



“Vedanta Resources Limited H1-FY22 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Vedanta Resources Limited H1 FY'22 Earnings Conference Call. 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. Varun Kapoor from Vedanta. Thank you and over to you sir.

Varun Kapoor: Thank you, operator and good afternoon, everyone. This is Varun Kapoor, and it is my pleasure to welcome you to the Vedanta Resources Half Year FY'22 Earnings Call. We have with us today the management team led by Mr. Sunil Duggal – Group CEO and Mr. Ajay Goel -- Acting Group CFO who will present the operating and financial performance of the company, post that we will open the floor for Q&A. So, with that I will just like to hand over to Mr. Duggal to take us through the presentation. Over to you, Mr. Duggal.

Sunil Duggal: Thank you, Varun. Good afternoon, ladies, and gentlemen and welcome to Vedanta Resources Limited FY22 Half Yearly Earning Conference Call. Vedanta continued its strong growth momentum now, reporting its highest half yearly revenue and EBITDA. We are uniquely positioned to benefit from strong commodity price cycle to deliver long-term sustainable value basis, our diversified world-class natural resource portfolio. It is supported by compelling cost leadership, long life assets with exploration upside and strong management team with track record of delivering growth.

Vedanta continued its strong growth momentum reporting its highest half-yearly Revenue and EBITDA. We are uniquely positioned to benefit from strong commodity price cycle to deliver long term sustainable value basis our diversified world-class natural resources portfolio. It is supported by compelling cost leadership, long life assets with exploration upside and strong management team with track record of delivering growth. We are very proud to announce our renewed ESG Transformation Program. For this we have brought on-board various experts to guide the process. We have also created an ESG Advisory Board, mentored by experts with many years of deep ESG experience. While not leaders yet, these efforts will bring us within line-of-sight of the top performers. We now aspire to be among the best performers. This new ESG strategy follows the purpose-driven approach that Vedanta has always aspired to follow. Staying close to our roots, we have modified our organizational tagline to “Transforming for Good”. This is the purpose statement for the entire organization – ensuring that ESG is henceforth embedded in the way we do business, supporting our purpose are three pillars: Transforming Communities, Transforming the Planet & Transforming the Workplace.

These pillars are supported by nine aims detailed in our presentation that will serve as guideposts and milestones in our journey. These aims have been broken down into specific, quantifiable targets that will help us track our progress. Considering the climate change threat to the world, large business houses such as ours have not just a fiduciary responsibility but a moral responsibility to act. In this context, Vedanta is making 10 commitments to stop our impact on the climate. We are very proud to announce our commitment to Net-Zero Carbon by 2050 or sooner, to pledge US\$5 billion over next 10 years to accelerate transition to Net-Zero among

others highlighted in our earnings deck. These are bold commitments that will transform the company, unlock many business opportunities and prevent the planet from warming to catastrophic levels. You will be hearing a lot more on this subject in the coming days and look forward to active engagement on this. We are confident that these goals will also translate into improved financial performance, de-risk the business and create opportunities in the emerging green economy.

Our achievements have been strong from an operating perspective in all our verticals.

Aluminum had a strong H1 with highest Alumina production from Lanjigarh refinery at 993 kt, up 6% y-o-y & highest Aluminium production at 1,118 kt, up 19% y-o-y. The hot metal production cost stood at US\$ 1,588 per tonne, up by 24% y-o-y impacted by higher input commodity prices and power cost. In line with the changing market scenario and input cost inflation, we are revising the cost guidance to \$1,675 – 1,775/t. However, we are confident that ~\$150-200/t cost savings will come post completion of expansion at Lanjigarh and Aluminium smelter.

Zinc India had record high mined metal production at 470kt, up 7% y-o-y. Integrated silver production was at 10.1 million ounces, down 2% y-o-y in-line with lead production. CoP was at 1,096\$/t in H1, impacted by higher input commodity prices and mine development. Considering higher input costs, we are revising our CoP guidance upwards to below \$1,075/t for FY22.

At Zinc International, Gamsberg achieved record MIC production of 85 kt, up 41% Y-o-Y. CoP in Gamsberg showed a 4% rise y-o-y due to lower production volumes. Basis the changing business scenario, we are revising our CoP guidance to 1,200-1,300 \$/t.

