



“Vedanta Resources Limited Full Year FY'21 Earnings  
Conference Call”

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**MANAGEMENT: MR. SUNIL DUGGAL – GROUP CHIEF EXECUTIVE  
OFFICER, VEDANTA RESOURCES LIMITED  
MR. AJAY GOEL – DEPUTY CHIEF FINANCIAL  
OFFICER, VEDANTA RESOURCES LIMITED  
MS. PUJA SOMANI – HEAD (TREASURY), VEDANTA  
RESOURCES LIMITED  
MR. DEEPAK KUMAR – VEDANTA RESOURCES  
LIMITED  
MR. VARUN KAPOOR – HEAD (GROUP INVESTOR  
RELATIONS), VEDANTA RESOURCES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Vedanta Resources Limited Full Year FY'21 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. Thank you and over to you, sir.

**Varun Kapoor:** Thank you, operator and good afternoon, everyone. I'm Varun Kapoor, I head Group Investor Relations for Vedanta. Thank you for joining us to Discuss the Full Year Results for FY'21 for Vedanta Resources Limited. You may refer to the 'Presentation' that's already available on our website. The call is going to be led by a Group CEO – Mr. Sunil Duggal and our Deputy CFO – Mr. Ajay Goel who will share the Operating and Financial Performance of the Company. We shall open the line for questions post that.

So, with that, I would like to hand over to Mr. Duggal to take it forward.

**Sunil Duggal:** Hi! Good morning, good afternoon and good evening, ladies and gentlemen. Welcome to Vedanta Resources Full Year FY'21 Earning Conference Call. I'd like to introduce my colleague, Ajay Goel, our Deputy CFO who joins me in this call today. I hope you and your families are safe. We have on our part taken every precaution for our employees, their families, and communities to follow strict COVID protocol during this pandemic time. People, partners and stakeholders have all contributed to us. All safe, navigate us through these tough and difficult times.

It has been an outstanding year for us. Key businesses delivered record operational performance, maintaining the trajectory of cost and volumes, driven by structural integration in technology adoption. Businesses have shown resilience in uncertain market environment as we continue with our winning streak, reporting the highest ever quarterly EBITDA in Q4. We are all on our path to execute on strategic priorities to maximize value for stakeholders.

ESG has always been our core to everything we do. Currently, ESG has become an increasing focus for the global investment community. At Vedanta, we have realigned our priorities to increase the focus on ESG in all our management discussions. We are also on the journey to onboard global advisors and expert to benchmark and align ourselves to the highest global standard.

Yearly EBITDA stood at \$3.8 billion, up 27% YoY, with the robust EBITDA margin of 37%. Attributable PAT before exceptional items for the year was at \$303 million. Our operational achievements have been remarkable in all verticals. Special mention to Zinc India, Aluminum and Zinc International for exceptional performances.

Aluminum business recorded ever highest alumina production of 1,969 kt with 2.3 Mtpa run rate achieved in the exit quarter. We are on track to ramping up the capacity to 2.3 to 2.4 Mtpa. We also recorded the lowest cost of production in last seven years at \$1,347 per ton down by 20%

YoY through structural measures and operational excellence. While vertically integrating our entire value chain as part of cost reduction journey along with gaining coal and bauxite security, we have undertaken the expansion of Lanjigarh alumina refinery from 2 Mtpa to 5 Mtpa which will be commissioned in the next 12 to 15 months' time. This will make it one of the world's largest single locations alumina refinery complex.

Zinc business clocked highest ever mined metal production of 972 kt, up 6% YoY on account of higher ore production and better overall grade, with lowest ever cost of production at \$954 per ton since transitioning to underground.

Silver segment has become an important part of diversified Zinc India portfolio with production soaring to its ever highest production of 706 tons. Our current production run rate gives us the confidence to deliver 1.2 Mtpa mined metal in near future with potential to reach 1.5 Mtpa from our Brownfield expansions.

We also achieved the highest ever yearly production of 145 kt, up 34% YoY at Gamsberg in Zinc International business with 11% YoY lower cost of production at \$1,288 per ton.

We are happy to announce a new product line of recovering magnetite through its tailing with potential capacity of 0.7 Mtpa. A pilot plant of 60 ktpa capacity is commissioned and producing very high grade iron ore concentrate.

In Oil & Gas, focus has been on delivery of growth projects. Gross oil & gas production for the second half was 162 kboepd with Q4 exit at 173. The volume ramp up from the gas facility as well as ABH to its full potential is underway. Commissioning delays due to the pandemic affected certain projects like tight gas and tight oil polymer infield and Mangala processing terminal upgradation led to performance lower than guidance in FY'21. In FY'22, we aim to achieve full ramp up from ongoing CAPEX projects and doing some additional projects. We achieved 5 mt of saleable ore production at Karnataka, up 15% YoY while iron ore sales in Goa were at 2.1 mt.

