we have three mines we have won through auction. One is Jamkahni, another is Radhikapur and third is Kuraloi. So, these mines are located within the stone's throw from our Jharsuguda operations. So, Jamkhani coal block we are planning to make it operational next month. This mine has a licensed capacity of 2.6 billion tonne per annum but the potential is much larger. So, once we start operation and we would like to have a mine plan for much larger capacity and my own sense is that this can go to 6-8 million tonne per annum. The current estimated cost from this mine is around 80 paisa per GCV. So, irrespective of GCV value, we convert it into the figure of paisa per GCV. So, this is 80 paisa per GCV. The current cost has been varying over the quarter. The current cost is Rs. 1.15 or so which was the average for the last quarter. So, I am just mentioning this figure just for the comparison and you can work out your numbers, but the Radhikapur (West), this mine has a capacity of 6 billion tonnes per annum. So, this mine we want to make it operational in the second half of the year. The potential cost per GCV could be, as per our internal calculation is 53 paisa per GCV and the third mine is Kuraloi (North) which has license capacity of 8 million tonnes and this also has a potential of around 8 million tonnes. So, this will become operational by first half of FY24. So, in the next 12 to 15 months' time, our belief is that all these three mines should become operational. With the current license capacity, it should produce around 17 million tonnes. With the full potential, it can produce 25-26 million tonnes and the average cost of these three could be 57-60 paisa against the last quarter cost, which I mentioned was around Rs. 1.15.

Pinakin:

My second question relates to Slide # 48. Now, Vedanta Resources standalone net debt stands as of March 31st at \$8.9 billion. Now given the dividend that Company has paid out and the cash flows that Vedanta Ltd. will generate, can we get a sense of how much the net debt the parent unlisted entity is expected to reduce in the next financial year. The Chairman had talked about a number of \$5 billion over four years, but can we break this down into the expected debt reduction over the next 12 months at the unlisted parent.





Ajay Goel:

You are right, page 48. It shows Vedanta Resources, debt is still about \$8.9 billion and today also the board announced, it's the first interim dividend of almost \$1.6 billion and in that case, almost a billion becomes a receipt at VRL's hand. These proceeds will be mostly used for part tender of 1 billion bonds, which are due in July. Overall, what we committed couple of months ago in our Mumbai event is deleveraging Vedanta Resources of 4 billion over three years and we don't have breakup by year, but one thing I can commit to you that the whole 4 billion over three years will not be back-ended, will be front-ended. So, at least a billion deleveraging in the current fiscal is our target.

Sunil Duggal:

I will add on a couple of sentences here. We have made EBIDTA of \$6.3 billion last year. So, with a run rate of \$1.92 billion in O4. So, if you do your math and the commodity prices and the performance stays here, it has a potential of \$8 billion. With the efforts and the projects in the pipeline which will integrate the operation and you just heard about operationalization of the coal mines and you also know that we are raising the capacity of our Lanjigarh operation from 2 million tonnes to 5 million tonnes, here even with the imported bauxite, it has a differential contribution of \$150 per tonne, but with the local bauxite, it has a potential of another \$150 per tonne. With the power cost potential of \$350 per tonne and this potential of \$300 per tonne the cost reduction, the integration of the operation adding the value-added product capacity increasing it from 44 % to 90% and the ESL capacity going up. So, we have the projects all over. I also talked about Zinc International, the potential the Zinc International has and I am also very happy to report you that the SRK has just certified the report that we have added another \$100 billion and 100 million tonne of R&R in our Zinc International operation. So, we have a huge potential. Looking at all the potential, if we capture the full potential, I think the revenues could be \$30-35 billion in the next two years and EBIDTA could be \$12-13 billion. With that EBIDTA and if you can look at our CAPEX and the other line items, it could deliver us a cash flow of \$7-8 billion and with a debt of \$9 billion and the cash flow of this, you can do your own math that where we can land.

Moderator:

Thank you. The next question is from the line of Vishal Chandak from Motilal Oswal Financial Services. Please go ahead.

Vishal Chandak:

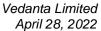
My first question was with regards to the overall cost at Vedanta and if you could highlight what is the breakup of your imported coal, e-auction coal, and linkage coal.

Sunil Duggal:

I gave you the overall cost of Rs. 1.15 and the power cost in Q4 was \$826 per tonne but if you want the overall breakup, I have my colleague Rahul. Rahul, in brief, if you can tell the breakup of the various sources of the coal procurement, which you have and the overall breakup of the power cost.

Rahul Sharma:

If you see that the last year's total requirement was 22 million and the percentage per se linkage was 31% and the e-auction was 63% and rest 5-6% more of an aggregator and total cost per GCV was Rs. 1 and we know that always linkage cost is close to the 70-72 paisa and rest all you can find out from the calculation what I said, you can calculate. Q4 per se was Rs. 1.15 which





Mr. Duggal also said that. So, that's the percentage breakup what I have said for the last year for \$22 million which we have consumed.