Oil & Gas had steady production of 165 kboepd, up 2% yoy. Opex cost in H1 was at \$8.8/boe, a slight increase due to increase in polymer prices. However, crude oil prices rally supported our margins. In line with commodity headwinds, we are revising our Opex cost guidance to ~\$9/boe and considering the natural reservoir decline revising the volume guidance to 165-175 kboepd for FY22.

Iron Ore recorded pig iron production of 410 kt, up 39% Y-o-Y. We are happy to announce the start of commercial production in our recently acquired Gujrat Sesa coke plant, full capacity ramp up is expected by early Q4 FY22.

Steel hot metal production was at 631 kt, up by 9% y-o-y. Margins stood at \$ 71/t, with strong Q1 FY 2022 margin of \$ 115/t.

FACOR continued with its turnaround story with best Fe Chrome production of 38 kt in H1 FY22 with Highest EBITDA margin at \$537 per tonne, ~9.5x Y-o-Y.

At Tuticorin, due legal process and engagement with local community is ongoing to achieve a sustainable restart of the operations

At the end, I would like to reiterate Vedanta's unique position to deliver long term sustainable value through continuous focus on our strategic priorities and diversified assets base. I am confident that with our renewed ESG journey, we will be able to usher in a new era of sustainability leadership and be among the world's most responsible, respected and renowned resources companies. With this now I would like to handover to our CFO, Mr. Ajay Goel for the financial performance.

Ajay Goel:

Thank you Sunil. Good afternoon, everybody. I want to share a few of the critical financial highlights, starting with the revenue. We delivered record revenue in the H1 of 7.9 billion which represents a 61% growth YoY. This growth is driven primarily by higher commodity prices, higher volumes at aluminium, zinc businesses, iron and copper which again is partly offset by lower availability and capacity charges at TSPL.

Record EBITDA at 2.9 billion which is 99% up YoY, so, EBITDA has almost doubled versus last year. H1 adjusted EBITDA margin stood at 42% which is higher by 23% YoY. Operating profit before special items at 2.3 billion which is 2.5 times YoY.

ROCE at almost 29% in the H1 current year as compared to almost 12% last year. Even the ROC has grown more than 2x.

Profit after tax from continuing operations was at 1.1 billion, primarily driven by higher operating profit and partially offset by higher net interest cost. Free cash flow post CAPEX for the period was almost a billion, 959 million to be precise driven by strong cash flows from operations. In H1 of the current fiscal, our gross debt decreased by 835 million from 16.4 billion last year to 15.5 billion in the current year. Now, this is driven by repayment of borrowings at Vedanta Limited, BALCO, our subsidiary and also repayment of some temporary borrowings at Hindustan Zinc Limited. We continue to proactively manage our average debt maturity profile and our average debt maturity remains at about three years for the entire debt portfolio, and finally in H1 our net debt stands at about 11.4 billion and with the cash and the cash equivalent of 4.2 represent very strong balance sheet. This lead to net debt-to-EBITDA ratio as on September 30th at 2.2x versus 3.5x last year, significant improvement both in terms of profitability, deleveraging and balance sheet.

Thank you all and with that I hand over the mic to the operator for any Q&A.

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Vikas Agarwal from Bank of America. Please go ahead.

Vikas Agarwal:

Couple of questions from my side is one on the debt structure for the holdco level I am looking at slide 31 on your presentation debt and the total debt at the PLC level which is the holdco has actually increased slightly very marginally from March to September, so wanted to understand

how should we look at it from the earlier announced deleveraging target and what to expect in second half of FY22 for holdco deleveraging and so that is my first question and second question is if you can share some thoughts on what is the plan for the 22 bond refinancing?

Sunil Duggal: I will start with that you are right and also; I will invite you to look at page 24 of the presentation and that provides the bridge of net debt. Now as you have seen announcement made by the VRL couple of months ago that in the first half they are deleveraging by 0.3 billion and estimated deleveraging further in the second half is 0.5 and that means almost 0.8 billion deleveraging at a comparable basis. Net debt you are right in the first half has gone up from 10.7 to 11.3 billion, but one also need to look at the stake increase which is almost 1.2 so if you back off the stake increase net debt has gone down in the first half by almost 5.5% point. On the second part of bond refinancing which are due in July almost 1.2 billion we are working with the refinancing and December or early January we have line of sight for refinancing those zones.

Vikas Agarwal: Can I ask a follow up on the deleveraging target which you mentioned 0.3 billion in first half and 0.5 billion to happen in second half, is this at console level or this is only at PLC level?

Sunil Duggal: It is Vedanta Resources consol level.

