Sesa Sterlite Limited

Q1 FY2015 Results Presentation

July 2014

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The Sesa Sterlite merger and the Vedanta Group consolidation was completed in August 2013, hence Q1 FY 2015 performance has been compared with the adjusted proforma numbers of Q1 FY 2014. The company has drawn the adjusted proforma account for Q1 FY 2014 to indicate the performance during the period, had the merger been effected from beginning of the period. The adjusted proforma financial information has been prepared for illustrative purposes only and, because of its nature, addresses an assumed situation and therefore does not reflect the Group's reported financial results.

Agenda

Overview	• Tom Albanese, CEO
Operational Update	• Tom Albanese, CEO
Financial Update	• DD Jalan, CFO
Q&A	• Management Team

Overview

Tom Albanese

CEO

Q1 FY2015 Highlights

Financial

- Revenues 19% higher at Rs 17,056 crore
- EBITDA growth of 3.5% at Rs.5,670 crore; continued strong EBITDA margin[1] of 47%
- Attributable PAT (excluding exceptional items) doubled to Rs.1,341 crore
- Strong balance sheet with Cash & Cash equivalents of over Rs.47,500 crore

Operational

- Oil & Gas : Sustained Oil & Gas production at c. 220 kboepd
  - Rajasthan exploration extended a significant existing gas play, with multi-TCF potential, in and around the Raageshwari Deep gas field
- Zinc India : Rampura Agucha underground mine development project progressing well
- Aluminium : Strong EBITDA margin of $450 per tonne at aluminium operations
  - First phase of 325ktpa Korba-II smelter commenced production – 74 pots commissioned during the quarter
  - Received forest diversion clearance and R&R approval for BALCO coal block

1. *Excludes custom smelting at Zinc and Copper India operations*

CEO's Priorities

Operational excellence

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

Corporate

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

Aluminum Smelter, Jharsuguda, India

Iron Ore mine, Goa, India

Current Regulatory Framework

Minority Buyout

- Divestment of Government stake in HZL and BALCO approved
- Valuers appointed by the Government for HZL and BALCO transactions

Aluminium

- Working with Odisha State Government for bauxite allocation
- Working with State Government to use power from 2,400 MW Jharsuguda power plant for our aluminium smelter

Power

- Renewed focus from the NDA Government on faster clearances and increasing coal availability
- Creating a roadmap to ensure coal linkages to the nearest plants

Oil & Gas

- Government working toward improving energy security in the country
- Ministry working on new incentive regime - likely to be based on revenue sharing model
- Ministry working on uniform policy for licensing of hydrocarbon reserves

Iron Ore

- Central Govt. focused on resolving the current situation in iron ore mining – May change MMDR to facilitate the same
- Goa Government is working towards formulation of its mining policy

"It is my government's intention to encourage investment in mining sector and promote sustainable mining practices to adequately meet the requirements of industry without sacrificing environmental concerns. The current impasse in mining sector, including iron ore mining, will be resolved expeditiously. Changes, if necessary, in the MMDR Act, 1957, would be introduced to facilitate this."

Finance Minister's Budget Speech

Gaining momentum with our strategic priorities

- Underground mine development at Rampura Agucha progressing well
- First phase of 325kt Korba-II smelter commenced production – 74 pots commissioned during the quarter
- Received forest diversion clearance and R&R approval for BALCO coal block
- Significant potential from Gas development – c.100mmscfd by FY 17
- Engaged with Goa State Government for resumption of operations
- Reduction in net debt by Rs. 8,000 Crore in last one year
- Total HIIP potential of 10 billion boe in Rajasthan
- Government appointed valuers for divestment process of HZL and BALCO
- Cairn Buyback – bought back 2% of issued share capital

Business Performance

Tom Albanese

CEO

Oil & Gas

Production
- Rajasthan production in line with FY15 guidance

Rajasthan Exploration
- Established 1.2bn boe of hydrocarbons in-place
  - An additional ~0.6bn boe has been drilled out
- Extended a significant existing gas play, with multi-TCF potential, in and around the Raageshwari Deep gas field
- Anticipate to achieve the stated in-place target of 3bn boe, significantly ahead of schedule and taking total Rajasthan discovered hydrocarbons in place to ~7 bn boe
- Additional un-risked prospect inventory potential of 3 bn boe identified:
  - To be drilled up in future exploration campaigns, beginning FY16