Vishal Chandak:

Sir if you could out just highlight on the Q4 because I believe Q4 was significantly different because equivalent to e-auction, the volumes were low and the premiums were significantly higher and how would you look for it for the next two quarters in terms of coal and you have not been able to locate coal for the e-auctions for the options and FSA is just not coming up to most of the aluminum guys.

Ajay Goel:

So, basically if you see from the coal point of view, I think you must understand one as I said that I have a 100% coal security and what moment has happened from Q3 to Q4 is that my tranche 5 which is my major quantity of 63% that is round at 72 paisa and the balance comes as e-auction was Rs. 1.19 and then if you have read out, it comes to entire Rs. 1.18 and I understand that today the challenge is not the coal availability, today is the challenge of metallization and that's how we also face some challenges and which we are overcoming by now to convert from rail to RCR (road) mode and that's how we are managing and that's how we are looking our coal metallization because security per se we have 100% security rather better security movement from the Q3 to Q4 because Q3 was 30% on linkage which have moved to just double from the Q3 to Q4. Hope I have answered your question.

Vishal Chandak:

So basically you have mentioned that from Q3 to Q4 your FSA procurement has doubled from 31% to 63% and e-auction has actually halved from 63 to 27% and your cost of production on equivalent basis for Q4 was Rs. 1.18 paisa per GCV.

Ajay Goel:

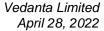
Yes and our power cost for Q3 to Q4 remained flat.

Sunil Duggal:

I will add on. You can see that the overall power cost has remained stable over Q3 and Q4 and as Rahul said that the materialization is the key factor and as I said that we are taking the auction of road and we believe that the auction of road we will be able to materialize it better because the distances were not very large from our operation but apart from that as I told you that the operationalization of the coal mines, so Jamkhani coal block getting operationalized just at the beginning of the next month itself. So, along with that, if the pending linkage rate materialization comes up, I think it will help us to conserve and bring down our cost in the coming quarter. So, all efforts are in that direction and the power cost has picked up in the last quarter. So, anything and everything which will happen, it will only reduce the cost from now on.

Vishal Chandak:

That is actually very great to hear about the how you have managed your power cost and that was a big surprise as well. My second question was with regards to the repayment schedule at the parent, you mentioned \$1 billion is coming up for July which has now already been arranged and that's what we also anticipated, now if you could just highlight what is the schedule of repayment at the promoter entities for the next two years.





Ajay Goel: If I give you the breakup of the current year and in the current fiscal, in the first half, almost 2

billion worth of loans or term loans are falling are due for repayment. Same way, the second half is almost 0.7. So, in FY23, the value is about 2.7 billion and in FY24 it's about 3 billion. So, net-net if you may have seen as I mentioned almost a billion if not more we will repay using our free cash flows. Balance would be a mix of repayment or refinancing without current profitability which will lead to again robust free cash flows and secondly the current structure, we have 70% holding of Vedanta Resources into Vedanta Limited, we feel that in terms of

repayment, we are quite comfortable.

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

Ritesh Shah: A couple of questions. First on the ESG side, you have indicated in the presentation on the PDA

as well as substitution on natural gas, would it be possible for you to explain the underlying economics on how it will actually help us versus the current sourcing on energy that we have?

Sunil Duggal: So, we have we done the PDA for 580 MW, which is 200 MW Balco, 200 MW of zinc, and 180

MW of Jharsuguda. So, the PDA which have been done, the today's cost at Hindustan Zinc is around Rs. 5.50 or so, current cost against which the PDA's are at a much lesser cost. Similarly, at Balco and Jharsuguda, we will get a benefit of 20-25% from the current marginal cost and this

project has overall IRR of more than 25%.

Ritesh Shah: Sir if I were to simplistically look at it from a rupees per KW hour basis, what should one look

at that particular number corresponding to this 580 MW?

Sunil Duggal: So roughly the average for 580 MW is around Rs. 4 per unit.

Ritesh Shah: Sir, second on the gap side wherein we have indicated partnership with GAIL, how should I look

at the volume and the economics over here?

Sunil Duggal: So, this is at a feasibility stage. They have to connect the pipeline from the GAIL pipeline to

complex, that will also need CAPEX. So, we are looking at the feasibility and the overall economics, but definitely it is going to be cheaper than what we are doing today. The similar project we did for Hindustan Zinc for our smelting complex at Chanderiya and we also did for our Pantnagar operation and there we got the cost benefit of say 30-40% at that time and we

believe that similar benefits should come here.