Puja Somani: The target is at Vedanta Resources holdco level deleveraging adjusted, but just to clarify that because of this will be excluding the stake purchase debt that has been taken earlier this year for the VOO and as well as the stake purchase which has happened recently, so this is the net deleveraging. The deleveraging which will be happening removing these two strategic transactions.

Moderator: We will move on to the next question from the line of Shamir Shah from Varde Partners. Please go ahead.

Shamir Shah: Just stitching on the scheme of debt in your group structure used to previously provide a breakout of the debt as a different financing subsidiary, whether it was the Twin Star or Oaktree or the other one, would you mind saying what the debt number as the latest even we spoke?

Puja Somani: Yes I can call out some numbers; so currently about \$750 million debt is sitting at the Oaktree bucket which is there borrowed by Vedanta Mauritius Holdings II Limited. It is about \$350 billion debt sitting at Vedanta Mauritius I Limited where we took some of the part financing for the open offer investment. There is recently we have also taken debt at another new subsidiary, which is about \$150 million, and then about 4 billion debt sit at Vedanta Twin Star level which is by and large about the cap that is there at that level and the balance that is at Vedanta Resources level.

Shamir Shah: And those numbers, is it after that was announced or sort of paid out in October?

Puja Somani: That is right.

- Shamir Shah:** The payment is off the balance sheet 1st of October since?
- Puja Somani:** Correct.
- Shamir Shah:** You put this release out recently you plan on considering potentially spinning out some of the business lines from the Vedanta Limited levels, can you please provide some more information on this as well as any update on the plan to sell the international zinc business to Hindustan zinc?
- Ajay Goel:** What we announced on 17th of November is our intent to commission a study and that study will give us the guidance the way forward it is only in initiation of a study it is not a combination and our next course of action will depend what expert advise us. From Seas, the intent remains at we may look at demerging three large businesses being aluminum, oil and gas and iron and steel into three distinct separate legal entities which will be listed as well. The remainder businesses be it Zinc International, power and the copper would continue to remain within the current Vedanta Limited. Now in terms of timeline the study will take two and half months' time and if we go in that path the entire execution needs multiple approvals including the stock exchanges and also NCLT which may take about 8 months. So, overall the timeline is about 8 to 10 months, so it is truly a long-haul flight. In terms of Zinc International, I will request Mr. Duggal to comment.
- Sunil Duggal:** This is basically a method reserved for Hindustan zinc and this is a board level discussion which is going on I will not be able to divest much of the information, but this synergy between the two company is very natural like the resources at zinc international level, in terms of metal are at same level, but it is at the Hindustan zinc level. So, the Hindustan zinc with a capacity to produce 1.2-million-ton metal and zinc international producing 300 KT of the concentrate and not the finished metal and the geography where the Zinc International is located, it is a mining geography where the skill is available much wholly freely and the thought is to marry this together to create 1 plus 1 11 or 2 and there is a natural synergy which could be created. So, based on that some discussion is happening at the board. Beyond which I will not be able to diverse much of the information and let us see how the events unfold going forward.
- Shamir Shah:** Just to verify for the first group of companies planning on separate listing them, do you mean listing them as subsidiaries of Vedanta India or completely spinning out into like a new entity?
- Ajay Goel:** I mean going that path Shamir so it will be a legal process where the new entities will have the mirror image in terms of shareholding as a current Vedanta Limited. So, all the resultant that see a new entities will remain subsidiaries of Vedanta Resources.
- Moderator:** Thank you. The next question is from the line of Varun Ahuja from JP Morgan. Please go ahead.
- Varun Ahuja:** I just have one follow up question on the VRL debt that you have there is still some bank debt at the holdco standalone level so coming due over the next couple of years, so you have been repaying some of that as part of the deleveraging how are you looking to prioritize the repayment over the next year over the year and half there is sizable bonds which theoretically you can repay

by dividends and then there are also these bank debts, so if you could comment on that that will be my first question?

Puja Somani: So, I think what we would say is on the overall basis the plan would be to do part refinancing and part repayment which means that in the near term when our maturities our falling due we will look to part repaid some of the maturities and refinance. In terms of refinancing I think it is fair to assume that the bank loan which are falling due on Twin Star bucket will be refinanced, but the bonds and the loans that are falling due on VRL majority of them will be repaid rather than refinance I think that would be the broad summary of our plan as we go forward.