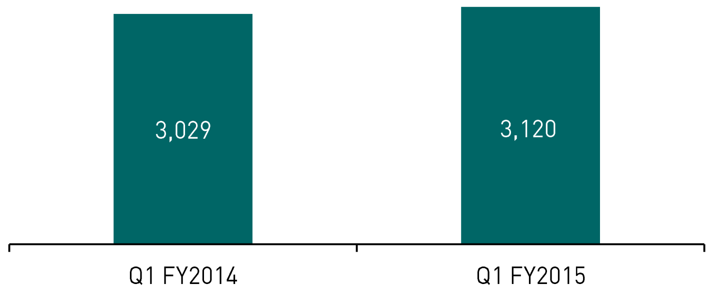
Rajasthan Gas Development
- Acquiring equipment to double RDG production volumes by Q4 FY15
- Significant progress made towards technical alignment with JV on the RDG Field Development Plan
- Seeking approval to lay a new 30" gas pipeline considering significant gas potential from the block

Rajasthan Oil Development
- On track for first polymer injection at Mangala by Q4 FY15, to enhance oil recovery rates
- Barmer Hill and Satellite fields - Undertook the largest tight oil development activity to date

Oil & Gas	Q1 FY2014	Q1 FY2015
Total Gross Operated Production(boepd)	220,088	226,597
Average Daily Gross Operated Production (boepd)	212,442	217,869
Rajasthan	173,517	183,164
Ravva	28,253	23,940
Cambay	10,672	10,765
Average Daily Working Interest Production (boepd)	132,087	137,907
Rajasthan	121,462	128,215
Ravva	6,357	5,386
Cambay	4,269	4,306
Average realizations – oil & gas (US$/boe)	93.3	97.0

Q1 FY2014 numbers are on proforma basis

EBITDA (Rs. Crore)



Zinc-Lead-Silver

Zinc India

Mine Development

- Rampura Agucha and SK shaft project progressing well
- Exploring further deepening of RA mine open pit: Mine designing & planning in progress

Operations

- Mined & integrated production lower, in line with mine plan
- COP impacted by lower volumes, planned shutdown and higher mine development cost
- Continue to maintain lowest quartile cost positioning – COP adjusted for by-product credits at $570 per tonne
- Full year mined metal expected marginally higher than FY14
  - Higher production expected in H2

Zinc International

Operations

- BMM mined metal lower due to drop in grade, as per mine plan sequencing and shutdown of mill for maintenance
- Higher COP primarily at BMM due to lower volumes
- Sales contributing US$11 million worth of EBITDA, shifted to Q2

Projects

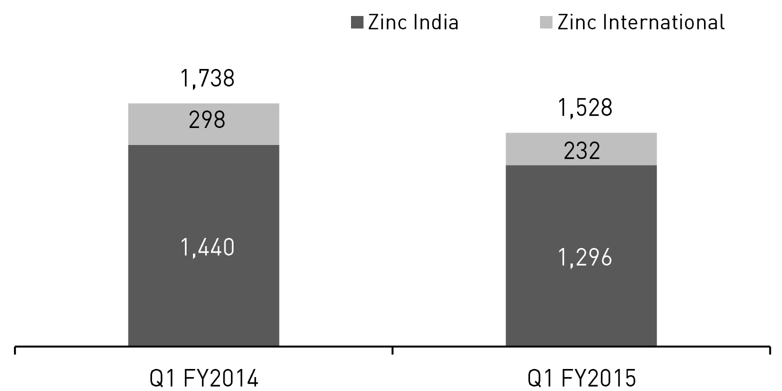
- Evaluating the installation of a roaster at the Skorpion Refinery
- Conducting feasibility studies on Gamsberg and Swartberg to extend the mine life at the BMM mining complex

Zinc-India	Q1 FY2014	Q1 FY2015
Mined Metal (kt)	238	163
Refined Zinc – Integrated (kt)	173	139
Refined Lead – Integrated (kt)[1]	27	22
Saleable Silver – Integrated (tonnes)	77	56
Average Zinc LME ($/t)	1,840	2,074
Zinc CoP[2] ($/t)	836	1,005
Zinc-International	**Q1 FY2014**	**Q1 FY2015**
Mined Metal – Lisheen & BMM (kt)	56	51
Refined Zinc – Skorpion (kt)	34	33
CoP ($/t)	1,162	1,272

Notes: 1. Excludes captive consumption
2. Excluding royalty. Before credits for silver and lead by-products.

