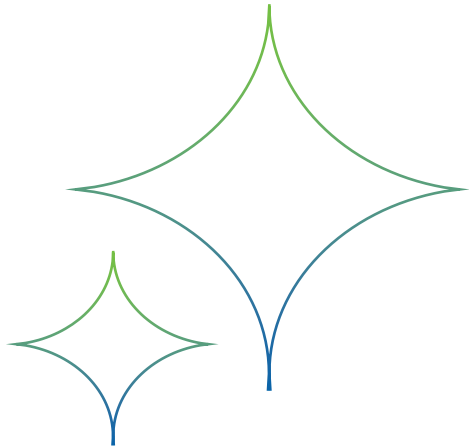


# Investor Presentation

**VEDANTA RESOURCES LIMITED**

**DECEMBER 2023**



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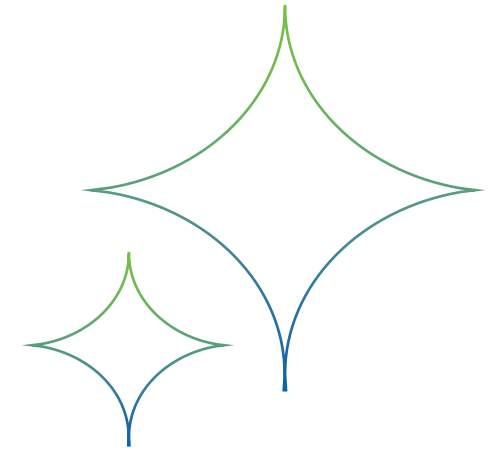
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# Consent Exercise

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# Executive Summary

## Current Situation

- Vedanta Resources Ltd (“VRL” or “Vedanta”) has undertaken the following actions to de-lever its balance sheet by USD 3.4bn between Mar’22 and Jun’23 via:
  - **Regular and Special Dividends** – USD 4bn Hindustan Zinc Ltd (“HZL”) and USD 1.2bn Vedanta Limited (“VEDL”) dividend payments in FY23 respectively
  - **Stake Sale** – c.USD 700mn raised via a c.6% VEDL stake sale between Mar’23 to Aug’23
- VRL has near-term bond maturities of USD 3.15bn due in Jan’24, Aug’24 and Mar’25 (“**Three Bonds**”)<sup>(6)</sup> against a challenging capital market backdrop, which it is looking to address proactively via the strategies outlined below

## Proposed Solution

- In order to address the upcoming bond maturities, VRL is taking the following actions:
  - **Raising New Financing:** A USD 1.25bn term-debt facility maturing in Apr’26 secured against brand proceeds, a guarantee from VHML II<sup>(1)</sup> and a capped guarantee of USD 250mn from TSHL Box<sup>(2)</sup>
  - **Re-profiling the capital structure** in order to make it more sustainable:
    - **Proposed maturity extension:** VRL is proposing to extend the maturity period of the Three Bonds through a consent solicitation exercise (“**Consent Exercise**” or “**Liability Management (LM)**”), using USD 1.25bn proceeds from the New Financing for the partial prepayment of the Three Bonds
    - **Improved structure and economics for Bondholders:** With the Consent Exercise, VRL is also significantly improving the current structure & economics of the Three Bonds through an improved security package, priority de-risking / repayments, de-gearing targets and other enhancements
- **Further strategic initiatives** such as asset sales aimed towards further de-gearing

## Other Modifications Sought

- VRL is also seeking the following modifications in the bond documents for Three Bonds and Apr’26 bonds<sup>(7)</sup>, as part of the LM (no change in absolute debt cap at the TSHL Box as per the bond documents):

Covenants	Current Level	Proposed Level	Testing Period <sup>(5)</sup>
FCCR <sup>(3)</sup> at VRL level	3.5x	1.75x	Sep’23 / Mar’24 / Sep’24
		2.00x	Mar’25 / Sep’25
		2.25x	Mar’26 / Sep’26
		2.50x	Mar’27 onwards
Attributable Leverage at TSHL Box <sup>(4)</sup>	5.5x	6.00x	Sep’23 / Mar’24 / Sep’24 / Mar’25
		5.50x	Sep’25 onwards

# Consent Exercise Structure

All amounts is USD mn, unless stated otherwise

Current Outstanding Bonds			
Series of Bonds <sup>(4)</sup>	Current Outstanding	Current Coupon (%)	Original Maturity Date
Jan'24s (Guaranteed)	1,000	13.875%	21 <sup>st</sup> Jan'24
Aug'24s (Non-Guaranteed)	~951	6.125%	9 <sup>th</sup> Aug'24
Mar'25s (Guaranteed)	1,200	8.950%	11 <sup>th</sup> Mar'25
<b>Total</b>	<b>3,151</b>		

Consent Exercise	
Upfront Cash (%) <sup>(1)</sup>	Consent Fee (%) <sup>(2),(3)</sup>
530 / 53%	2%
~57 / 6%	2%
192 / 16%	2%
<b>779</b>	

Pro-Forma Outstanding Bonds Profile			
New Series of Bonds	New Bond Size	New Coupon (%)	New Maturity Profile
Amended Jan'24s (Guaranteed)	470	13.875%	<ul style="list-style-type: none"> <li>21<sup>st</sup> Jan'27 – USD 470mn</li> </ul>
Amended Aug'24s <sup>(5)</sup> (Guaranteed)	~894	13.875%	<ul style="list-style-type: none"> <li>9<sup>th</sup> Aug'27 – ~USD 298mn</li> <li>9<sup>th</sup> Aug'28 – ~USD 298mn</li> <li>9<sup>th</sup> Dec'28 – ~USD 298mn</li> </ul>
Amended Mar'25s (Guaranteed)	1,008	13.875%	<ul style="list-style-type: none"> <li>9<sup>th</sup> Aug'27 – USD 336mn</li> <li>9<sup>th</sup> Aug'28 – USD 336mn</li> <li>9<sup>th</sup> Dec'28 – USD 336mn</li> </ul>
<b>Total</b>	<b>2,372</b>		

Only covenant change consents are sought for bonds maturing in Apr'26, as follows:

Apr'26s (Non-Guaranteed)	600	9.250%	23 <sup>rd</sup> Apr'26
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–	0.75%
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Apr'26s (Non-Guaranteed)	600	9.250%	<ul style="list-style-type: none"> <li>23<sup>rd</sup> April'26 – USD 600mn (remains unchanged)</li> </ul>
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# Overview of Amended Jan'24s

KEY TERMS	DETAILS
Upfront Cash Consideration	<ul style="list-style-type: none"> <li>53% of the principal amount of Jan'24s; Remaining size: USD 470mn</li> </ul>
Consent Fee (%)	<ul style="list-style-type: none"> <li>Early Consent Fee till 27 Dec'23: 2% of principal amount of Jan'24s; Late Consent Fee till 02 Jan'24: 0.25% principal amount of Jan'24s</li> </ul>
Repayment & Maturity	<ul style="list-style-type: none"> <li>Bullet Repayment on 21<sup>st</sup> January 2027 - USD 470mn</li> </ul>
Coupon	<ul style="list-style-type: none"> <li>13.875% per annum</li> </ul>

## Highest upfront cash consideration amongst Three Bonds



- Total cash consideration of 55% (including consent fee of 2%) which is the **highest amongst the Amended Bonds<sup>(1)</sup>**; balance 47% notes termed out

## Most senior tranche from a tenor perspective



- Amended Jan'24s to be **extended by a 3-year period**, to maintain their **tenor seniority amongst other Amended Bonds**
- Amended Jan'24s will retain tenor seniority over Apr'26s, facilitated by the **Springing Maturity over Apr'26s<sup>(2)</sup>**

## Most senior tranche from a de-risking perspective



- Strong de-risking profile of Amended Jan'24s** through security over additional sources of cashflows, i.e., through **Springing Brand Fee Security<sup>(3)</sup>**
- Amended Jan'24s **will have 100% priority through a waterfall over the other Amended Bonds** in the **Mandatory Prepayment waterfall** mechanism (through Extraordinary Dividends<sup>(4)</sup>)

# Overview of Amended Aug'24s

KEY TERMS	DETAILS
Upfront Cash Consideration	<ul style="list-style-type: none"> <li>6% of the principal amount of Aug'24s; Remaining size: USD 894mn</li> </ul>
Consent Fee (%)	<ul style="list-style-type: none"> <li>Early Consent Fee till 27 Dec'23: 2% of principal amount of Aug'24s; Late Consent Fee till 02 Jan'24: 0.25% principal amount of Aug'24s</li> </ul>
Repayment & Maturity	<ul style="list-style-type: none"> <li>9<sup>th</sup> Aug'27 – ~USD 298mn; 9<sup>th</sup> Aug'28 – ~USD 298mn; 9<sup>th</sup> Dec'28 – ~USD 298mn</li> </ul>
Coupon	<ul style="list-style-type: none"> <li>13.875% per annum</li> </ul>

## Significant uptick in coupon



- **Significant increase of 775bps** over previous coupon of 6.125%

## Upgraded credit structure; guarantee from TSHL Box



- Amended Aug'24s credit **structure upgraded via ~82.1% guarantee from the TSHL Box**, including a negative pledge over any security, assets or VEDL shares owned by it
- This guarantee coverage will **increase up to 100% on a priority basis**, when TSHL Box debt is repaid