Varun Ahuja: And then my second question would be I am not sure if you can comment how much you can, but you would be eligible for raising stakes further at Vedanta Limited probably in the next financial year, so whether that something that still you would contemplate or whether you are happy with the current stake that you have?

Ajay Goel: Varun, I mean our strategy of the overall holding simplification by stake increase How much benefits is in public domain and we say the intent to go to 70% to 75%. We just bought 4.5% or 5% stake only couple of weeks ago and then also there is some cooling off period for the current fiscal year, so any next purchase I think still is quite contemporary and as we go there then we can decide, but I think at this point in time nothing more to share specifically. We will stay engaged on this point maybe next fiscal.

Varun Ahuja: I think it does I think increasing stake definitely helps, but at the same time the market is also looking for absolute deleveraging in terms of gross debt level because obviously right now the higher EBITDA commodity prices are helping EBITDA so the ratios they look good, but I think the market will look for absolute debt reduction over time although yes I take your point in terms of increase stake and some debt that has gone up because of it. One final point if I can ask just in for housekeeping I may have missed that is the 800 million across the three entities for the stake increase if you can give the maturity timelines for that?

Puja Somani: So, the maturity profile the part of the loan which is unsecured which is \$250 million out of the \$800 million is short term which is less than a year and then the balance loan is about 18 to 24 months door-to-door two years with the average of 18 months.

Moderator: Thank you. The next question is from the line of Love Sharma from Lombard Odier. Please go ahead.

Love Sharma: Just two questions from me so first if you could just suggest your cash balance at September was around 50 million I believe is there will be no dividend payment since then, could you just share what kind of inflows you have received and I believe that could partly be due to investment from the net debt. So, if you just indicate how much was the quantum in September? And secondly, just on before dividend and debt repayment plan, I think this year despite the strong commodity prices across the EBITDA generation which you have seen there has been still I mean if I just look at the cash build up within the limited entities, it is not that significant I think it is partly

because of some CAPEX maybe some debt repayment which also you have done at limited and below entity. So, just to understand the financial strategy what kind of cash balance are you planning to have within the Limited and below entities including zinc so as to just that much more flexibility for next year to pay significant amount of dividend to deleverage as per your plans?

Puja Somani:

So, on the first question now regarding the cash balance the September balance actually the dividend that we declared in September at Vedanta Limited was received at Vedanta Resources after 30th of September so therefore the 50 million that you spoke about does not include the dividend that VRL received from the Vedanta Limited in month of October and therefore the deleveraging also which happened from that dividend has not been reflected in the September number so to speak. So, September numbers were down including VRL and as we have announced post results. The September number what we had done what we have been able to achieve from that dividend was about 300 and all deleveraging including the ITL and the Volcan level that I believe overall picture that Volcan debt today now stands at zero so to speak while Volcan obviously have a pool of assets of which we have including SPTL and STL in their bucket hold. The second question that you asked of free cash flow I think the company can generate very strong free cash flow. However, what we have done successfully is that we have done deleveraging not only the Vedanta Resources level, but we have continued our deleveraging story across the subsidiaries as well that we at Vedanta Limited or be at Hindustan Zinc and be it BALCO as Ajay eluded to in the beginning of the call the total that we have done deleveraging across the subsidiaries which from the cash flow that have been generated and therefore that also leads these balance sheet in a position to raise more debt than needed so to speak. So, I think that is the strategy we have been doing to optimize our interest cost and other things.

Love Sharma:

Can you ask you as a follow up what kind of cash balance are you looking to have at the limited entity and below the consolidated level debt limited?

Puja Somani:

So, I mean I would rather say Hindustan Zinc obviously have been maintaining about \$3 billion of cash in its balance sheet even today, and at Vedanta Limited I think historically we used to have short term debt at Vedanta Resources Limited and therefore we used to also maintain little high cash balance in that balance sheet to offset that volatility if at all and which obviously has helped us in last year when we saw flips in the commodity cycle. However at this point in time the short-term debt of Vedanta Limited is miniscule and therefore we do not intend to maintain very high cash balance in that balance sheet and most of the cash generation will be used for upswing.

Love Sharma:

And your CAPEX, you had done first half 300 million odd I think as per your slide, the target remains for the full year at around 1.2 with 200 million, so would it be fair to say you are looking to utilize let us say another 900 odd for the rest of this year?