Q1 FY2014 numbers are on proforma basis

EBITDA (Rs. Crore)



Iron Ore

sesa sterlite
a vedanta company

Karnataka

- Q1 Production lower on account of slower auction process
- E-auctions picked up recently - expect to produce the remaining provisional capacity of 2.29 million tonnes during the year

Goa

- Iron ore operations continue to remain suspended
- State Government working on formulating the policy for lease renewal
- Expect to start mining in 2H FY15, post approvals

Pig Iron & Met Coke

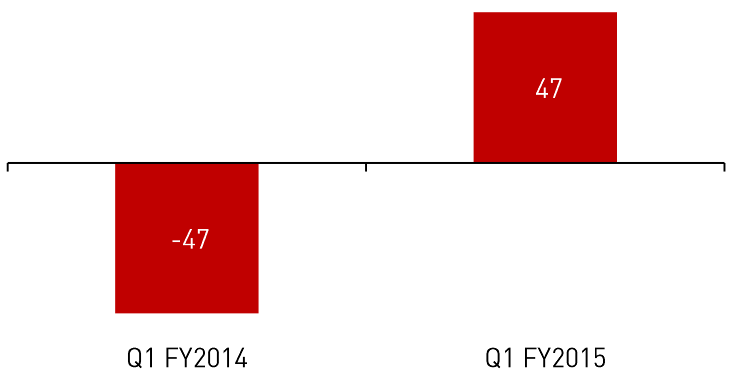
- Pig Iron & met coke production higher by 33% and 49%, respectively

Liberia

- Identified significant tailings at Bomi and soft weathered cap ore at Mano.
  - Initial studies indicate that these are easy to mine and beneficiate resources.
- Working with Liberia Government on infrastructure and early stage mining solution

Iron Ore	Q1 FY2014	Q1 FY2015
Sales (mt)	0.0	0.5
Goa	0.0	0.0
Karnataka	0.0	0.5
Production	0.0	0.0
Average Net Sales Realizations ($/t)		
Pig iron - Production (kt)	110	146
Met coke – Production (kt)	85	126

EBITDA (Rs. Crore)



Copper – India/Australia

Copper India

- Completed planned maintenance shutdown in 23 days
  - Smelter successfully ramped-up
- Conversion cost impacted primarily due to lower volume
- 75% purchases contracted at a TC/RC of 25 c/lb
  - Spot TC/RC lower during the quarter, expect to increase in coming quarters

Copper Australia

- Australian mines placed under care & maintenance
- Undertaking drilling and exploration at newly identified ore bodies

Copper-India/Australia	Q1 FY2014	Q1 FY2015
Mined Metal – Australia (kt)	6	-
Copper Cathodes– India (kt)	16	66
Power Sales (mu)	137	136
Copper Tc/Rc	13.9	18.8
Net COP – India (c/lb)	NM	8.9

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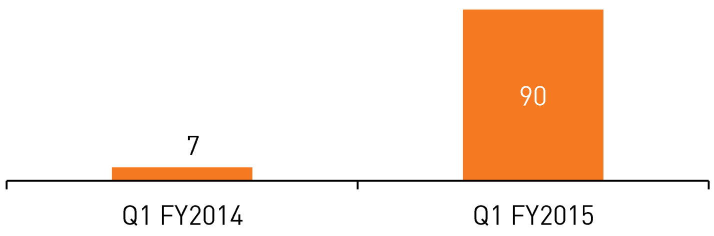
Q1 FY2014 numbers are on proforma basis. Numbers were impacted by a temporary shutdown and hence are not comparable

EBITDA (Rs. Crore)



Aluminium

Operations

- Stable aluminium production
- Lanjigarh refinery operating at 93% utilisation
- Lower half cost positioning, without captive bauxite
  - BALCO COP high due to further tapering of coal linkage
- c. $450/t of realisation over LME, vs. c. $350/t in Q1 FY2014
- COP likely to get affected in near future, due to lower domestic coal availability

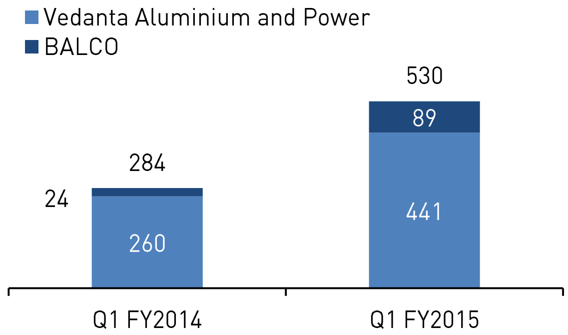
Projects

- 325 ktpa Korba-II smelter
  - Production from 1st phase commenced – 74 pots commissioned during the quarter
  - Further ramp-up consequent to commissioning of 1,200 MW power plant
    - Approval for 1,200 MW power plant expected in Q2
- 1.25 mt Jharsuguda-II smelter
  - Plan to commission first of the four lines during FY15
  - Further ramp-up with power from 2,400 MW power plant, post necessary approvals
    - Working with State Government to use power from 2,400 MW Jharsuguda power plant for our aluminium smelter
- BALCO Coal Block
  - Received forest diversion clearance and R&R approval for BALCO coal block