Electrosteel, our newly acquired business, recorded quarterly saleable production of 319 kt, flat YoY with a robust margin of 22% at \$131 per ton, highest since FY'21 on account of improving macro factors and steel prices.

VAP mix increased in FY'21 to 72% and expected to be about 92% in FY'22. We are underway to double the capacity to 3 Mtpa by completing the unfinished facility with productivity improvement and capacity enhancement as part of original design and capacity upgradation of existing facilities through technology, automation and digitization in next 16 to 18 months' time.

Since FACOR acquisition, we have operationalized the enhanced production at both its mines delivering strong growth and margins. The mine production has increased while the cost has reduced with the near-term possibility to reduce by another 20%. EBITDA margin has improved to \$492 per ton, which is up 3x QoQ. We further plan on increasing the production capacity and

productivity through various debottlenecking and technological initiatives. With that, I hand over to Ajay for the Financial Summary.

I would also like to take this opportunity to thank Mr. Arun Kumar, our ex-Group CFO for his guidance and contribution; he has strengthened our foundation that will benefit this organization for many years to come. Over to you, Ajay.

**Ajay Goel:**

Yes, thank you, Sunil, very much, and good afternoon, everyone. Second half has been an excellent uproar in the financial year with continuous uptick in volume levels, primarily at zinc and aluminum and good delivery on cost composition.

Some of the key highlights of the year, yearly EBITDA at \$3.8 billion, up 27% YoY with an underlying margin of 37% being an industry-leading margin. This is enabled by improvement in cost and volumes, along with favorable market scenarios in terms of prices and FOREX. (ROCE) Return on Capital Employed continues to be in double-digits and now stands at high teens at 19%. Our reportable net debt as on March 31 stands at about \$10.7 billion, showing an increase of \$0.7 billion versus last year. Now this is majorly on account to 5% stake increase in Vedanta Limited during the last year. Overall, strong cash flows funded our CAPEX of almost a billion and payment of dividend of \$1.2 billion.

Finally, the net debt-to-EBITDA ratio at 2.8x. Now this is better than last two preceding years.

Moving on to the balance sheet, with a strong position of cash and investments at 5.6 billion, our focus on balance sheet management continues, robust operational and financial performance, strong cash flows, and excellent banking engagement helps us on further deepening our access to money markets. We have been able to hold our average borrowing cost at about 7.4% for the full year.

During the year, the group progressed on its strategy of structure simplification, with increasing stake in Vedanta Limited from about 50% to 55% as on March, and this has been further gone up to 65% in April post year-end. Now, this is enabled through a combination of open market block acquisition and voluntary open offer.

Finally, a quick word on CAPEX and our Policy on Allocation of Capital. Our capital allocation strategy is quite disciplined, leaning towards achieving the overall objective of leveraging, investing in next phase of growth CAPEX and maximizing shareholder returns. Following these guiding principles, next year, our CAPEX spend should be around \$1.1 billion, primarily into oil & gas about \$400 million, in power and aluminum almost \$300 million, in zinc about \$100 million and reminder across our other business portfolios. Overall, we continue to allocate capital with prudence, focus on generating good cash flows through increasing volumes and lowering cost and just funding robust shareholder returns.

In conclusion, I would say, we delivered very strong results for F'21 in terms of operations and profitability, and leaves a much stronger balance sheet as we close the fiscal. Now this gives us immense confidence as we ushered into new financial year. Thank you all.

And with that, I hand over back to Sunil for wrapping up before opening for Q&A.

**Sunil Duggal:**

Thank you, Ajay. Before we open the floor for questions and answers, I would like to reiterate our strategic priorities that will drive long term value for our stakeholders. One, continued focus on world-class ESG performance; two, augment our reserves and resources base; three, delivering the best from our assets, and people with focus on cost leadership; four, optimize capital allocation and maintain strong balance sheet; five, continued track record of delivering value added growth in all our businesses.

Now I declare the floor open for question-and-answer. Over to you, operator.

**Moderator:**

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Varun Ahuja from JP Morgan. Please go ahead.