- Ajay Goel:** That is correct, Love, we will be involved in this ballpark of 1, 1.1 billion in the group CAPEX guideline for the current fiscal and you are right 0.3 is the H1 number give and take around 1, 1.1 remains our guidance.
- Moderator:** Thank you. The next question is from the line of Bharat Shettigar from Standard Chartered Bank. Please go ahead.
- Bharat Shettigar:** Couple of follow up questions based on what Love asked. First is with respect to repayment of debt at Volcan, was it done through a dividend payment by VRL, if so what was the amount?
- Puja Somani:** So, yes, Volcan have paid down the \$225 million loan in September from dividend from Vedanta Resources and equal amount of dividend was paid. Just to tell you little bit less dividend was paid, not exactly the same, but nearly \$220 million to \$225 million.
- Bharat Shettigar:** And in terms of brand payment how much has VRL received so far in this fiscal year and what is the expectation for rest of FY22?
- Puja Somani:** Our annual brand receipt at the current level of revenue for Vedanta Resources is about \$200 million.
- Bharat Shettigar:** And have you received any of it till now this year?
- Puja Somani:** Majority of the brand payment have already been made.
- Bharat Shettigar:** Then one final question is how much of debt is due in the various VRL boxes or at the VRL holdco in the December and March quarter?
- Puja Somani:** About \$450 million debt is due at holdco from now till March, Bharat.
- Bharat Shettigar:** And nothing in any of the four boxes?
- Puja Somani:** Out of 450, about \$200 million is due at Twin Star level and the balance at Vedanta Resources level.
- Moderator:** Thank you. The next question is from the line of Pradeep Melchis from BFAM Partners. Please go ahead.
- Pradeep Melchis:** Just a couple of questions; one, a follow up on the 2022 refinancing. Given that the Twin Star box at the GAAP level any thoughts on how you guys are looking at the refinancing strategy, secured versus unsecured and where do you see kind of incremental capacity been created for that? And the second question is I did see that there has been announcement recently that we are looking to consolidate the stake at the Oaktree box. Any plans of one refinancing we opted at and also probably using the capacity where they seem to be sizable just probably to build in plus in terms of stake under the box, so if you can give some guidance around that piece?

Puja Somani: Pradeep, I think as Ajay mentioned earlier the plans remains to proactively refinance the July bond in near term so I think we are on track for that. As you rightly mentioned the debt cap at the secured box level at this point in time does not have much headroom and therefore we may look at on a one-time basis creating doing some unsecured loan as well as on secured bond as well. On the Oaktree fund I think the transaction that you mentioned is primarily on administrative transaction of consolidating our stake into one entity because at this point in time within the Oaktree bucket, the shareholding of Vedanta Limited is held under three different entities and the transaction we have filed as required under SEBI regulations is basically to consolidate these holdings into one entity to save on administrative services so to speak. On a longer-term basis, the plan remains, obviously the Oaktree buckets financing was done at a time it made sense to tying up the financing was important, doing the strategic transaction was important. I think given the overall cost of that borrowing we are mindful of that cost and therefore at the earliest opportunities which makes economical sense we will look to refinance that loan and thereby make the capital structure much more meaningful and streamlined.

Moderator: Thank you. The next question is from the line of Marvin from Evergreen. Please go ahead.

Marvin: Just a follow up to the previous question I think I was cut off a little bit so I could not hear you mentioned about doing a onetime basis adjustment on something at the Twin Star level, could you just repeat that on the refinancing strategy?

Puja Somani: I mentioned because the question was asked since the caps are already exhausted what is the plan for refinancing of July 22 and I mention that on a onetime basis we may consider doing a unsecured borrowing.

Marvin: And other question is on the usage of dividend that you have received I think was about 600 million and you say about 220 was given to Volcan. What happen to the rest?

Puja Somani: So, I think from the dividend that we received overall basis about \$300 deleveraging was done you could say about 220 of that came from Volcan, the balance at Vedanta Resources and the balance one was used for the expenses that has been incurred during the H1.

Marvin: I guess finally just on I guess gross debt level at Vedanta holdco is there a level in which you are trying to have that?

Puja Somani: So, I think the gross debt level I think we have been too prone strategy on a gross debt so to speak. One obviously is to repay as we go along I think we will be looking to repay close to a \$billion deleveraging on a year-on-year basis from the cash flow that we are generating I think even in the cyclical nature we believe that we are strong cash flow will continue and will allow us to do that kind of deleveraging even more so now that our shareholding is at 70% or close to 70% now. Simultaneously I think the objective will also remain because we also feel that now it is not that gross debt is elevated because it is obviously the maturity profile is in a way slinking and I think the other strategy that we will apply will be also true ensure that the new debt that are raised at long term basis and therefore overall the debt maturity profile at holding company

also improves and I think those two put together will bring out a right capital structure for the holdco.