Ritesh Shah: Sir my second question is on the Hindustan Zinc call, you had indicated that we have taken

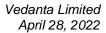
hedges on Brent. What was the thought process behind that and if you have done on Brent, why

not for other commodities, which will actually give us safety on forward basis?

Sunil Duggal: It is a very conscious call we have taken. We wanted to secure our business plan and when the

future predictions we looked at and our own study team deliberated and a part of the production

we have hedged for the next few months. So, overall anything Ajay you want to add on this?





Ajay Goel: I would like to supplement a couple of areas. You are right, traditionally, Vedanta's philosophy

has been to capture the average Brent for the month of production and we have not been hedging strategically, but as you would appreciate given the current environment is quite volatile, very tumultuous, and even the pricing is quite lofty. We want to capture the benefit in our income statement. So, using that route, we have made this time one course correction and across three key commodities, which is zinc, aluminum, and Oil & Gas, oil specifically, we have hedged about 15% of the volume for the current fiscal and that will secure our profitability for next 3-4

months.

Ritesh Shah: Sir, you indicated all that you have hedged is 15% of the total volume?

Ajay Goel: Yes, across, zinc, aluminum, and oil, give and take 15% on an average, the business plan volume

for the current fiscal has been hedged.

Ritesh Shah: Sir, can you indicate the pricing, this is quite critical and the rates that actually the Company has

taken?

Ajay Goel: I can give you ballpark numbers. Zinc for example is more than \$4,100 per tonne, aluminum is

about \$3,600 per tonne and oil at about \$100 per Brent.

Ritesh Shah: Thank you so much.

Moderator: Thank you. The next question is from the line Rahul Jain from Systematix. Please go ahead.

Rahul Jain: Firstly, you gave great detail about the coal sourcing, so how should we read it, so in the next

two quarters, are we going to see costs remaining where they were in the fourth quarter or

because e-auction are still high, so how should we rate on the cost front?

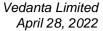
Sunil Duggal: The market is very volatile, everything what is happening in the market. So, market is very

volatile, but we are doing what we can do. So, we have a tranche 5 which gives us the security of 1-1.1 billion tonne of coal through the tranche 5 and this will have a cost of 75-78 paisa per GCV depending on the mode we transport and land at our operation, but as we explained earlier, we have taken a call where we have decided that we will transport the coal through road if the rake availability is becoming a constraint and with that belief, we believe that the materialization of the tranche 5 coal could become better. With this, 60-70% of the security could be provided and then as I said that we are operationalizing the Jamghani coal block, which will deliver coal to us at around 80-82 paisa per GCV and these two combination, if we are able to do, and whatever we have done in the Q3 and Q4 last year, I believe that anything which has happened in Q3 and Q4 has picked up and from now on with these initiatives, the coal cost should become

better from now on.

Rahul Jain: Going forward, if I see your CAPEX plans and the guidance on volumes that you have provided,

so we haven't really done much on Zinc International where we have such robust plans. So, are





we going to kick-start these projects and similarly for oil also, so even for the guidance of this year seems to be quite off, so I am just wondering when are you going to work on these two or we are just focused more on cash generation rather than doing more CAPEX.

Sunil Duggal:

So, on Zinc International, you know that we set up this project with the designed volume delivery of 200 KTPA. This was the Anglo Zinc assets from whom we acquired. They did not put up the project last many-many years, but we took a call to put this project, partnered with the global technologies suppliers like Wood Group and all that and designed this project. So, it had certain impurities like manganese and mineralogy was such that it was difficult to float, but over three years, we have mastered the art of floating this. We have done lot of modification in the plant like in the floatation circuit, putting up cleaner filters, and all other things what we wanted to do and as we said that the success now in the month of March, April in the last quarter is such that it is crossing now the designed capacity, it has given us full confidence. With that confidence, we have designed another circuit, which is a parallel circuit, incorporating all those learnings which we got from first phase and even building up the capacity better than that. My sense is that the full potential from both these lines could be 600 KTPA and if that be the case, we could be making it as one of the biggest complex in the world and we have also decided that with this success coming up, we may look at putting up the smelting capacity here, but now we have already ordered the second phase of the project at a CAPEX of \$450 million, a part of which will come in cash flow. This will have a timeline of 16 to 18 months from now. The kick-off had already taken place and the groundbreaking work is about to start.

Rahul Jain:

So you are saying in 2025, we will have 600 KT, is that right to look at it that way?

Sunil Duggal:

The second phase will get commissioned in FY24 and if we take the call to put away smelter in the next few months, we believe that we deserve to put up the smelter there. So, 600 KT and we also have the Black Mountain mine there. Also we are doing some bigger debottlenecking and the capacity may go up to 100 KTPA. With the full capacity of 600-700 KTPA, this complex can get fully integrated into finished metal of 600 KTPA capacity. We are on drawing board. We will come back and report to you as we will progress but that is our vision and our belief is that we should be able to convert this complex to this size.

