

Vedanta Limited

Vedanta reports ₹ 9,362 crore EBITDA, up 32%QoQ; Strong free cash flow (pre capex) of ₹7,211 crore

Mumbai, May 12, 2023: Audited Consolidated Results for the Fourth Quarter and Full year ended 31st March 2023.

Financial Highlights

- **4QFY23:**
 - Consolidated quarterly Revenue of ₹37,225 crore, up 10% QoQ.
 - Consolidated quarterly EBITDA of ₹9,362 crore, up 32% QoQ with EBITDA margin* of c. 29%.
 - Consolidated Profit after tax of ₹3,132 crore, up 1%QoQ
 - Generated robust Free cash flow (pre capex) of ₹7,211 crore, up 11% QoQ
 - Declared interim dividend of ₹33/share in 4QFY23.
- **FY23:**
 - All time high consolidated revenue of ₹ 145,404 crore, up 11% YoY
 - 2nd highest ever annual EBITDA of ₹ 35,241 crore with EBITDA margin* of c.28%
 - Record Free cash flow (pre capex) of ₹28,068 crore, up 3%
 - Continue to maintain strong double-digit return on capital employed c.21%
 - Net Debt/EBITDA of ~1.28x, maintained within capital allocation framework
 - Highest ever contribution to exchequer ~₹74,000 crore in FY23
 - Proactive commodity hedging for risk management, recorded ₹3,088 crore gain
 - Historic high shareholder returns declared interim dividend of ₹101.5 per share
 - Continue to maintain healthy cash and cash equivalents of ₹20,922 crore on 31st Mar2023

Operational Highlights FY23 -

Key businesses continue to deliver strong operating performance:

- **Aluminium**
 - Highest ever aluminium production at 2,291 kt, up 1% with Jharsuguda ramp up

*Excludes custom smelting at copper business.

- Alumina production at Lanjigarh refinery was at 1,793 kt
- **Zinc India**
 - Record mined metal production at 1,062kt, up 4% YoY
 - Historic high refined metal production at 1,032kt, up 7% YoY
 - Record saleable silver production at 714 tonnes, up 10% YoY
- **Zinc International**
 - Gamsberg achieved record production of 208 kt, up by 22% YoY
 - BMM production increased by 25% to 65 kt
- **Oil and Gas**
 - Signed 10-year extension to production sharing contract to operate Rajasthan Oil block
 - Commenced first Gas & Condensate production facility in Jaya field of OALP block
 - Average daily gross operated production of 143 kboepd, natural decline was partially offset by the infill wells campaign in MBA and RDG fields
- **Iron ore**
 - Karnataka saleable ore production was at 5.3 million tonnes
 - Commenced commercial production at Nicomet – India's only Nickel Cobalt operations
 - Started production from Western Cluster Liberia mines, expanding global operations
- **Steel**
 - Highest ever hot metal production of 1,367kt
 - Record finished goods production of 1,285kt, up 2% YoY
- **Facor**
 - Achieved all time high ore production of 290kt, up 16% YoY
 - Commissioned new 60ktpa furnace; total ferro-chrome capacity reached 140 ktpa
- **Copper India:**
 - Cathode production from the Silvassa was 148 kt, up by 18% YoY driven by continuous debottlenecking of plant capacity and improved operational efficiencies.
 - Due legal process is being followed to achieve a sustainable restart of operations

FY23 ESG Highlights –

- Ranked 6th among DJSI's top 10 global diversified Metal & Mining peers
- Signed Renewable Energy PDAs of 1636 MW across the group as on 31st March 2023
- Cairn, IOB and VZI-BMM achieved water positivity
- 100% of business sites audited for ESG compliance

- Workplace gender diversity increased to 14% from 11% in YoY
- Biomass usage improved to 78000 tonnes; 4x higher than FY22
- Total water consumption reduced by 10% YoY
- HVLT waste usage at 95%
- Launched “Enablon” an integrated sustainability risk management and ESG reporting software
- 1.1 million trees planted as part of commitment to plant 7 million trees by 2030
- 4500+ Nand Ghars created for women and child welfare
- ~₹74,000 crore contribution to National Exchequers
- Spent INR 454+ crore on CSR initiatives for communities, positively touching 44 million lives

Mr Sunil Duggal, Chief Executive Officer, Vedanta, said *“Our commitment to operational excellence has helped us deliver record performance across our key businesses. We have delivered the highest-ever free cash flow (pre-capex) of ₹28,068 crore, enabling us to reinvest for business growth and provide our valued shareholders with attractive dividends. Our progress on ESG transformation has been recognized by leading rating agencies, making it a remarkable year for us. We finalized 1868 MW renewable power delivery agreements which brings us one step closer towards becoming carbon neutral by 2050 or sooner. Going ahead, we remain committed to operational excellence, shareholder value creation and transforming for good.”*

Consolidated Financial Performance –

(In ₹ crore, except as stated)