Marvin: And finally I think you mentioned 450 million due at Holdco up till March what is the plan for that is it to refinance it or to repay?

Puja Somani: Most of these debt will be repaid rather than refinanced.

Moderator: Thank you. The next question is from the line of Vipul Jaju from Davidson Kempner Capital. Please go ahead.

Vipul Jaju: Maybe just to follow up on one of the earlier questions if you can share your thoughts on any postmortem from the secured consent you had in July and whether something similar maybe contemplated for the rest of this fiscal?

Puja Somani: I think Vipul what I would say is that we have well considered all the inputs that we received when we lost that consent and we received from you people and I think the theme that we received was basically that you would be expecting us to do the deleveraging first and also try and consolidate our shareholding and increase our stake first I think those would be probably some of the themes that were coming and as you can see that is exactly what company is trying to do the deleverages as stated all across to you people and we are trying we have done just financial stake purchase effectively in this period I think that puts us in a very, very strong position and therefore I mean we may not at this point in time while we are evaluating others auctions, but I think we are not looking to discuss the debt governance that we had already set for ourselves and manage within that.

Vipul Jaju: And maybe a related question on kind of secured guarantee bucket now that you have four of them, any thoughts on consolidating these versus the benefits of keeping them separate as you manage your debt strategy?

Puja Somani: I think this is something which will evolve overtime Vipul based on said plans, but I think definitely we are mindful of different levels that are emerged into these buckets and therefore we will try to see how we can optimize our cost structure for the benefit of the overall leveraging that we have to do.

Vipul Jaju: Maybe just one final one for me just on the dividend strategy given Vedanta Resources is obviously controlling Vedanta Limited, in terms of dividend you draw from Vedanta Limited to what extent you want to continue to what extent you want to continue getting it from the standalone level versus from Hindustan Zinc given the previous Hindustan Zinc dividend was not passed along, maybe thoughts you can share on the next dividend what we should expect?

Ajay Goel: I think our policy on payment of dividend is quite clear. It is both specific and descriptive and at the same time giving the management and the board sufficient flexibility. It takes about at least 30% post tax profit from Vedanta Limited to be paid as dividend and also a pass through

from Hindustan Zinc. As you may have noted in August we paid Rs.18.5 per share, 6.8 thousand crores from Vedanta Limited. Now the money from Zinc India I do not think it is unreasonable to expect one payout in the current fiscal, but I would appreciate sharing any specific dates will not be possible this matter is for zinc board to consider, but as you have from our CEO of Zinc India, Arun Misra, maybe it is not unreasonable to expect one dividend in the nearest future.

Vipul Jaju:

And maybe one last big picture question, there is a number of strategic transactions that as a company we contemplated over the recent quarters, whether that BPCL, whether that is the favorable announcement that we received most recently on Hindustan Zinc and then most recently in terms of potential spin offs or IPOs of some of our subsidiaries at Vedanta Limited, maybe if you could share thoughts on the sequencing of priorities within these three or four strategic transactions for the company?

Ajay Goel:

Many of those impact need not be a co-terminus, run as a separate or parallel tracks. If I just maybe take a step backwards looking at overall priority for the company in terms of allocation of capital and they are not necessarily which is very exclusive so deleveraging for sure I mean our first and foremost priority and we have deleveraged as you heard be it for Vedanta Limited or for Vedanta Resources borrowing for the stake increase. Secondly investing in the group CAPEX is also critical and if you look at our entire investment almost a billion 1.1 billion it aims at only two areas broadly. All investments either augment volumes or they will compress cost and that is very, very important to sustain profitability in case the aluminum cycle or the bent goes southwards. Third priorities can be slightly opportunistic in terms of creating value for the shareholder and that is what we do the flexibility. So, deleveraging we are on our path couple of other areas for example Vedanta there is a stake increase again is going quite fine. So, from 55 to 65 now almost 70 and we are staying the course couple of acquisition strategically for example video call as we know is came to our fold right now the issue has gone back to appellate tribunal, hearing has taken place most of it substantially and we are waiting the final judgment. As a company we are quite hopeful we are quite positive that whatever is right for the country and for the company as Videocon its employees government will decide accordingly. Bidding for BPCL again it is in public knowledge that the entire stake 53% give and take Vedanta has put in EOY. Now the EOY translating will again a question mark on that part the whole process is going quite slow to speak and it might get culminated only in the Q1. So, many of those things are as I mentioned not necessarily will be diverging or converging they will take its own course, but company is quite clear in terms of prioritization.