## Robust amortizing repayment profile



- Amended Aug'24s' **repayment profile spread across 2 years** to avoid **high repayment obligations in a single year**, reducing refinancing risk
- Temporally, pari-passu with the Amended Mar'25s
- Amended Aug'24s will retain tenor seniority over Apr'26s, facilitated by the **Springing Maturity over Apr'26s<sup>(1)</sup>**

# Overview of Amended Mar'25s

KEY TERMS	DETAILS
Upfront Cash Consideration	<ul style="list-style-type: none"> <li>16% of the principal amount of Mar'25s; Remaining size: USD 1,008mn</li> </ul>
Consent Fee (%)	<ul style="list-style-type: none"> <li>Early Consent Fee till 27 Dec'23: 2% of principal amount of Mar'25s; Early Consent Fee till 02 Jan'24: 0.25% principal amount of Mar'25s</li> </ul>
Repayment & Maturity	<ul style="list-style-type: none"> <li>9<sup>th</sup> Aug'27 – USD 336mn; 9<sup>th</sup> Aug'28 – USD 336mn; 9<sup>th</sup> Dec'28 – USD 336mn</li> </ul>
Coupon	<ul style="list-style-type: none"> <li>13.875% per annum</li> </ul>

## Uptick in coupon



- Strong increase of **492.5bps** over previous coupon of 8.95%

## Upfront cash consideration of 20%



- Total **cash consideration of 18%** (including 2% consent fee); balance 84% notes termed out

## Robust amortizing repayment profile



- Amended Mar'25s' **repayment profile spread across 2 years** to avoid **high repayment obligations in a single year**, reducing refinancing risk
- Temporally, pari-passu with the Amended Aug'24s
- Amended Mar'25s will **retain tenor seniority over Apr'26s**, facilitated by the **Springing Maturity over Apr'26s**<sup>(1)</sup>

## Strong de-risking profile



- Strong de-risking profile of Amended Mar'25s**, through security over additional sources of cashflows, i.e., **Springing Brand Fee Security**<sup>(2)</sup>
- Amended Mar'25s will have **higher priority over in Mandatory Prepayment waterfall mechanism** (through Extraordinary Dividends<sup>(3)</sup>) over Amended Aug'24s

# Summary of Structural Enhancements for Amended Bonds

## Enhanced coupon for Aug'24s and Mar'25s

- Significant increase of **775bps offered to Amended Aug'24s** and **492.5bps to Amended Mar'25s** over their existing coupons

## Day 1 ~82.1% TSHL Box Guarantee for Amended Aug'24s

- Amended Aug'24s credit **structure upgraded via ~82.1% guarantee** from the TSHL Box<sup>(1)</sup>
- This guarantee coverage will **increase up to 100% on a priority basis**, upon repayment of TSHL Box debt

## Springing lien on brand fee for Jan'24s and Mar'25s (“Springing Brand Fee Security”)

- Post the New Financing repayment & its refinancing (if any), **the Amended Jan'24s and Amended Mar'25s to be secured** by the **brand fee receivables**<sup>(2)</sup> from VEDL and its subsidiaries

## Mandatory prepayment from Extraordinary Dividends<sup>(9)</sup>

- Proceeds from Extraordinary Dividends (through events like asset sales) will be utilized in the following priority order:
  - Repayment of the New Financing (and any refinancing thereof), **till it has been reduced by USD 750mn** cumulatively<sup>(3)</sup>
  - Balance proceeds to be used 50% for New Financing (and any refinancing thereof) and 50%<sup>(4)</sup> to **repay Amended Bonds**, as per the following waterfall – Amended Jan'24s > Amended Mar'25s > Amended Aug'24s

## Springing maturity for Amended Bonds over Apr'26s (“Springing Maturity”)

- Refinancing of Apr'26s to not have any guarantee<sup>(5)</sup>, until Springing Brand Fee Security is created in favour of Amended Jan'24s and Amended Mar'25s, and is not permitted to have amortization or maturity till 9<sup>th</sup> Dec'28
  - No cash repayment of Apr'26s until 100% redemption of Amended Bonds (including tenders and buybacks)<sup>(8)</sup>
- If the Apr'26 bonds are not refinanced by Dec'25, the Amended Bonds will have to be redeemed on 20<sup>th</sup> Apr'26

## Limitations on Restricted Payments from VRL

- No upstreaming of Restricted Payments<sup>(6)</sup> from VRL and its subsidiaries<sup>(7)</sup> so long as the VRL credit rating remains below B-
- Once VRL attains B- rating, Restricted Payment only up to USD 15mn per year permitted

# Other Key Changes to the Terms

## Change in Leverage Covenants

- To cater for these developments in the Group, VRL is also seeking the following changes in the bond docs as part of the Consent Exercise:

Covenants	Current Level	Proposed Level	Testing Period <sup>(3)</sup>
FCCR <sup>(1)</sup> at VRL level	3.5x	1.75x	Sep'23 / Mar'24 / Sep'24
		2.00x	Mar'25 / Sep'25
		2.25x	Mar'26 / Sep'26
		2.50x	Mar'27 onwards
Attributable Leverage at TSHL Box <sup>(2)</sup>	5.5x	6.00x	Sep'23 / Mar'24 / Sep'24 / Mar'25
		5.50x	Sep'25 onwards

## Debt Cap limits on TSHL Box basis demerger of VEDL

- Debt Cap at TSHL Box to be based on<sup>(4)</sup> (USD 2.65bn x ownership stake held by TSHL Box in VEDL / 38.14%) excluding any inter-company loans<sup>(5)</sup> and (USD 3.1bn x ownership stake held by TSHL Box in VEDL /38.14%) including inter-company loans<sup>(6)</sup>, till no demerger activity takes place at VEDL level
- In case of any demerger, the aforementioned debt cap formula at the TSHL Box will be adjusted (and readjusted until such a time as all demergers have taken place) to reflect the relative market cap of the demerged entity(ies)<sup>(7)</sup> as compared to the other demerged entity(ies) / VEDL

# Timeline of the Consent Exercise

Consent Exercise will be deemed successful on achieving at least 66.67% votes in favour of extension of each of the Three Bonds with a quorum of 66.67% of the total outstanding amount of each bond

December 2023				
Mon	Tue	Wed	Thu	Fri
				1-Dec
4-Dec	5-Dec	6-Dec	7-Dec	8-Dec
11-Dec	12-Dec	13-Dec	14-Dec	15-Dec
18-Dec	19-Dec	20-Dec	21-Dec	22-Dec
25-Dec	26-Dec	27-Dec	28-Dec	29-Dec

January 2024				
Mon	Tue	Wed	Thu	Fri
1-Jan	2-Jan	3-Jan	4-Jan	5-Jan
8-Jan	9-Jan	10-Jan	11-Jan	12-Jan
15-Jan	16-Jan	17-Jan	18-Jan	19-Jan
22-Jan	23-Jan	24-Jan	25-Jan	26-Jan
29-Jan	30-Jan	31-Jan		

**LEGEND:**

- US CPI Dates
- FOMC Meet
- ECB Meet
- Non-Farm Payroll

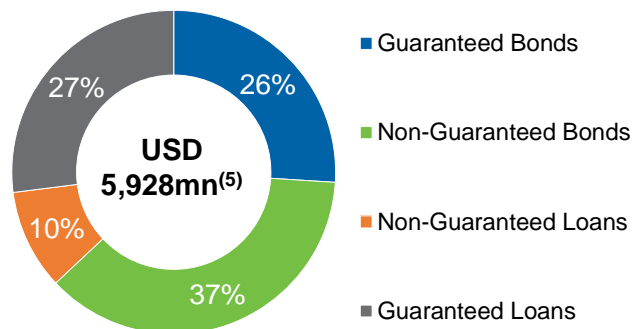
**Public Holidays:**

Key Milestones	Timelines
Transaction Announcement	13 <sup>th</sup> December
Publication of VRL's H1 FY24 financial statements	On or around 15 <sup>th</sup> December
Record Date	26 <sup>th</sup> December
Early Bird Deadline	27 <sup>th</sup> December
Voting Deadline	2 <sup>nd</sup> January
Bondholders' Meeting Date	4 <sup>th</sup> January
Consent Fee Settlement Date	As soon as practically possible, but no later than 29 <sup>th</sup> January 2024
Consents Effective	Following Consent Fee Settlement
Upfront Principal Redemption Date	As soon as practically possible, but no later than 7 <sup>th</sup> February 2024

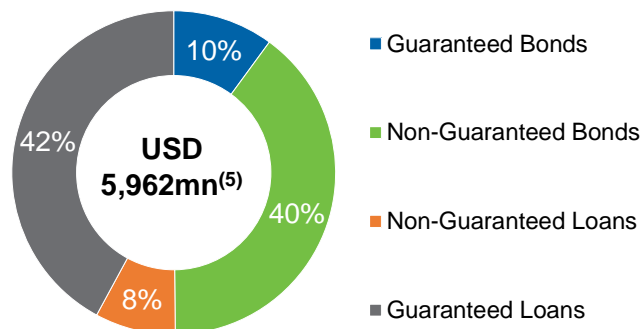
Voting Links <sup>(1)</sup>	
Jan'24s, Aug'24s and Mar'25s	<a href="http://projects.morrowsodali.com/Vedanta">http://projects.morrowsodali.com/Vedanta</a>
Apr'26s	<a href="http://projects.morrowsodali.com/Vedanta2026">http://projects.morrowsodali.com/Vedanta2026</a>