**Varun Ahuja:**

I have two or three quick ones. First, obviously, the dividend from Vedanta Limited in FY'21 has been relatively low compared to let's say the interest payments at intermediate holdcos as well as at the VRL level. Part of the fundraising I presume has gone into servicing those interests. So, what's the thinking ahead in FY'22, whether the dividend policy from the opcos is going to revert back to the 30% of net profit plus whatever you get from Hindustan Zinc? And if at all, there's any balance, how would that be met at the parent entity level? Number two, on KCM, if there's any update on any potential residual value that could come from that?

**Ajay Goel:**

I mean, you're right, last year has been aberration. And I just want to start saying that both Vedanta limited and Hindustan Zinc Limited in the past 10-years have been the highest dividend paying entities. Last year, Vedanta did almost half a billion. It was a year of aberration, as you would appreciate, most companies in the COVID year went for so to speak cash conservation. You may have seen our full fiscal EBITDA of \$3.8 billion. And even within that, the second half is bigger than the first half and even quarter-on-quarter numbers with environment getting better on volumes, cost and market pricing. Dividend, how much we can pay in the current fiscal? I think one has to wait a little bit and watch. Definitive answer beyond that right now will not be possible. But yes, in the current fiscal, deleveraging is a large priority. It will be a combination of payment of a dividend and refinancing at the holdco level. That's all I will say for now on dividend.

**Sunil Duggal:**

KCM, legal course of action is going on. I will not like to comment much on that. One is the case going on in the KCM court where some verdict on the liquidator was there. But we have appealed against that. And we are hopeful that there will be some resolution coming up from the government because we have the established right and early some arbitration cases also going on. You see the hearings have not started as yet, but I think in this year the hearing will get concluded and the way the contract is structured, I think we will be able to get the resolution

done. As we speak, the political situation is little fluid, because the elections are going on and the current president does not have any executive power. But once the next government is established, I think some resolution will come. In the meantime, what we are trying to do is that we are trying to convey our message to the broader public as to what we have done and what value we have added, what is the resource potential and we have invested large amount, few billion dollars where we have put up the shaft and the other infrastructure. And since the time the provisional liquidator has taken over, the performance of the company has gone down. And from our viewpoint, the government has no option but to come into the resolution. And at some point of time, I think we'll be able to get it resolved. There is hardly any production which is happening from the mines. The total, whatever the production is coming from the smelter is from the purchase concentrate. So, the health of the asset is not very good, government dues are not paid, electricity bills are not paid, and there is increasing pressure of the community from all around to bring this on the back. So, this is the broader commentary, beyond which I will not be able to comment much.

**Varun Ahuja:**

Just a quick follow up, you mentioned on the dividends. Now, given the sharp increase in commodity prices, I presume there is going to be decent amount of surplus cash flows, meaning cash flows after you give the dividends from the opco towards the mandatory payments like interest payments and probably the Volcan residual debt repayment also, even after that there should be some surplus that would be generated this year. So, if you could give what's the thinking around the use of the surplus cash flows that you would generate? There is still a decent amount of bank debt that is sitting at the ultimate holding company level... I think 1.6 billion or so. So, whether you would use for that repayment or other debt repayment or whether that would continue to be accumulated at Vedanta Limited for any future rainy-day scenario?

**Ajay Goel:**

So, as I mentioned in my opening remarks that deleveraging is one of our critical priorities among the top three in terms of allocation of capital. And your reading is right absolutely, the current fiscal should be far better, and the numbers are with you between the first and the second half, even Vedanta Limited numbers are in public domain quarter-on-quarter. So, overall, environment from the pricing viewpoint is quite favorable, we are foreseeing very healthy cash flow in the current fiscal. And with a 65% stake in Vedanta Limited we think a lot of cash that will generate in the current fiscal. We go towards the deleveraging. Now, again with a strong balance sheet and good leverage ratios, even refinancing is not a challenge. So, overall between refinancing and the repayment which is mostly coming out of the dividend are those priorities. Deleveraging, we will again look at in the current fiscal.

**Varun Ahuja:**

Okay, that's pleasing to hear, I mean, obviously, in a cyclical industry, the good years should be should be tagged for building some buffers for obvious cyclicals, rainy days as well. So, that's good to hear if you're going to accumulate for such purpose. So, that's all I have. I'll probably go back to the queue for the other questions.

**Moderator:**

The next question is from the line of Vipul Jaju from DK. Please go ahead.