Sunil Duggal:

Deleveraging is number one priority, but at the same time to make the balance sheet more predictable and sustainable whatever is required to be done to make the company complete integrated like aluminum we are focusing on right fundamentals of getting the resource both coal and bauxite and increasing the alumina capacity so that we remain at the lowest cost curve, that is the intention. At the same time, if there are low hanging opportunities and the unfinished project like electro steel, that is the first priority because in any case 50% to 60% amount is already invested and in the current cycle of the steel what is the benefit we can get. So, these are couple of examples, but the question is that how to make our balance sheet strong going forward next year onwards. So, that is how we are trying to prioritize where the cash would go, but what

Ajay said on BPCL where the amount will come, how the flexing will be done that is a separate story, but may not be necessarily from under the Vedanta Limited of Vedanta PLC.

Puja Somani: In fact even just to add to what Duggal said Videocon is also in fact if you remember the entire bid is from Volcan and from Vedanta Resources.

Moderator: Thank you. The next question is from the line of Manjesh Verma from Citibank. Please go ahead.

Manjesh Verma: Couple of questions more as follow up so on Hindustan Zinc itself the dividend which you are mentioning one of dividend might be expected in this fiscal, usually the dividend are on sometime in September, October and this time there was an expectation that dividend will be announced after Diwali that was mentioned, I am just trying to understand what is the reason for the delay at this point of time are you waiting for certain transactions to be closed before that or is there any other reason around it?

Sunil Duggal: The Hindustan Zinc dividend we will not be able to speak what is the board matter. So, what time they have decided and what time they are going to declare we are just expecting that one dividend could happen this year.

Ajay Goel: And maybe if I just take the point forward yes as I said it is not unreasonable to expect one dividend pretty soon, but again we getting ahead of ourselves at this point of time will not be appropriate let the board decide. There is no reason I mean as such company is making a profit, company has cash and hence the payment of dividend I think it is quite reasonable. The second point you mentioned Manjesh I do not think it has any linkage payment of dividend to any transaction per se if I borrow your words and you heard earlier from Mr. Sunil Duggal any potential transaction of Zinc International is more right now in the realms of speculation and at appropriate time we will be sharing more and you will be amongst the first one to more know on this point, but until that we have to stay engaged and wait for it.

Manjesh Verma: The other one would also pertain to in terms of Supreme Court recent judgment that sort of enable you to increase your stake there, what is the game plan around that have you been in discussion with the government what is the thought process around timelines at this stage?

Sunil Duggal: No, it is for the government to decide the court has pronounced the order and they can go to the open market to offer these stake and the shares will be auctioned. So, the government is excited to get the money as soon as possible from our side whatever the documentation is to be done like withdrawing the arbitration that we are doing. So, any other documentation which is required from our side to lend the support to the government we are doing that and the government is also preparing for whether they will do it in the one trench or two trench or three trench I am not aware of that, but they are quite excited to get some money in their kitty this fiscal.

Manjesh Verma: And would your intent be to go as high as possible up to 100 in Hindustan Zinc?

Sunil Duggal: No, it is an open offer in the market so based on how much we can choose number one, how much will be around legally and how much would be our real requirement to serve our own purpose. So, we will decide at that point of time.

Manjesh Verma: And one final question regarding the overall streamlining of the business and demerger of some of the businesses that you have been mentioning about and you talked about this in detail, but just for me to understand if this intended more as way to monetize your different subsidiaries because based on what we see and readied and since we have also been talking about is that there will be different verticals and the ownership will be mirrored of course but there will be different verticals. Current Vedanta Limited will be owning only Hindustan Zinc and the remaining entity will be separate is that the intent just to keep it like that and is the ultimate intent to have more secured debt at the holding company level through these entities?

Sunil Duggal: The study has been instituted and initiated. So, let us see what is the recommendation which comes from the studies, but the broader objective is to make the company independent in their decision making and make them more empowered and I think that under the big banyan tree small trees may not be growing to the potential. So, we are liberating the business so that the full potential could be debottlenecked and the full potential could bloom that is the bigger objective. So, what structure exactly will be there let us see what is the recommendation which is put on the table.