# Current and Pro-Forma Debt Maturities Schedule Comparison

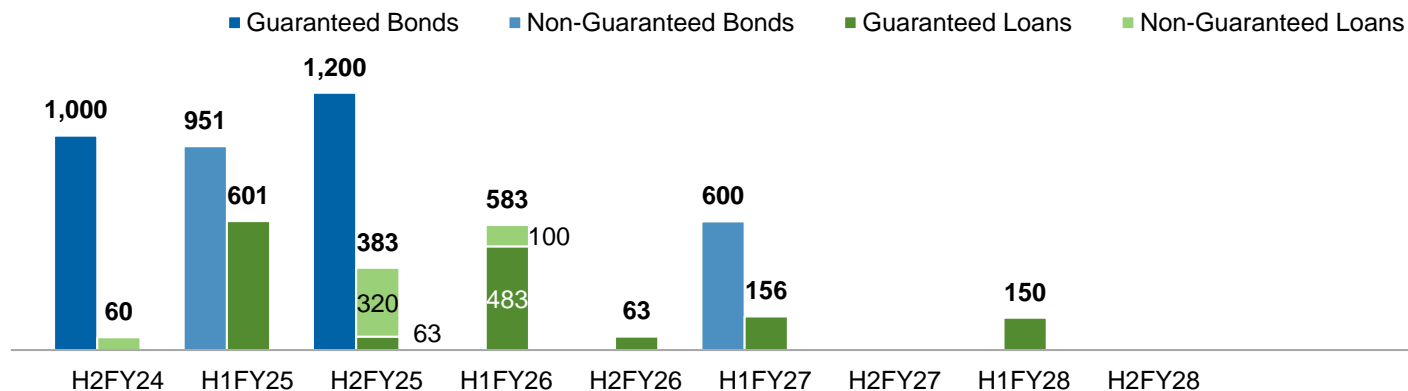
## VRL Debt Profile (Jun'23)<sup>(5),(6)</sup>



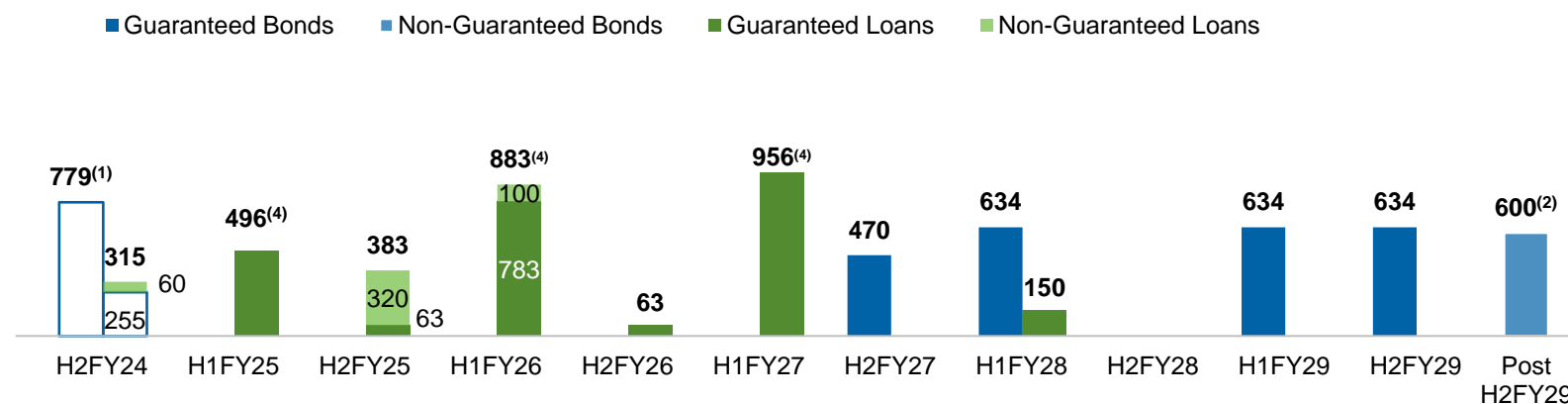
## Pro-Forma VRL Debt Profile<sup>(5),(6)</sup>



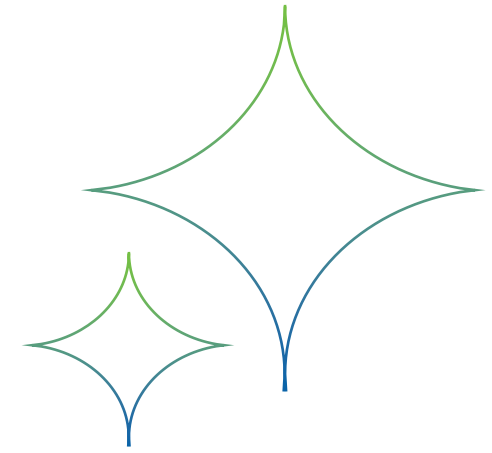
## Current Debt and Bond Maturities Schedule<sup>(6)</sup>



## Pro-Forma Debt and Bond Maturities Schedule<sup>(2),(3),(4),(6)</sup>



□ Upfront cash consideration for Amended Bonds and repayment of outstanding debt at VHML II (which was earlier due in Q1FY25), through the proceeds of New Financing



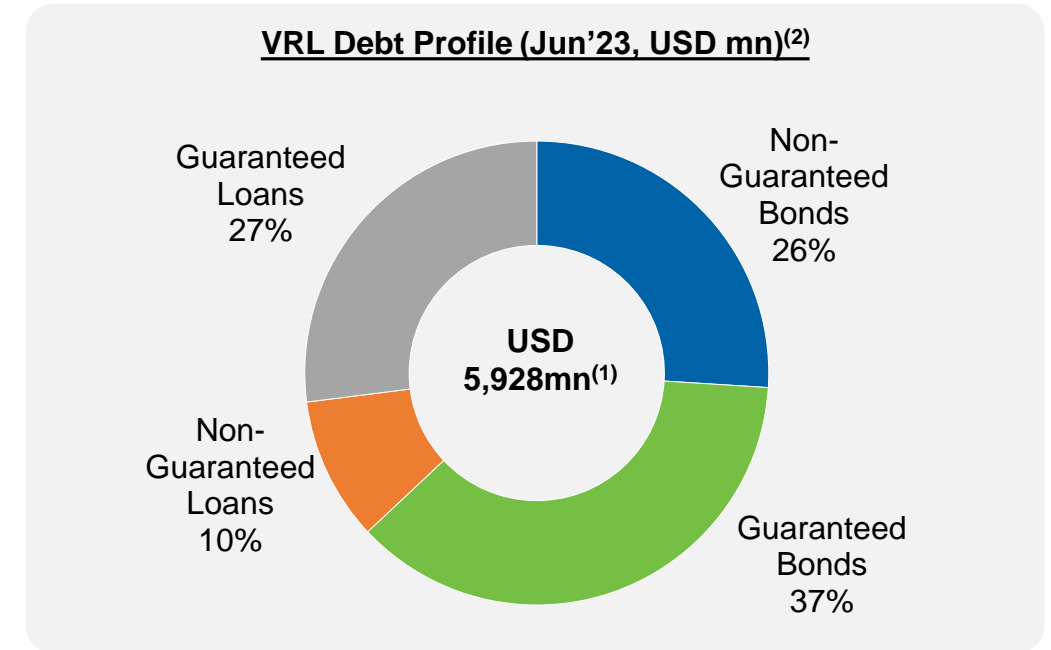
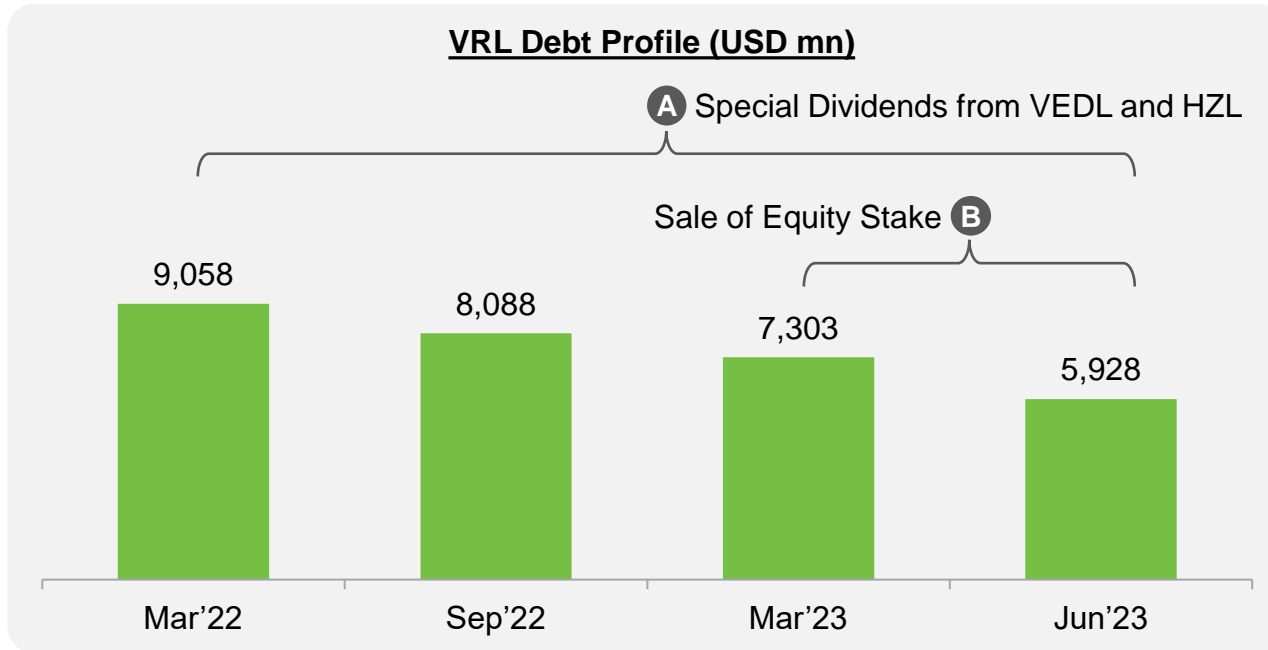
# VRL Debt Position