Aluminium and Alumina	Q1 FY2014	Q1 FY2015
Aluminium Production (kt)	195	203
245ktpa Korba – I	61	60
325 ktpa Korba - II[1]	-	11
Jharsuguda-I	134	132
Aluminium LME ($/t)	1,835	1,798
Aluminium COP ($/t)	1,758	1,699
245ktpa Korba - I	1,934	1,834
Jharsuguda-I	1,676	1,636
Alumina Production[2] (kt)	-	233
Alumina COP ($/t)	-	365

Notes: Q1 FY2014 numbers are on proforma basis
1. *Production under trial runs*
2. *Lanjigarh refinery was not operating in Q1 FY2014*

EBITDA (Rs. Crore)



Power

Operations

- 2,400 MW Jharsuguda power plant :
  - PLF higher at 45% as compared with 36% in Q4 FY14
  - COP lower on account of temporary improved coal mix

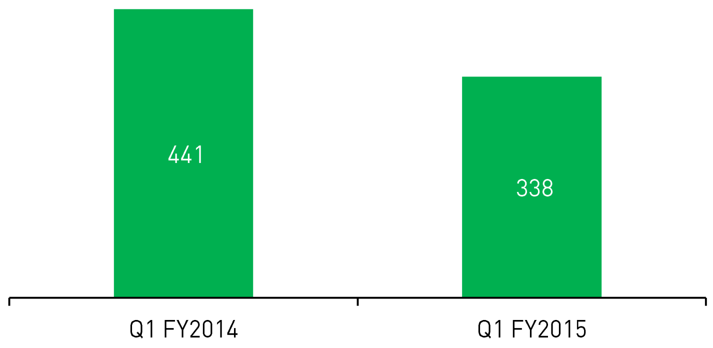
Projects

- 1,980 MW Talwandi Sabo power plant
  - Reliability run of the first 660 MW unit planned during Q2
  - Other two units are expected to be commissioned towards the end of FY 2015

Power	Q1 FY2014	Q1 FY2015
Total Sales (mu)	3,177	2,599
Jharsuguda 2,400 MW [1]	2,604	2,154
BALCO 270 MW	187	70
MALCO 100 MW	224	229
HZL WPP 274 MW	162	146
Realisation (Rs/u)	3.63	3.21
Cost of generation (Rs/u)	2.26	1.92

Notes: Q1 FY2014 numbers are on proforma basis

EBITDA (Rs. Crore)



Financial Performance

DD Jalan

CFO

Financial Highlights

- Continued Strong EBITDA margins driven by diversified portfolio
- Attributable PAT (before exceptional items) and corresponding EPS more than double

Rs. Crore or as stated	Q1 FY2015	Q1 FY2014	*change*
EBITDA	5,670	5,479	*3.5%*
EBITDA margin[1] (%)	*47%*	*45%*	
Gearing (%)	23%	30%	
Net Debt/EBITDA[2]	1.4	**1.9**	
Attributable PAT (before exceptional items)	1,341	600	*124%*
EPS before exceptional items (Rs./share)	4.52	**2.02**	