Ajay Goel: And at this point of time well the intent remains the value unlock and that is all we seek as of now, but again as you heard from Mr. Duggal that study will reveal more say there are multiple examples in the real world where some of the new parts should be more than the current hold in terms of the market valuation and that is what we aim at, but yes if we have one plus three company structured the optimality for the management to hold different stakes by Vedanta Resources again is an option, but that is not something that we are evaluating for now, but yes it opens a new world of options going forward.

Manjesh Verma: Just one clarification you mentioned about unsecured debt which you are looking to do for refinancing that will be a one off, but why should we know we won off it can be one off for this financial year, but going forward also if the market been able you can of course do more unsecured is that fair to assume?

Puja Somani: Yes I think what I meant one off because I think with our strategy of deleveraging as we have and also for the buckets that we have, some of the buckets getting free of as the opportunity for refinancing opens up I think at this point in time we do not see that we will need to do more unsecured borrowing and as unsecured borrowing and obviously our overall objective remains these as the company start trading on cash flow basis rather than security basis. These yield should converge and they have obviously converge to large extent overtime, but we believe there is other room to streamlining of these spreads to further sink as the company cash flow paid upstream. and I think there will be obviously opportunity for doing unsecured as well. However in a current plan of things, our overall theme is going to be repayment of unsecured borrowing

as and when they happen and refinancing of secured borrowing because that I think will lead to the optimization of the cost for us.

Moderator: Thank you. Ladies and gentlemen we will take the last question from the line of Manoj Jain from Fidelity. Please go ahead.

Manoj Jain: Just two questions from me can you help us like how much debt is due from April next year to July or in the July 22 maturity and if we include like any new debt which recently came for the open offers in that?

Ajay Goel: Close to about \$2 billion would be due there including IPL and the new debt that is taken. So, a billion dollar of bond and a similar amount of bank loan in IPL.

Manoj Jain: And how should you think about repayment or refinancing of that, is it again like 50-50?

Puja Somani: Yes, roughly, part refinancing, part repayment.

Manoj Jain: And just one more follow up, so 450 million is due till March and similar amount of coupon payment is also due like in this quarter and next right, so fair to assume this one say 900 mill and another like 500 mill till June plus coupon payment maybe another 200 mill, so 1.6 million is due till June as part of the plan, so we had assumed all that will be covered with dividend, are we expecting a big change in dividend policy going forward or how should we think?

Puja Somani: As we all discussed we have not discussed detail. So, far I think we have only declared one dividend in this year which was entirely from Vedanta Limited. It is as Ajay mentioned it is fair to assume that there will be some dividend from Hindustan Zinc and we obviously have a pass-through policy at Hindustan Zinc as Ajay laid out. So, I think that should be one scheme of money which is yet to come to Vedanta Resources which will cover the \$900 million you spoke about part of it, and then obviously there will be H2 cash generation from Vedanta Limited which again will be used and therefore you will see some more there. I think broadly I think our strategy remains at until last year we were depending more on Hindustan Zinc dividend of PLC, but I think the key change that has been happened over last 18 months to 24 months is with a strong cash flow generation at Vedanta Limited I think our dividend payments have been finally diversified and large part of it now is coming from Vedanta Limited rather than Hindustan Zinc and I think that is the key change and with shareholding again going up from 50% to 70% DDT going down I think all this is resulting into streamlining of cash getting upstream in a more efficient manner.

Ajay Goel: Manoj I mean it is your point we are not looking at any change in our policy of payment of dividend even the current policy as I mentioned earlier is quite flexible for the board and one also has to calibrate the requirements which are really contemporary. So, the current fiscal, say at Vedanta Resources, our need for deleveraging or investing in group CAPEX, think all these variables need to be well factored, but our current policy is quite wide enough to cover these points and adjust for the MAT environment.

Manoj Jain: And just one very quick one, any plans to sell any non-strategic asset in next 3 months, 6 months, 9 months?

Ajay Goel: We do not have any plans of disposition in any of our business.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to Mr. Varun Kapoor for closing comments.

Varun Kapoor: Thank you all for taking us the time to join us this afternoon. If you have any further questions feel free to contact the IR team. With that I wish everybody a good day ahead and I will pass it back to the operator.

Moderator: Thank you. Ladies and gentlemen on behalf of Vedanta Resources that concludes this conference. Thank you for joining us and you may now disconnect your lines.