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# Several actions have been taken to meet VRL maturities (1/2)

VRL has undertaken several actions to meet maturities and de-lever its balance sheet by c. USD 3bn from Mar'22 to Jun'23

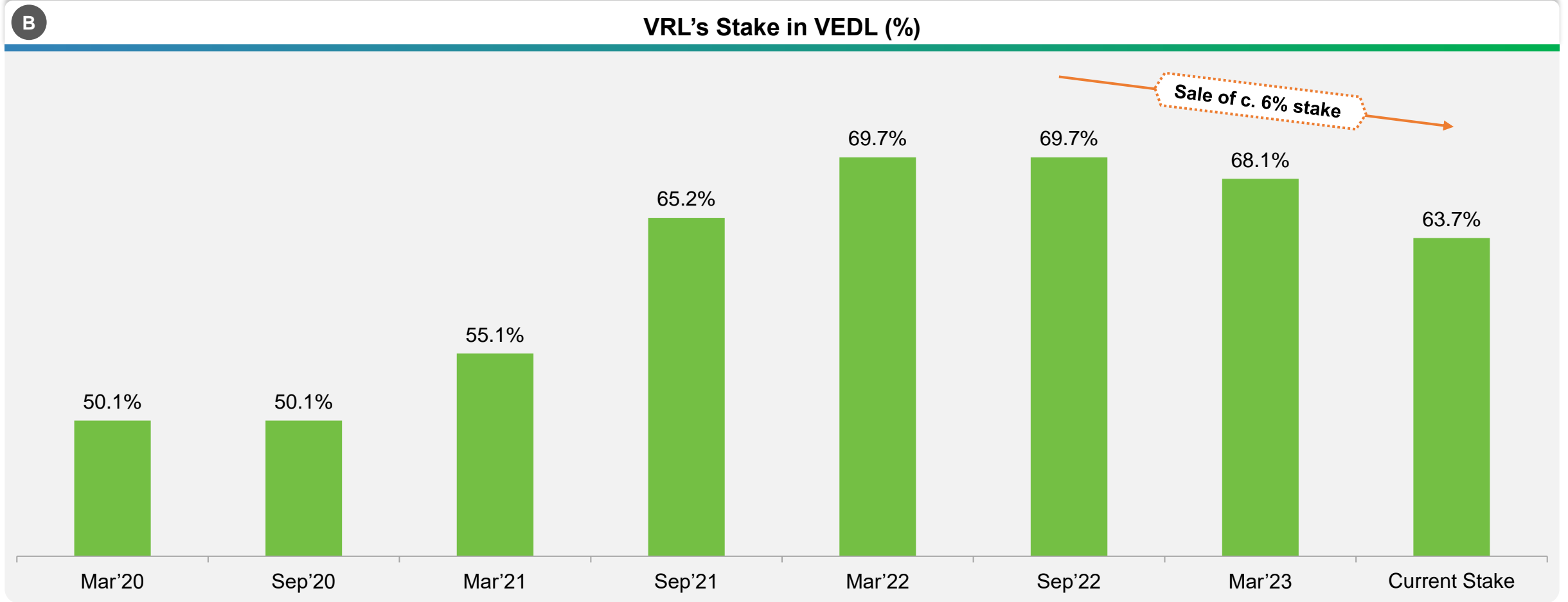


## A VRL received a total dividend of c. USD 2.5bn in FY23

- HZL paid out a total dividend of c. USD 4.0bn in FY23
- VEDL standalone paid out a total dividend of c. USD 1.2bn in FY23

# Several actions have been taken to meet VRL maturities (2/2)

Post increasing its stake in VEDL by 19.6% from FY20-22, VRL diluted its stake in VEDL in FY24

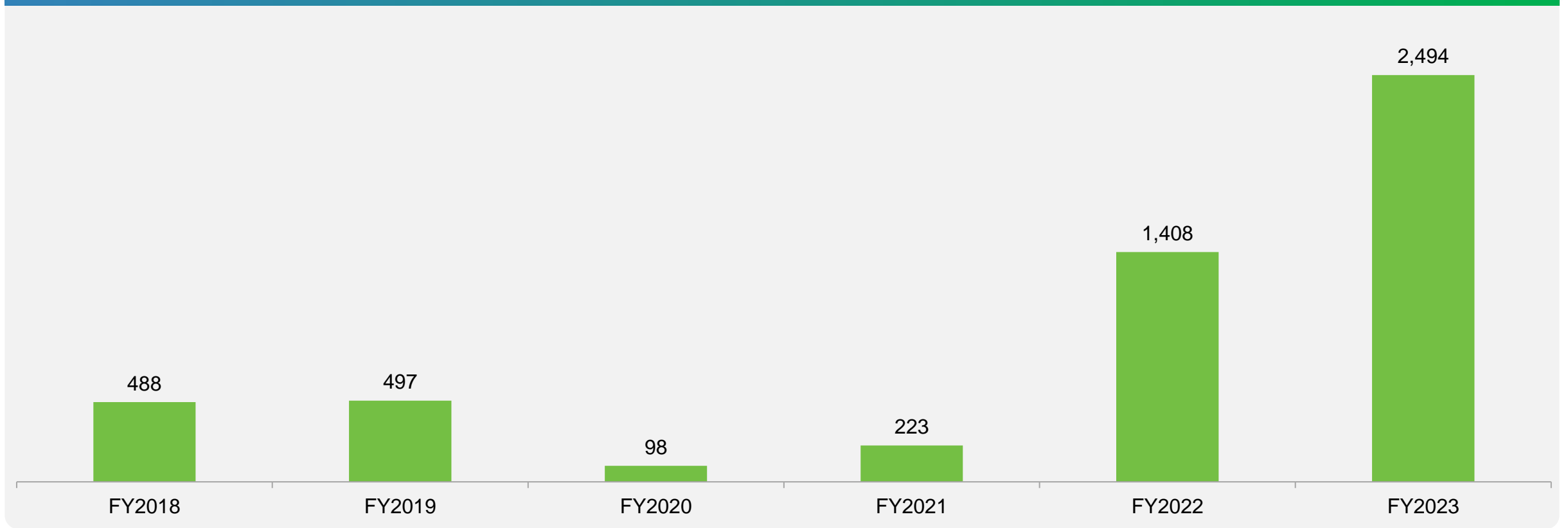


# Sources of sustainable VRL cashflows

## 1 >> Dividends

Dividend earnings of >USD 5bn over the last 6 years

VRL Dividend Income Over the Years (USD mn)



# Sources of sustainable VRL cashflows

## 2 Brand Fees received from VEDL and its subsidiaries

Yearly Brand Fees are upstreamed to VRL from VEDL and its subsidiaries at the beginning of each financial year

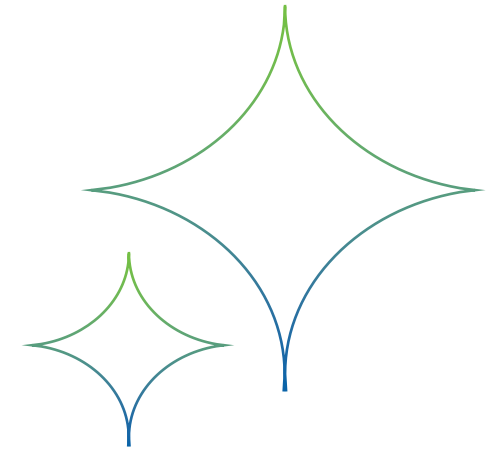
- Brand Fee is calculated basis 3% of revenue of Vedanta Ltd, 1.7% for HZL, and in a range of 0.75%-3% for the rest of subsidiaries of VEDL– of the forecast revenue for that particular fiscal year
  - The net brand fee is calculated post deducting 15% withholding tax from the Gross Brand Fee payable

### Brand Fee Breakdown (% of Revenue)

Entity	Brand Fee (as % of Revenue)
Vedanta Ltd (Standalone)	3%
Hindustan Zinc Ltd	1.7%
Other Subsidiaries	0.75%-3%

### Illustration for Brand Fee Calculation basis FY23 revenue

Entity	FY23 Revenue (USD mn)	Brand Fee (Basis FY23 Revenue, USD mn)
Vedanta Ltd (Standalone)	8,478	254
Hindustan Zinc Ltd	4,124	70
Other Subsidiaries	3,236	61
<b>Estimated Brand Fee (post accounting for withholding tax)</b>		<b>327</b>



# Business Overview

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# Key Investment Highlights

Vedanta is uniquely positioned to deliver long term sustainable value



1

Diversified business risk profile with presence across multiple commodities

2

Well-positioned to capitalise on India's economic growth & natural resources potential