Particulars	Q4	Q3	% Change	Q4	% Change	FY		% Change
	FY2023	FY2023		FY2023		FY2022		
Net Sales/Income from operations	37,225	33,691	10%	39,342	(5%)	145,404	131,192	11%
Other Operating Income	705	411	72%	480	47%	1,904	1,540	24%
EBITDA	9,362	7,100	32%	13,768	(32%)	35,241	45,319	(22%)
EBITDA Margin ¹	29%	24%	19%	39%	(26%)	28%	39%	(30%)
Finance cost	1805	1,572	15%	1,333	35%	6,225	4,797	30%
Investment Income	959	680	41%	521	84%	2,852	2,341	22%
Exploration cost write off ²	39	130	(70%)	-	-	327	-	-
Exchange gain/(loss) - (Non operational)	(117)	134	-	(45)	-	(492)	(235)	-
Profit before Depreciation and Taxes	8,359	6,211	35%	12,911	(35%)	31,048	42,627	(27%)
Depreciation & Amortization	2,765	2,720	2%	2,379	16%	10,555	8,895	19%
Profit before Exceptional items	5,594	3,491	60%	10,532	(47%)	20,493	33,732	(39%)
Exceptional Items Credit/(Expense) ³	(1336)	903	-	(336)	-	(217)	(768)	-
Profit Before Tax	4,258	4,394	(3%)	10,196	(58%)	20,276	32,964	(38%)
Tax Charge/ (Credit)	1,709	839	-	2,963	(42%)	6,044	9,433	(36%)
Tax on Exceptional items/ (Credit)	(583)	463	-	(28)	-	(274)	(178)	54%
Profit After Taxes before share in (loss)/profit of jointly controlled entities and associates	3,132	3,092	1%	7,261	(57%)	14,506	23,709	(39%)
Add : Share in (loss)/profit of jointly controlled entities and associates	(0)	(1)	-	0	-	(3)	1	-
Profit after share in (loss)/profit of jointly controlled entities and associates	3,132	3,091	1%	7,261	(57%)	14,503	23,710	(39%)
Profit After Taxes before exceptional items	3,885	2,652	46%	7,569	(49%)	14,449	24,299	(41%)
Basic Earnings per Share (₹/share)	5.07	6.64	(24%)	15.66	(68%)	28.50	50.73	(44%)
Basic EPS before Exceptional items	7.14	5.46	31%	16.27	(56%)	28.36	52.02	(45%)
Exchange rate (₹/\$) - Average	82.21	82.14	-	75.17	9%	80.27	74.46	8%
Exchange rate (₹/\$) - Closing	82.16	82.75	(1%)	75.59	9%	82.16	75.59	9%

1. Excludes custom smelting at copper business.

2. Pertains to unsuccessful exploration wells write off Open Acreage Licensing policy (OALP) blocks at Cairn.

3. Exceptional items Gross of Tax

4. Previous period figures have been regrouped or re-arranged wherever necessary to conform to current period's presentation.

▪ Revenue:

- 4QFY23 Revenue increased by 10%QoQ to ₹37,225 crore owing to higher sales across businesses and improved output commodity prices.
- FY23 consolidated revenue increased by 11% to ₹ 1,45,404 crore due to higher sales across businesses, forex gain and strategic hedging gain despite lower commodity prices.

▪ EBITDA and EBITDA Margin:

- 4QFY23 EBITDA increased by 32% QoQ to ₹9,362 crore driven by higher volume across businesses, easing of input commodity inflation and higher output commodity prices
- FY23 EBITDA decreased by 22% to ₹ 35,241 crore, on account of lower output commodity prices and higher input commodity prices, partly offset by higher sales, strategic hedging and foreign exchange gains.
- EBITDA margin¹ stood at c.28% in FY23

▪ Depreciation & Amortization:

- 4QFY23 depreciation & amortization increased by 2%QoQ to ₹2,765 crore due to increased ore production at Zinc India and increased 16%YoY due to increased ore production at Zinc India and higher depletion charge at Oil & Gas business.
- FY23 depreciation & amortisation increased by 19% to ₹10,555 crore, due to increase in ore production at Zinc India and higher depletion charge at Oil & Gas business
- **Finance Cost:**
 - 4QFY23 finance cost increased by 15% QoQ and 35% YoY to ₹1,805 crore owing to increase in average borrowings and average cost of borrowings
 - FY23 finance cost increased by 30% to ₹ 6,225 crore, due to increase in average borrowings
- **Investment Income:**
 - 4QFY23 investment Income increased by 41% QoQ and 84% YoY to ₹959 crore on account of interest received on income tax refund, mark to market movement and change in investment mix
 - FY23 investment Income increased by 22% to ₹ 2,852 crore, due to mark to market movement, change in Investment mix and interest received on income tax refund
- **Exceptional Items:**
 - 4QFY23 exceptional items at ₹ (1,336) crore, due to impairment charge of ₹ (1,218) crore and SAED impact of ₹ (118) crore in Oil and Gas business
 - FY23 exceptional items at ₹ (217) crore, due to impact of SAED of ₹ (970) crore partially offset by impairment reversal of ₹ 644 crore in WCL and ₹ 109 crore in ESL
- **Taxes:**
 - 4QFY23 normalized Effective tax rate (ETR) was 31% compared to 24% in 3QFY23 on account of change in profit mix
 - FY23 normalized ETR was 30% compared to 28% in FY22 due to change in profit mix
- **Profit after Tax (PAT) and Earnings per Share (EPS):**
 - 4QFY23 Profit after Tax was at ₹3,132 crore, up 1% QoQ
 - EPS for FY2023 was ₹28.50 per share
- **Leverage, liquidity, and credit rating:**
 - Gross debt stood at ₹66,182 crore as on 31st Mar'23
 - Net debt was ₹45,260 crore as on 31st Mar'23; Net debt to EBITDA ratio was at ~1.28x
 - Cash and cash equivalents position remain healthy at ₹20,922 crore. The Company follows a Board-approved investment policy and invests in high quality debt instruments with mutual funds, bonds, and fixed deposits with banks.
 - Investment grade credit rating of 'AA' with negative outlook by CRISIL and India Ratings.

Key Recognitions –

Vedanta has consistently received various awards and accolades. Few recognitions received during 4QFY23 are:

- Vedanta Limited won prestigious ‘Kincentric Best Employer of the year 2022’ award
- Hindustan Zinc recognized with ‘A’ score for Transparency on Climate Change by CDP
- VAL–J, won Platinum award in Fame India Excellence Award for excellence in Fire and Security
- BALCO awarded with ‘Sustainable Factory of the year’ award at Frost and Sullivan Sustainability awards
- Hindustan Zinc’s Chanderiya & Dariba Captive Power Plants received the Mission Energy Foundation Award for Efficient Fly Ash Management in Northern region
- HZL and BALCO won multiple awards at ‘36th National Convention on Quality Concepts (NCQC 2022)’ for Business excellence and Quality
- VAL – J awarded with 25 Awards at ‘36th National Conventional Quality Concepts (NCQC 2022)’ for Business excellence and Quality
- Cairn Oil and Gas won Economic Times Human Capital Award for Excellence in Creating a Culture Learning and Upskilling
- HZL’s Chanderiya & Dariba Captive Power Plant receive the Mission Energy Foundation Award for Efficient Fly Ash Management in Northern region

Results Conference Call –

Please note that the results presentation is available in the Investor Relations section of the company website <https://www.vedantalimited.com/eng/investor-relations-overview.php#resultsReports>

Following the announcement, a conference call is scheduled at 5:00 PM (IST) on May 12, 2023, where the senior management will discuss the company’s results and performance. The dial-in numbers for the call are as below:

Event	Telephone Number	
Earnings conference call on May 12, 2023, from 5:00 - 6:00 PM (IST)	Universal Dial-In	+91 22 6280 1114 +91 22 7115 8015
	India National Toll Free	1 800 120 1221
	International Toll Free*	Canada 01180014243444 Hong Kong 800964448 Japan 00531161110 Netherlands 08000229808 Singapore 8001012045 UK 08081011573 USA 18667462133
Online Registration Link	Click here - Registration Link	
Call Recording	Will be available on website on May 12, 2023	

**In case of dial-ins from any other country, please use the online registration link for relevant dial in numbers*

About Vedanta Limited:

Vedanta Limited (“Vedanta”), a subsidiary of Vedanta Resources Limited, is one of the world’s leading natural resources companies spanning across India, South Africa and Namibia with significant operations in Oil & Gas, Zinc, Lead, Silver, Copper, Iron Ore, Steel, Nickel, Aluminium & Power. For two decades, Vedanta has been contributing significantly to nation building. Governance and sustainable development are at the core of Vedanta’s strategy, with a strong focus on health, safety, and environment. Vedanta has put in place a comprehensive framework to be the ESG leader in the natural resources sector, is committed to reducing carbon emissions to net zero by 2050 or sooner and aims to spend \$5 billion over the next 10 years to accelerate this transition. Giving back is in the DNA of Vedanta, which is focused on enhancing the lives of local communities. Anil Agarwal Foundation, the umbrella entity for Vedanta’s social initiatives, has pledged Rs 5000 crore over the next five years on various social impact programs and its flagship project, Nand Ghar is setting up model anganwadis across India. Vedanta Ltd. has been listed in Dow Jones Sustainability World Index 2022, conferred Golden Peacock Award for excellence in Corporate Governance 2022 and certified as a Great Place to Work 2022. Vedanta Limited is listed on the Bombay Stock Exchange and the National Stock Exchange.

For more information, please visit www.vedantalimited.com

Vedanta Limited

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Disclaimer

This press release contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “should” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional, and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

For any Investor enquiries, please contact:

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