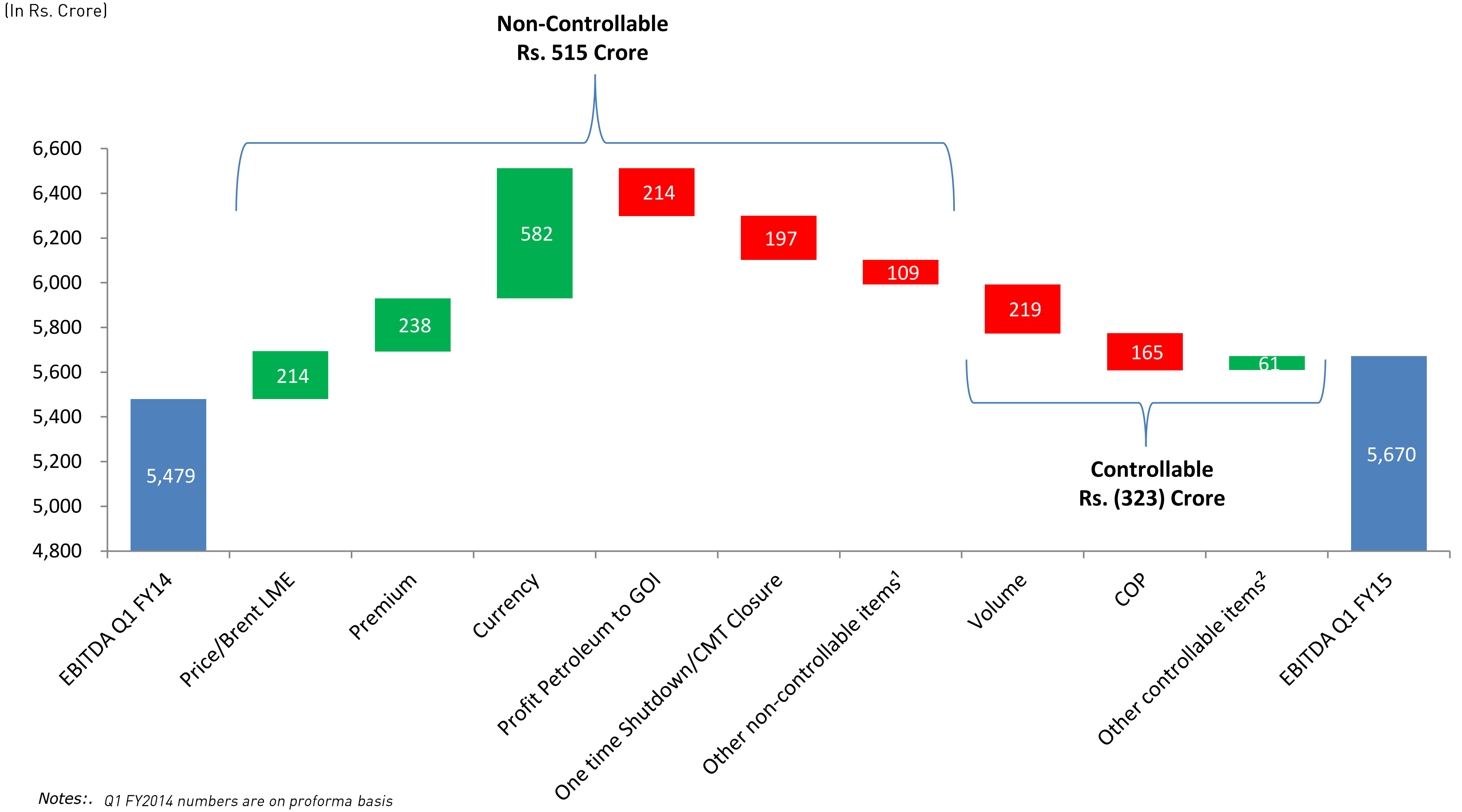
Notes: Q1 FY2014 numbers are on proforma basis

1. *Excludes custom smelting at Copper and Zinc-India operations.*
2. *EBITDA annualized*
3. *Based on profit for the period after excluding special items and other gains and losses, and their resultant tax and minority interest effects.*

EBITDA Bridge

Q1 FY2015 vs. Q1 FY2014

(In Rs. Crore)



Notes:. *Q1 FY2014 numbers are on proforma basis*

1. *Higher exploration cost and change in ESOP valuation at Cairn India*
2. *Higher income from value added business at Iron Ore and Copper India*

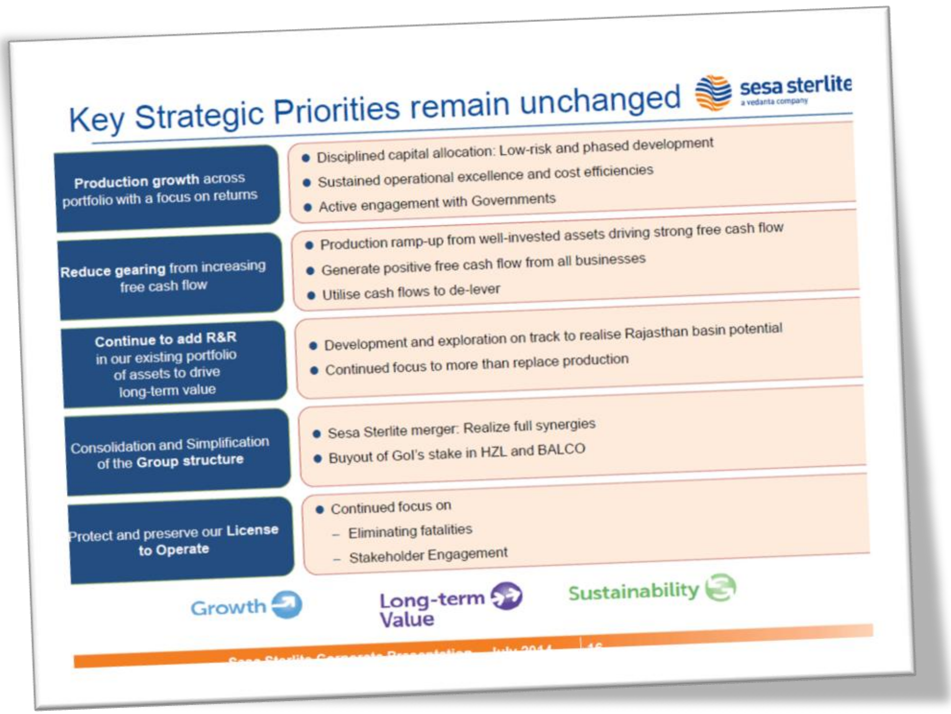
Income Statement - Variances

- Higher other income at Zinc India and Cairn India, driven by FMP maturities during the quarter.
- Higher depreciation primarily on account of change in methodology at Cairn India from Straight Line Method to Unit of Production Method on tangible assets.
- Exceptional items represent the depreciation charge of prior periods on tangible assets in Cairn India due to change in depreciation methodology