3

Strong operational track record across key business segments

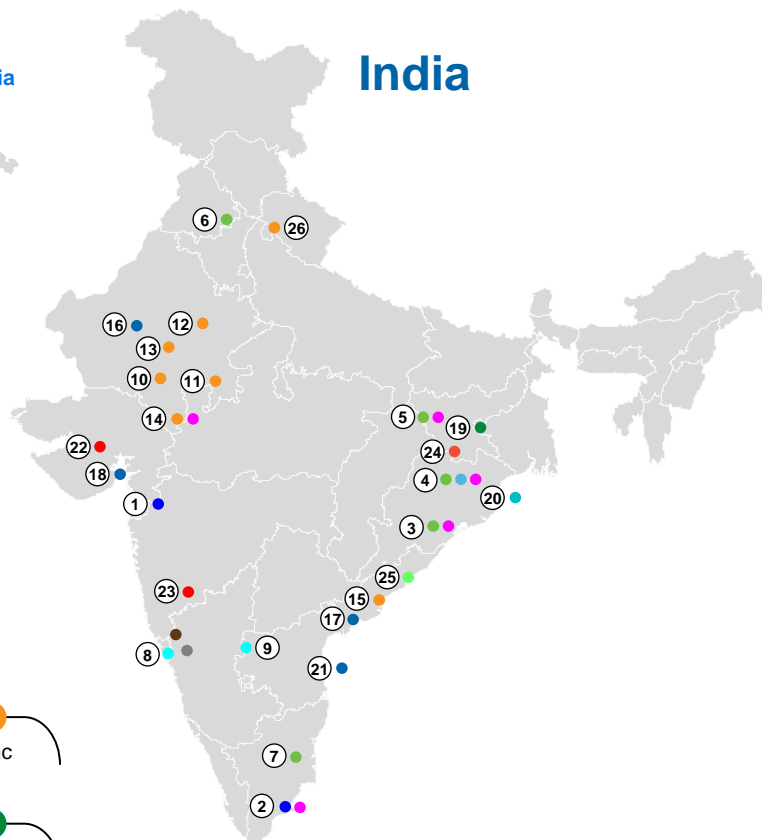
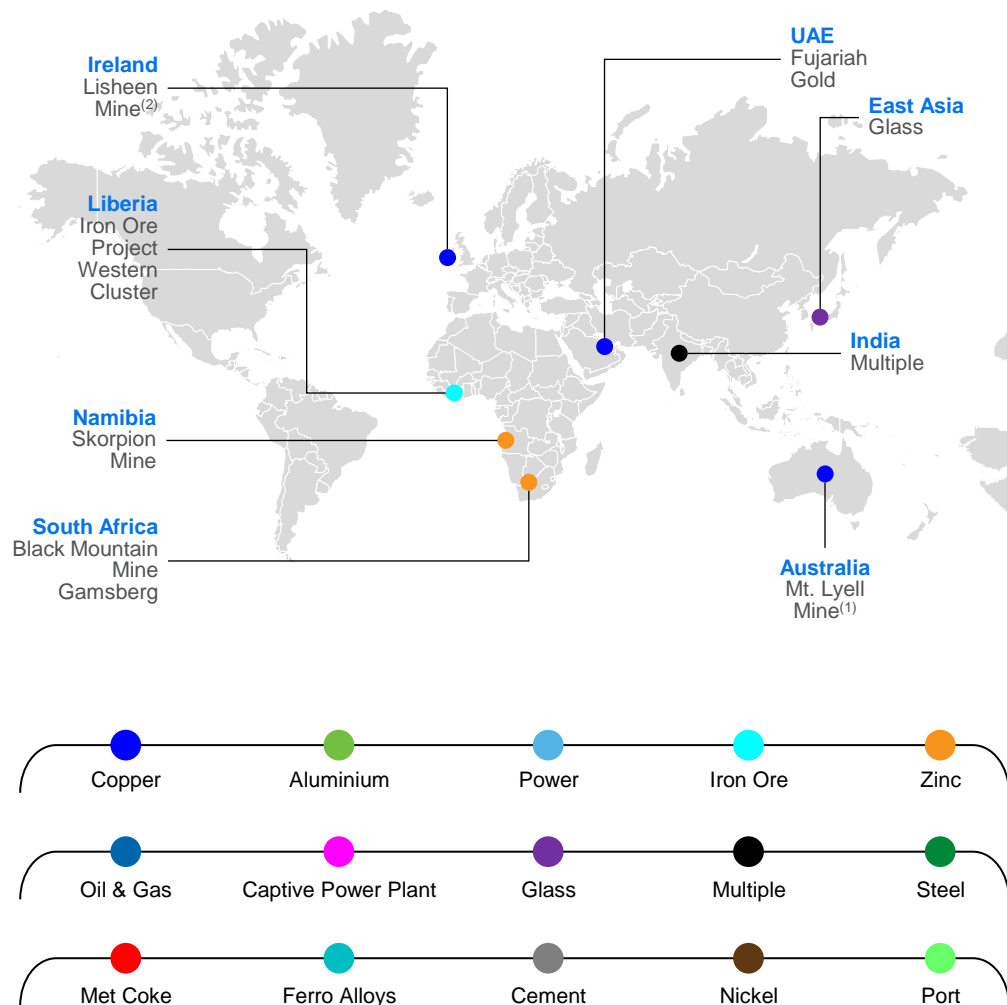
4

Disciplined capital allocation framework

5

Strong track record of FCF generation

# 1 Diversified business risk profile with presence across multiple commodities



## Key Highlights

### Aluminium

Largest capacity in India and 9<sup>th</sup> largest capacity globally

<u>FY23 EBITDA</u>	<u>FY23 Production</u>	
USD 707mn	2,291 kt Aluminium	1,793 kt Alumina

### Oil & Gas

One of India's largest private sector crude oil producer

<u>FY23 EBITDA</u>	<u>FY23 Average daily gross operated production</u>
USD 972mn	143 kboepd

### Zinc & Silver

Amongst the largest fully integrated zinc-lead producers and 5<sup>th</sup> largest silver producer globally

<u>FY23 EBITDA</u>	<u>Zinc India</u>	<u>Zinc International</u>
>	USD 2,177mn	USD 241mn
<u>FY23 Production</u>	821 kt Zinc	273 kt MIC
	211 kt Lead	714 tonnes Silver

### Iron Ore & Steel

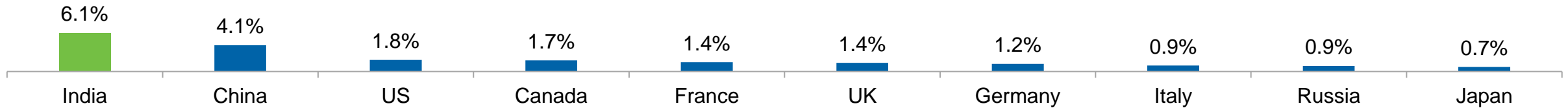
One of the largest private sector exporter of iron ore in India<sup>(3)</sup>

<u>FY23 EBITDA</u>	<u>FY23 Production</u>
USD 163mn	Iron ore 5.3 mnt Steel 1.3 mnt

## 2 Well-positioned to capitalise on India's economic growth & natural resources potential

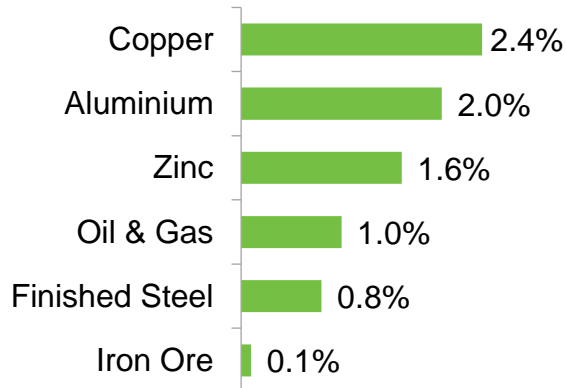
India is amongst the fastest growing economy globally and is slated to be the world's third largest economy by 2027, as per IMF

Real GDP CAGR of World Largest Economies (2022 to 2028)

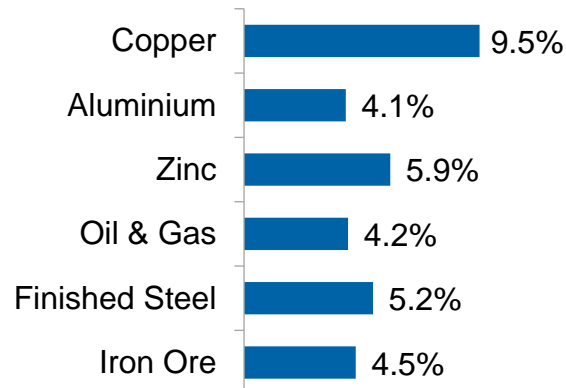


India will be a key driver for the demand for commodities

Global Demand CAGR (2022-2030)

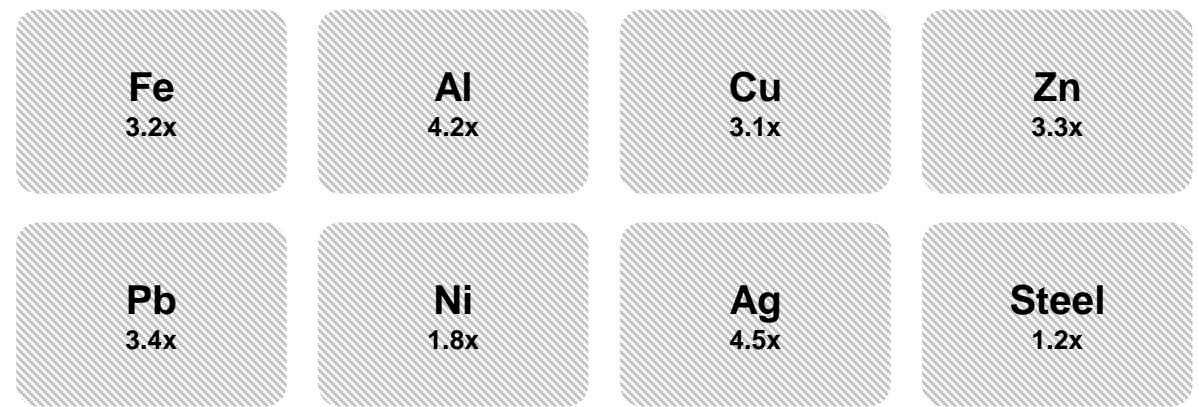


India Demand CAGR (2022-2030)