Rahul Jain:

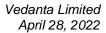
Sir what about oil and gas?

Sunil Duggal:

Oil and gas, my colleague is there. He will tell you, but basically apart from addressing the infield drilling, doing some target exploration, and ordering now ESP, which is enhanced oil recovery program in our MBA assets and doing the pilot on shale oil, these are the four major areas but you may both give little more detail and more color on this.

Rahul Sharma:

I think the growth projects in Oil are broken into two. One is the infield drilling as Duggal Ji mentioned, which is primarily going to cater to manage the natural decline. So, whatever the natural decline is there, we manage through the infield projects. The three growth projects that is going to add the reserves and subsequent production is the enhanced recovery in our NBA





fields, which is supposed to be adding about 200 million barrels overall once successful and then we have our shale palette probably starting June or July and then third will be the exploration across the different acreages we have in our existing blocks and our new blocks and in combined these three projects with a gestation period of about 1.5-2 years, we should see the volumes coming through.

Rahul Jain: Is there any CAPEX number for this year in the Oil & Gas business?

Rahul Sharma: So the CAPEX number for this year is 687 million, out of which close to 50% is in the infield

projects to manage the natural decline and the remaining is on the three growth projects that I

mentioned.

Ajay Goel: That's right, but cash flow could be a part of it.

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

go head.

Bhavin Chheda: Two questions. One is on aluminum expansion to 3 billion, so what stage are we in terms of all

the approvals on the environment side and all the other approvals and how much is the order?

Sunil Duggal: So on 3 million tonne, you may know that we have ramped up almost all pods at Jhasiguda and

the balance pods are going to be online this quarter. Apart from that the expansion of 0.4 million tonne at our Balco Complex, the proposal by EAC has been cleared. We may get EC at any point of time. In the meantime, ordering and the partnering is being finalized and we will put the

shovel on the ground soon. Anything Rahul you want to add?

Rahul Sharma: Just to add that whether we talk about our Lanjigarh Balco, we have got all the EC in hand, all

approvals are in hand. Balco also we have got recently environment clearance. So that's not the issue on the table. The point coming from the expansion as is almost 75% order is already in place and all the project is in full swing and we see that momentum in terms of the project

progress and we have given the timeline also when we are planning to have Balco expansion

and Lanjigarh which is already part of our presentation.

Bhavin Chheda: Last question, the coal thing, which you have mentioned that 15.5% we have won in tranche 5.

Have you started receiving coal from this tranche 5?

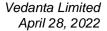
Sunil Duggal: Yes. we have been receiving coal from the tranche 5. Materialization was not so good, but now

the materialization has improved and now with this decision taken, I think we should be able to

get almost full quantity.

Bhavin Chheda: This cumulative 15.3% you get over 5 years?

Sunil Duggal: Every year it is 15 million against the requirement of 22 million.





Rahul Sharma: It's around 1.1-1.2 million tonne per month.

Bhavin Chheda: So you have been getting that kind of quantity because India has been reducing quantities to the

non-power sector, so how much was on that front and if I believe that normally what they do is

they get carryforward where don't supply, can you update on that?

Sunil Duggal: The quantity has been going up. We have got around, together, the volume has not been so good

but in the month of March, we got good quantity, around 0.5 million+ tonne we got. So the quantity has not been so bad. Of late, it has been ramping up. So with this decision taken, I think

and we believe that we should be able to get almost the full quantity.

Moderator: Thank you. The last question from the line Abhiram Iyer from Deutsche CIB Center. Please go

ahead.

Abhiram Iyer: I had a quick question on the holding company level, sir could you just let us know what the

current cash is at the current holding company level and is this inclusive of the dividend that was paid, that was announced in March. The second question is, you mentioned that you'll be doing a mix of refinancing and repayment of the loans at the holding company, do you have any update for us on any reason that has occurred at the holding company, any debts that have been pushed

back or refinanced to a new maturity?

Ajay Goel: I partly answered that may be in the call previously and our overall intent is about deleveraging

at least 1 billion every fiscal and overall 4 billion over three years and that is all using our organic free cash flows. In terms of maturities, we got page in our deck. I will just request that we will limit this calls questions mostly on Vedanta Limited. We will have another call for Vedanta Resources once we are done with the financials and we can cover Vedanta Resources more in

detail in that call please.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to

Mr. Sandeep Agarwal for closing comments.

Sandeep Agarwal: Thank you all for taking the time to join us this evening. I hope we were able to answer most of

your questions. If you have any further questions, please feel free to reach either me or rest of the Investor Relations team. This concludes today's call. We look forward to reconnect with you

for next quarter earnings.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of Vedanta Limited, that concludes

this conference. We thank you all for joining us and you may now disconnect your lines.