Rs. Crore or as stated	Q1 FY2015	Proforma Q1 FY2014
EBITDA	**5,670**	**5,479**
Finance Cost	1,537	1,571
Other Income	1,139	600
Depreciation	1,544	1,303
Amortisation of Goodwill	520	584
Exceptional item[1]	1,627	-
Taxes	362	310
Profit After Taxes	**1,363**	**2,379**
Attributable PAT	**376**	**600**
Minorities %	*72.5%*	*75%*
Attributable profit (before exceptional item)	1,341	600
Minorities % (before exceptional item)	55%	75%

Notes:.
1. Exceptional items for the quarter is reflected net of tax

Summary: Gaining momentum with our strategic priorities

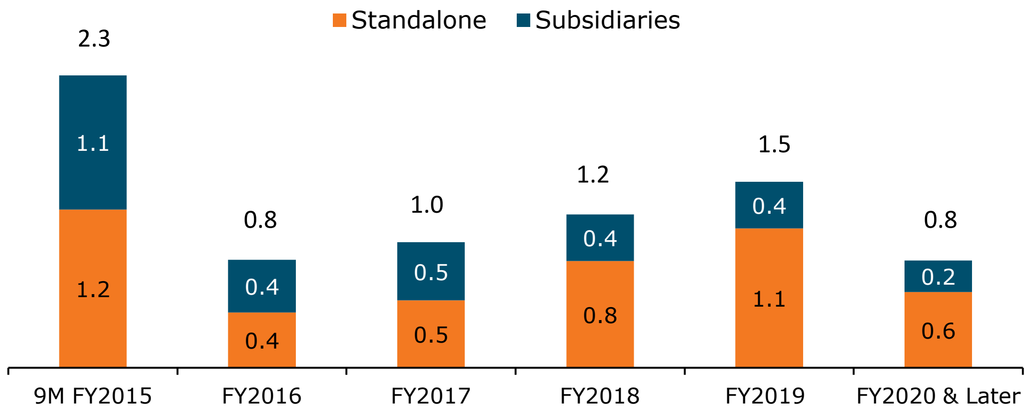


- ✓ Reducing trend in net debt over last one year
- ✓ Government progressing on minority stake sale of Hindustan Zinc and BALCO
- ✓ Consistent and strong EBITDA margin driven by diversified portfolio
- ✓ Rajasthan exploration extended a significant existing gas play
- ✓ Underground mining projects at Zinc India progressing well
- ✓ Started commissioning new aluminium capacities

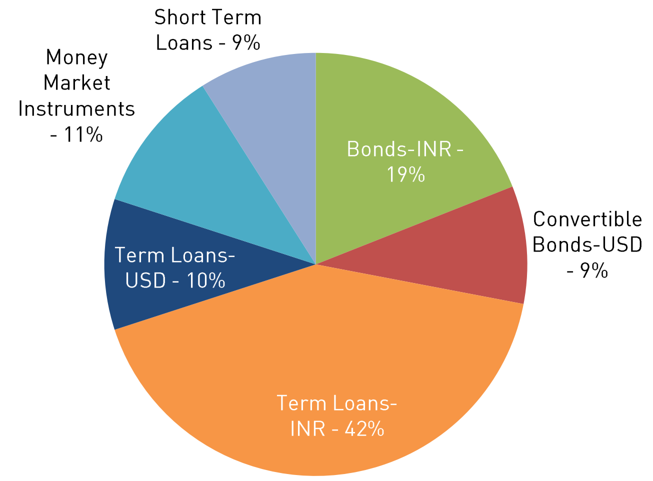
Appendix

Maturity Profile

Term Debt Maturity Profile (in $bn)
(as of 30 June 2014)



Diversified Funding Sources as of 30 June 2014



Total External Term Debt of $7.6bn

- *Debt of $4.6bn at Standalone and $3.0bn at Subsidiaries, total consolidated $7.6bn*
- *Above maturity profile excludes working capital debt of c.$2.1bn and inter-company loan from Vedanta Plc of $3.5bn.*
- *Maturity profile shows external debt at book value*