Vedanta is significantly invested in metals critical to economic development and to the energy transition

Growth in global consumption (2022 – 2050)





# 3 Strong operational track record across key business segments

## Zinc-Lead & Silver

- ✓ World largest underground zinc-lead mine at Rampura Agucha, India
- ✓ 5<sup>th</sup> largest global silver producer
- ✓ Zinc India has an R&R of 460mn tonnes and mine life of 25+ years
- ✓ Zinc International has an R&R of more than 659mn tonnes supporting mine life in excess of 20 years
- ✓ HZL – First quartile zinc producer with long resource life (25+ years)

## Aluminium

- ✓ Largest aluminium installed capacity in India at 2.3 MTPA
- ✓ Integrated 5.7 GW Power & 2 MTPA Alumina refinery
- ✓ 41% market share in India among primary aluminium producers
- ✓ Diverse product portfolio – ingots, wire rods, primary foundry alloy, rolled products, billet and slab

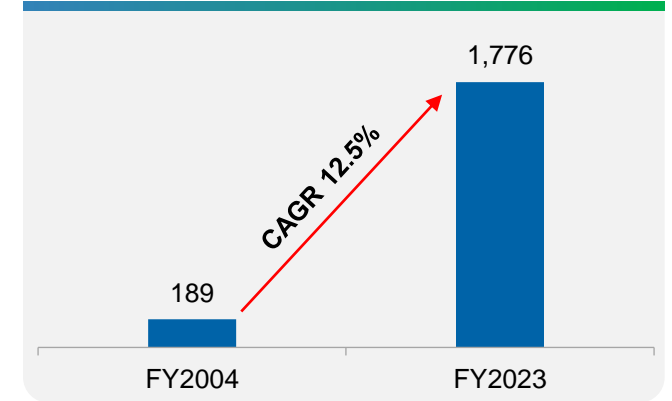
## Oil & Gas

- ✓ World's longest continuously heated pipeline from Barmer to Gujarat Coast (~670 kms)
- ✓ Awarded key contracts for end-to-end management of Operations and Maintenance (O&M) across assets
- ✓ One of the largest private sector oil and gas producer in India
- ✓ Executed one of the largest polymer EOR projects in the world
- ✓ Footprint over a total acreage of 65,000 square kilometres
- ✓ Gross 2P reserves and 2C resources of 1,156 mmboe

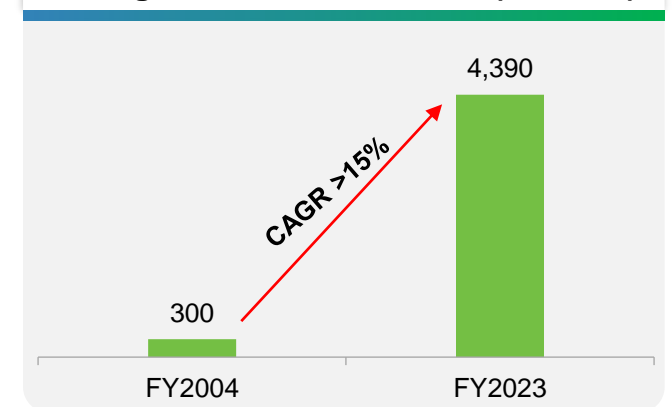


Complemented by other key business segments including iron ore, steel, power and glass

## 8.5x Increase in CuEq Production (kt) since IPO

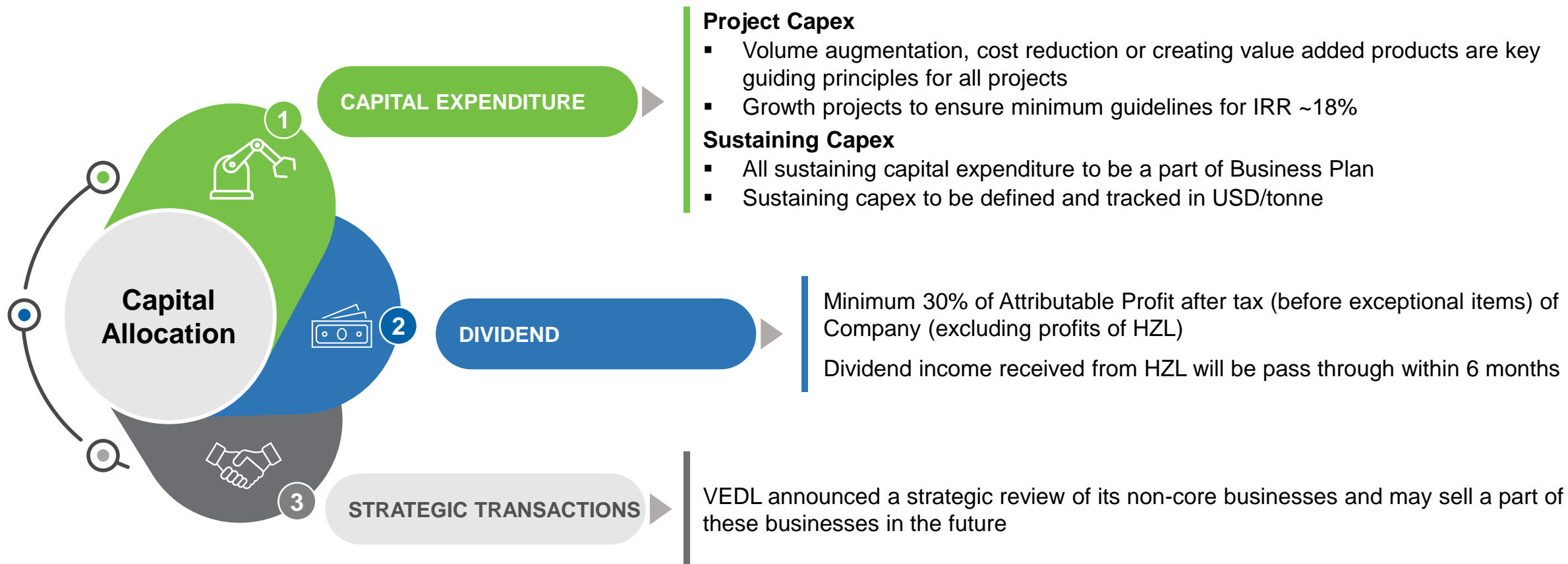


## Strong EBITDA Performance (USD mn)



## 4 Disciplined capital allocation framework

Leverage optimization via prudent capital allocation is the key strategic priority

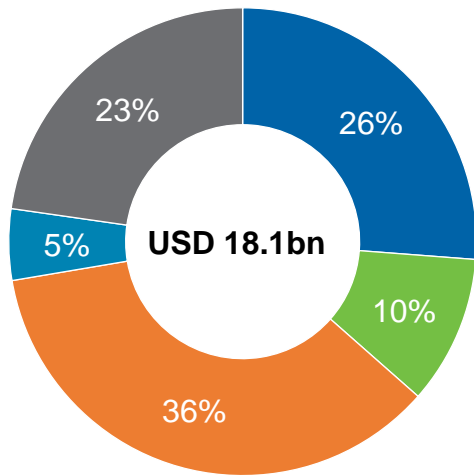


# 5 Strong track record of FCF generation (1/2)

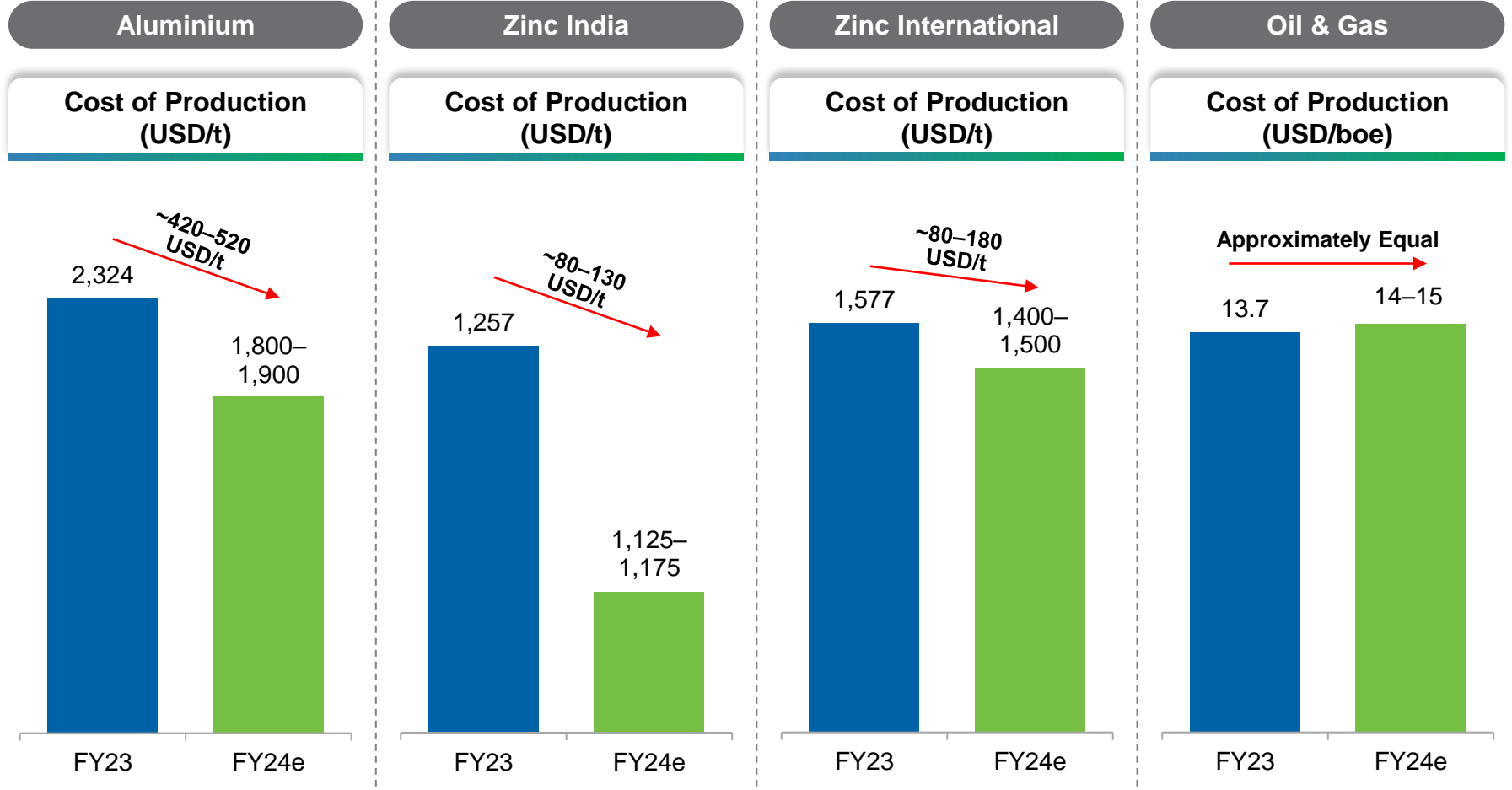
Vedanta's business model is well diversified...

...and is coupled with Vedanta's continuous pursuit to lower cost of production

Vedanta revenue composition (FY23)



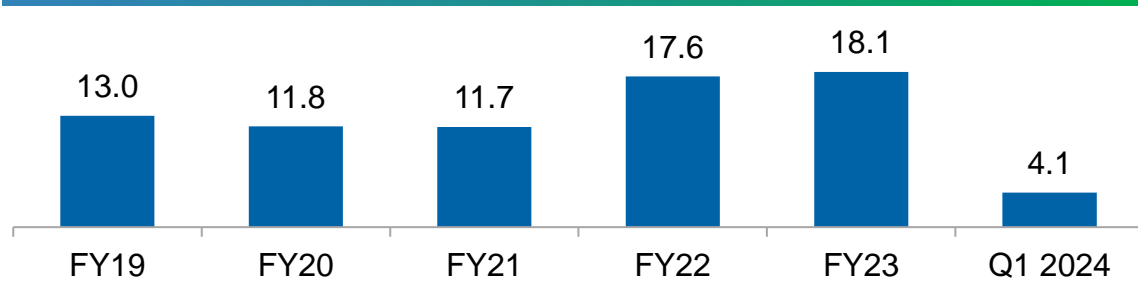
- Zinc
- O&G
- Aluminum
- Power
- Other



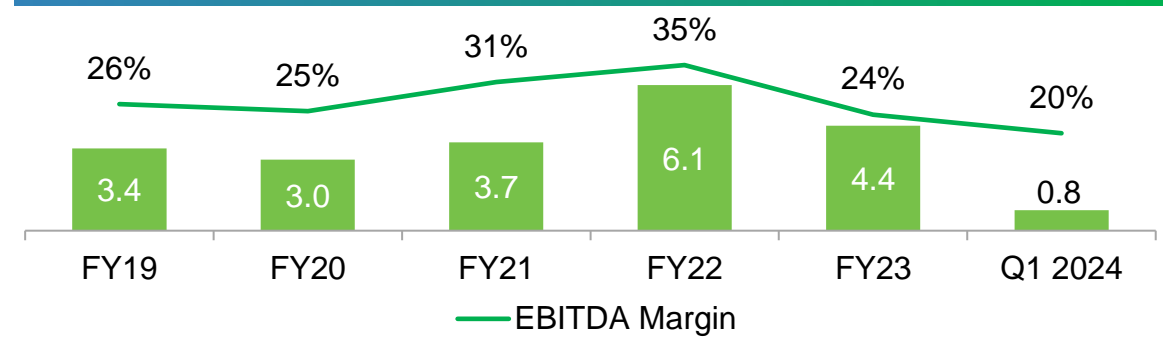
## 5 Strong track record of FCF generation (2/2)

However, the retreat in key commodity prices in FY2023 has resulted in a moderation of earnings and margins, ultimately leading to a softening of free cash flow levels in Q1FY24

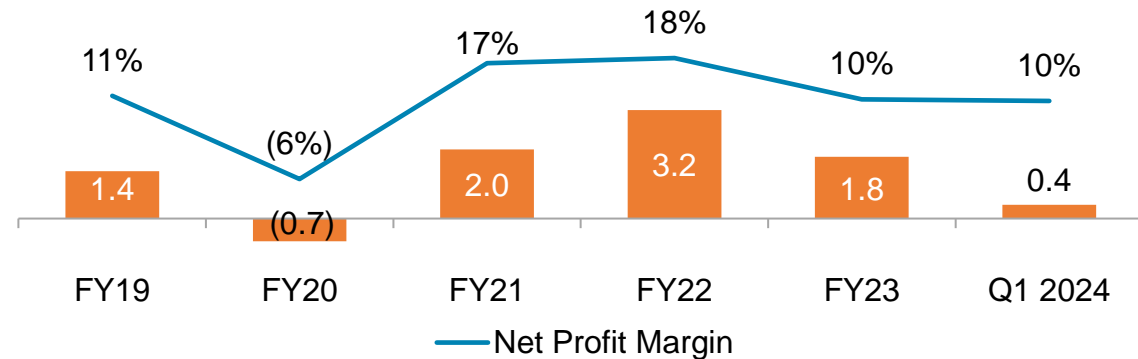
Revenue (USD bn)



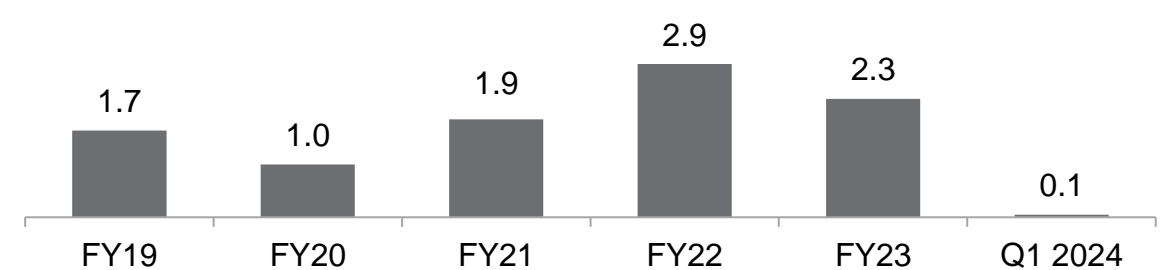
EBITDA (USD bn)

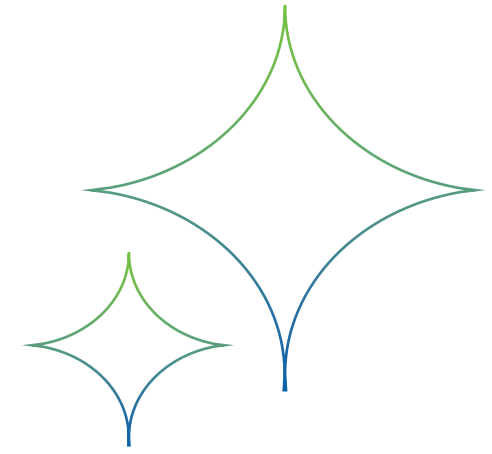


Profit After Tax (USD bn)



FCF post Capex (USD bn)