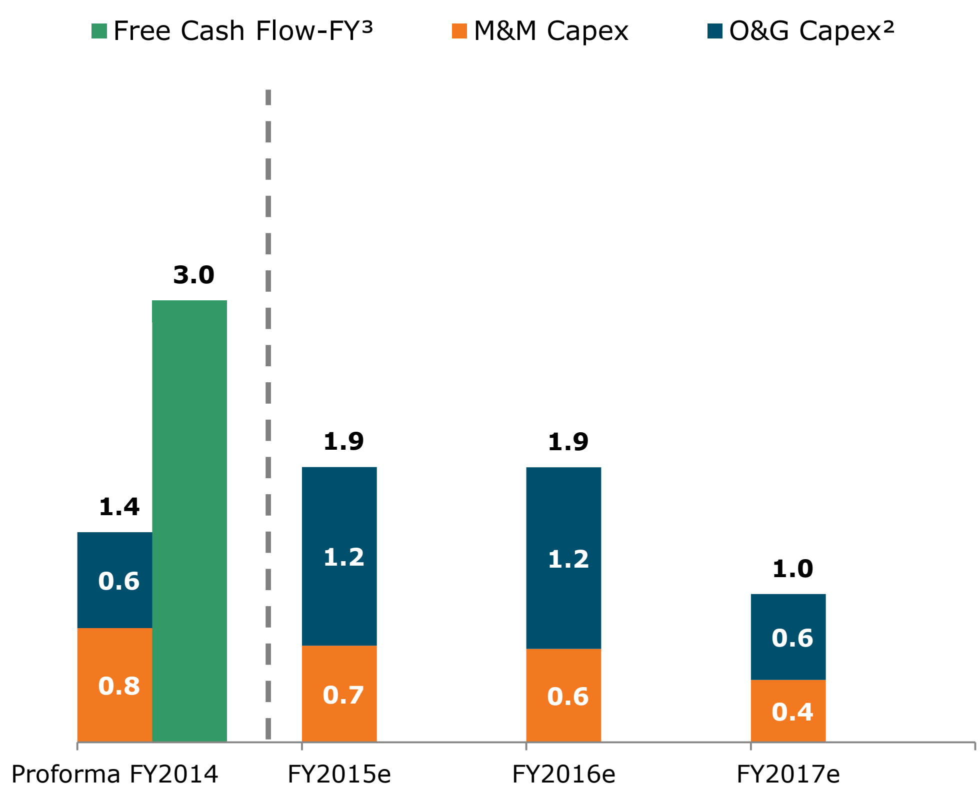
- **Cash and Liquid Investments of $7.9bn, with additional $1 bn undrawn lines of credit**
- **Healthy net Debt/EBITDA of 1.4x[1]**
- **Net Gearing ratio of 23%**

Note: Exchange Rate : INR 60.1 per USD at 30 Jun 2014
1. EBITDA Annualised

Well-Invested Assets Driving Cash Flow Growth

- Positive Free Cash Flow with production ramp-up
  - $1.6bn free cash flow (post growth capex) in FY2014
- Capex up to FY2017[1]: $4.7bn
  - Oil & Gas: c.$3.0bn[2]
    - Proven and high-margin Rajasthan block: $2.6bn
  - Zinc India: $0.75bn for brownfield expansion
  - Other : $0.95bn[1] on Talwandi Sabo, Aluminium smelters and refinery, and other ongoing projects

Cash Flow and Growth Capex Profile - $bn



Notes: M&M refers to Metals and Mining, O&G refers to Oil & Gas

1. *Excludes flexible capex of a further 1.4bn (Lanjigarh Refinery, Tuticorin Smelter and India Iron Ore Expansions): Awaiting regulatory approvals and subject to review.*
2. *Capex net to Cairn India; subject to Government of India approval.*
3. *Free cash flow after sustaining capex but before growth capex.*

Positive Free Cash Flows post growth capex to drive Deleveraging

Entity wise Debt and Cash

Net Debt Summary ($ Mn)	30 June 2014			31 March 14		
Company	Debt	Cash & LI	Net Debt	Debt	Cash & LI	Net Debt
Sesa Sterlite Standalone	**6,636**	**414**	**6,222**	**6,479**	**409**	**6,070**
Zinc India	-	4,095	(4,095)	-	3,984	(3,984)
Zinc International	-	161	(161)	-	200	(200)
Cairn India	59	3,225	(3,166)	-	3,830	(3,830)
BALCO	845	5	840	796	0	796
Talwandi Sabo	882	2	880	837	4	833
Cairn acquisition SPV [1]	4,720	-	4,720	5,094	8	5,086
Others [2]	174	29	145	199	17	182
Sesa Sterlite Consolidated	**13,316**	**7,931**	**5,385**	**13,405**	**8,452**	**4,953**

Notes:

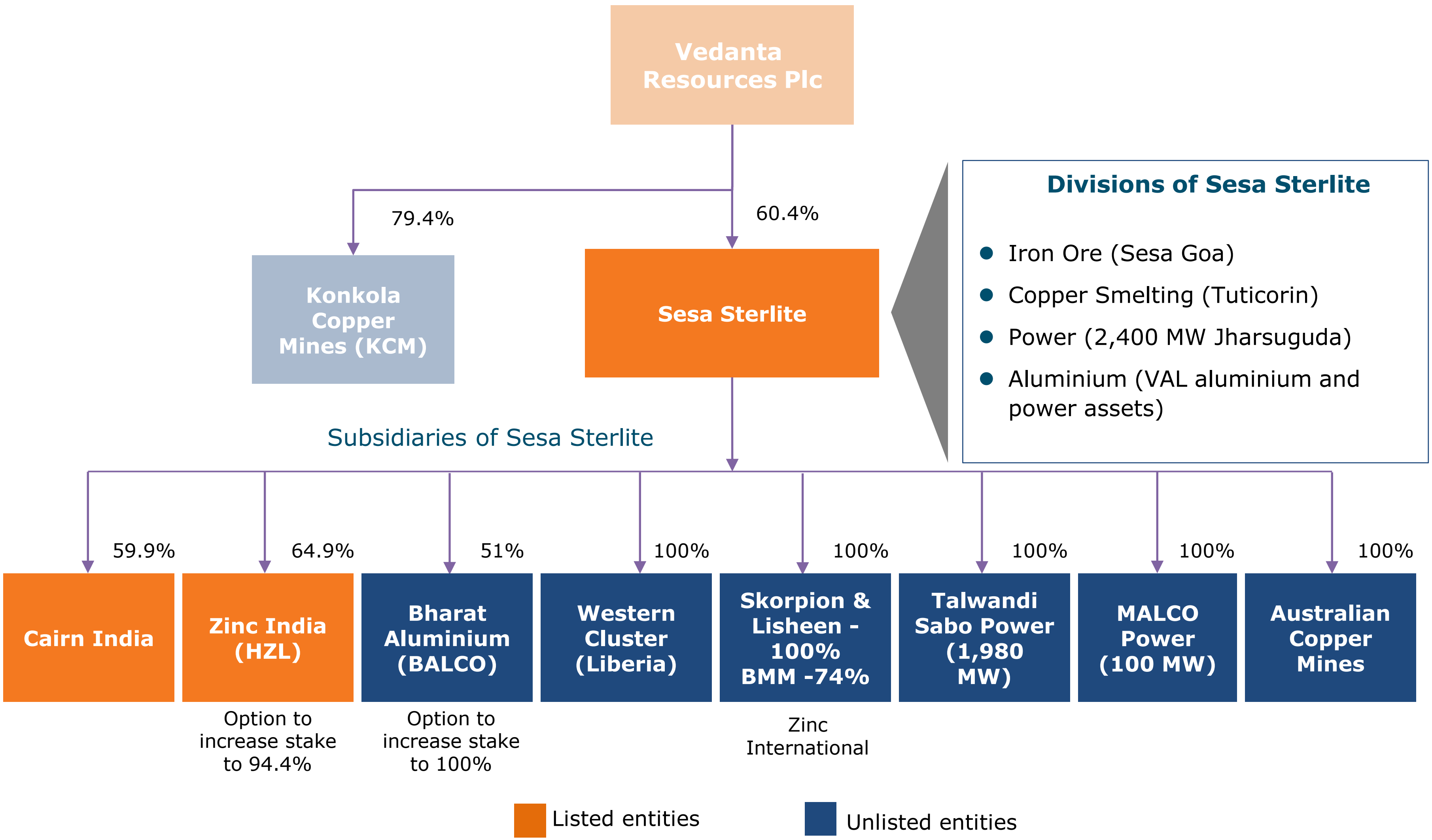
Debt numbers at Book Value

Exchange Rate : INR 60.1 per USD as on 30 June 2014; INR 60.1 per USD as on 31 March 2014

1. *Includes inter-company loan from Vedanta Plc to Sesa Sterlite of $ 3.5 bn as on 30 June 2014 vs. $3.9 bn as on 31 March 2014, for Cairn acquisition*
2. *Others includes MALCO Energy, CMT, VGCB, Sesa Resources, Fujairah Gold, and Sesa Sterlite investment companies.*

During the quarter, Cairn India Limited entered into an intercompany facility to lend upto US$1.25 billion to a wholly owned overseas subsidiary of Sesa Sterlite Limited for two years at arm's length terms and conditions. It carries an annual interest rate of LIBOR + 300 bps. Of this, US$800 million has been disbursed as of 30 June 2014. The wholly owned overseas subsidiary has repaid all of the accrued interest, and a part of principal of the intercompany debt extended from Vedanta Resources Plc to Sesa Sterlite.

Group Structure



Note: Shareholding based on basic shares outstanding as on 30 June 2014