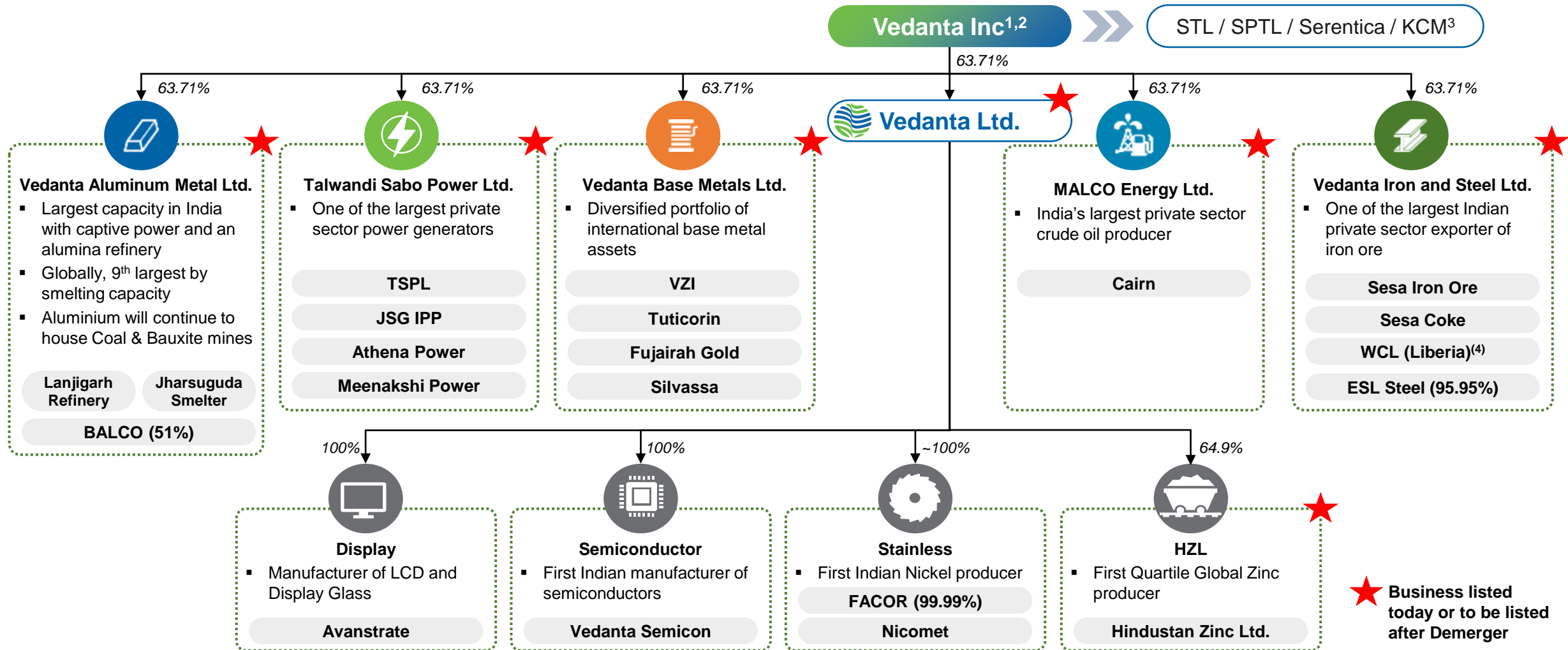
# Demerger Highlights

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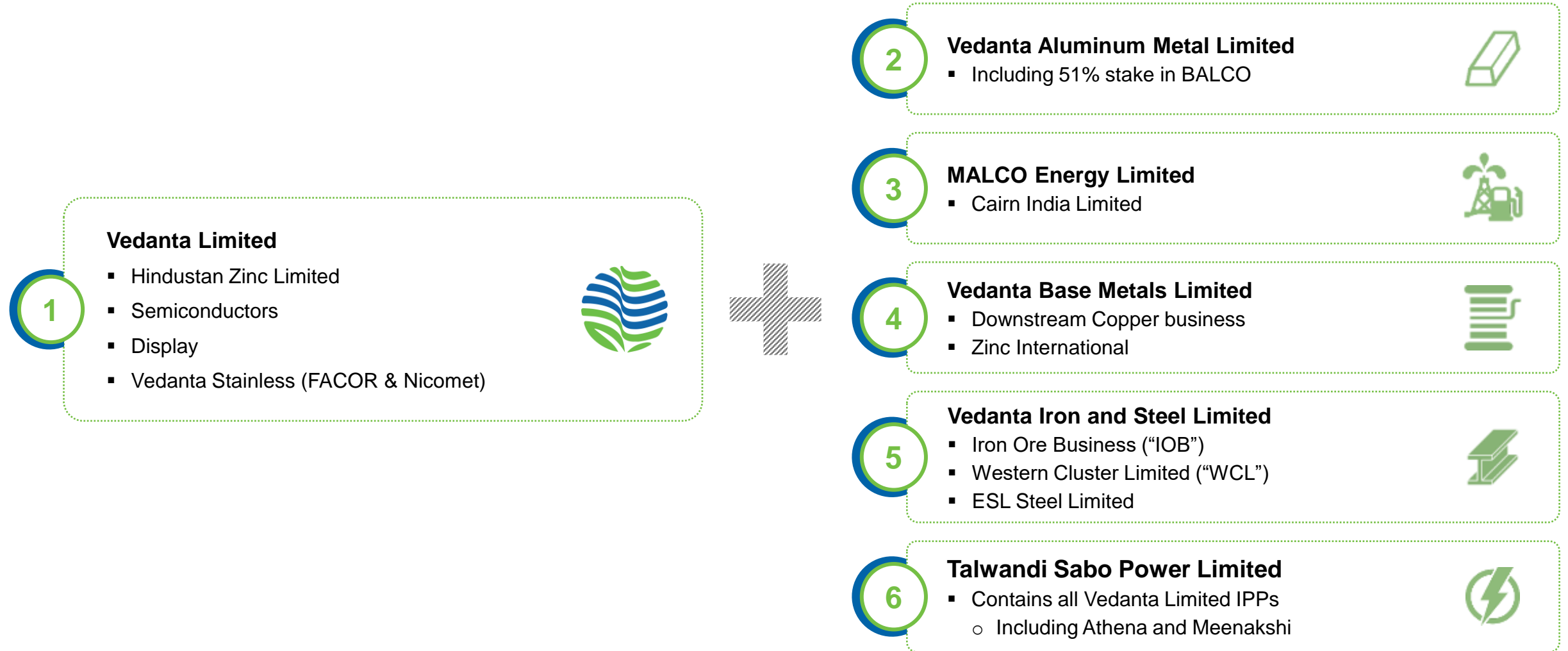
# Streamlined pure-play “Asset Owner” driven model

On 29<sup>th</sup> September 2023, VEDL announced its demerger into six separate entities subject to relevant approvals

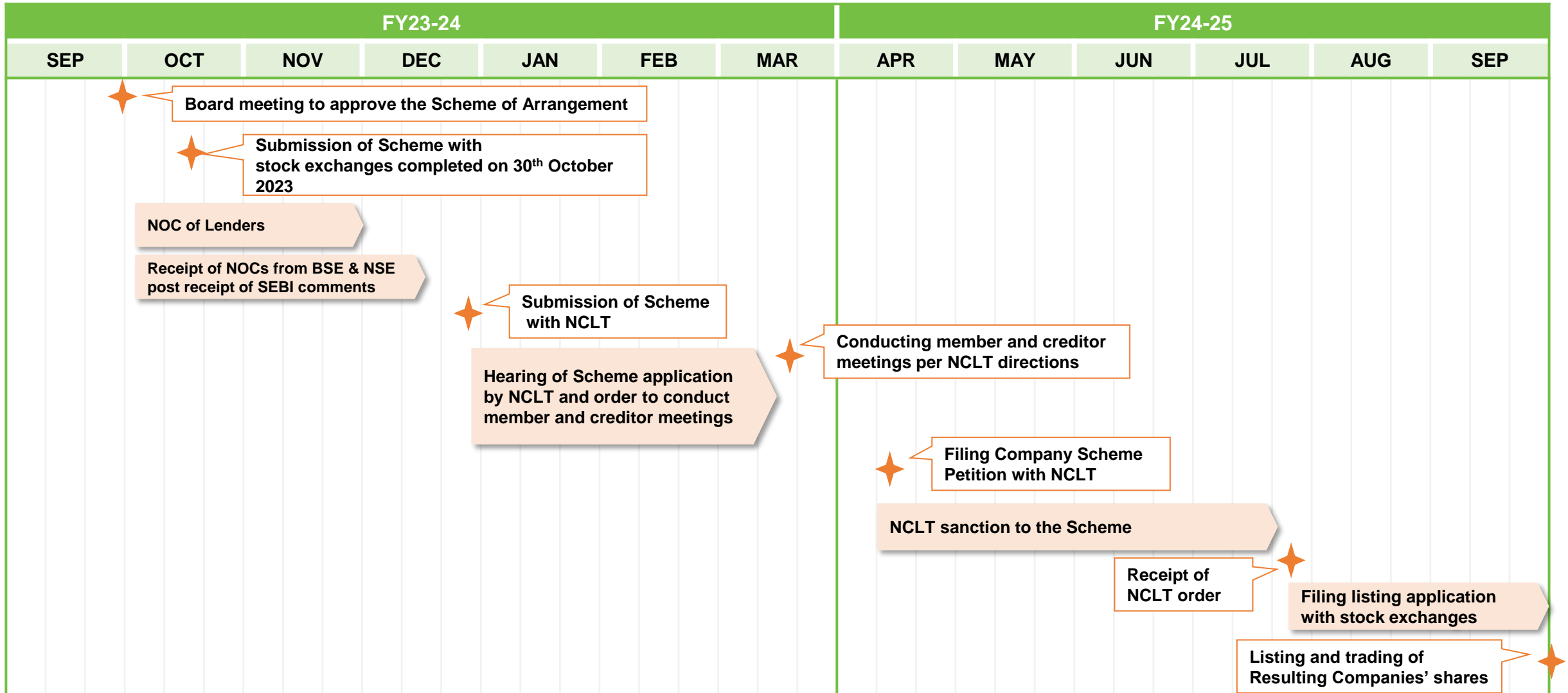


# What will shareholders receive?

Shareholders to receive shares in five new listed entities demerged from Vedanta Limited:



# Indicative Timetable for implementation





**Thank You**