- Vipul Jaju:** If I can just confirm a couple of facts? In the presentation you mentioned that at the end of March the cash balance at VRL is \$1.2 billion. Maybe if you could update what the latest number is post the repayment of the remainder of June 2021 bond what their current balances?
- Ajay Goel:** So, most of it, you're right, I mean, the surplus cash emanated from the bond issuance, which was used for Oaktree open offer, most of it has been used, as you would appreciate in April and May for a stake increase by 10 percentage points, the number right now is quite small; I would think about 150-odd million or so. You're right, that almost a \$1.2 billion cash balance. Most of it has been exhausted for Oaktree open offer. The number that we normally keep as a cash at VRL about 150 million or thereabouts is the number.
- Vipul Jaju:** Just as an addendum, if you could confirm that there are no undrawn lines or committed facilities at VRL?
- Sunil Duggal:** Maybe my Head of Treasury, Puja, is on the line. If she wants to comment on this point specifically? Puja or Divya.
- Puja Somani:** Hi! Puja here. At this point in time after the bond repayment in June, there aren't any undrawn lines at this point in time. There is undrawn line including the cash together would be about \$100, \$150 million as Ajay mentioned because at PLC we don't keep much cash there, and only as needed for the next few months is what we keep this.
- Vipul Jaju:** Maybe just my second and last question, in your earnings release, you mentioned that the debt quantum for this coming fiscal is about \$1.1 billion at VRL. If you could confirm just the breakup between March to September, and then from September to March 2022, and if you can include the figure for Volcan in that please?
- Puja Somani:** So, now after June payments that we've done about \$900 million is what is due in Vedanta Resources and about \$225 million in Volcan. That's the total number. I would say, split is more or less half and half, about \$500-odd million in September and the balance in H2.
- Moderator:** The next question is from the line of Bharat Shettigar from Standard Chartered Bank. Please go ahead.
- Bharat Shettigar:** Firstly, can you tell me how much management and brand fee did Vedanta Resources receive in FY'21? And how should we see the picture for FY'22?
- Ajay Goel:** So, the total quantum for last fiscal is about \$125 million. And when we say the brand fee, it is a couple of areas, Bharat, one is all the Indian entities be it Vedanta Limited or subsidiaries using the Vedanta branding and various strategic services that VRL renders for the Indian subsidiaries. The range is about two percentage points. So, \$125 million is the number last fiscal. The rate will remain more or less same in the current fiscal and only the volume increase will change. So, that's what I would say, Bharat, right now. So, \$125 million in the current fiscal mostly it's a

volume multiplier. We don't provide guidance around top line. But our volumes and the cost numbers are with you. I think it's a simple simulation.

**Bharat Shettigar:** The second question is the March reported numbers, just wanted to confirm, does the debt number include the \$350 million loan from Standard Chartered and Credit Suisse and also the additional debt that you drew down from Oaktree?

**Puja Somani:** March number, if you see, that is not pro forma for the VOO funding, which is where we draw on the \$350 million bank loan you refer to, and also a little bit additional drawdown on the Oaktree. So, I think you have to pro forma this number for the \$1.2 billion transaction that we did for VOO, to get the pro forma numbers for that. And that \$1.2 billion is funded; \$350 million from the banking, about \$100 million from the Oaktree and balance the bond proceeds will be used and the remaining portion of the bond portion have been used for the payments in Q1.

**Bharat Shettigar:** Just to confirm, since April, apart from the \$350 million and \$100 million from Oaktree, is there any other new bank loans that have been taken at the VRL level?

**Puja Somani:** We have tied up \$280 million of additional bank loans in this period.

**Bharat Shettigar:** And everything has been drawn down?

**Puja Somani:** So, as the numbers that I spoke about earlier, the undrawn portion, including cash about \$100, \$150 million and Ajay alluding to, that is the number of broadly, there's some undrawn amount, but put together the number would be about \$100, \$150 million which is available for you.

**Moderator:** The next question is from the line of Vikash Agarwalla from Bank of America. Please go ahead.

**Vikash Agarwalla:** Just a quick question following from the earlier question on deleveraging. Can you share any target based on the internal forecast and budgeting on gross debt reduction, when you mean the deleveraging is there, is there any number which you can share?

**Ajay Goel:** Vikash, we don't provide any numerical on deleveraging. Maybe what I mentioned earlier, it remains a top priority and with a far better operating environment in terms of pricing. Cash flow is simple, very different. Significant portion of uptick on the cash flows will go towards deleveraging. Unless Pooja want to comment on any numerical value on deleveraging...?

**Puja Somani:** No, I think, Ajay, it will be difficult to give a number, but I think what we can say is as you highlighted in the beginning, deleveraging is going to be our target, and deleveraging at the top, which we believe is going to be the maximum value creator across the value chain will be our focus. So, therefore we will focus on deleveraging at the top rather than at the opco while preserving the strong balance sheet at the opco. I think that is going to be the principle. And as with the numbers in terms of EBITDA and FCF, and the current stake increase that we have done in the last year, I think all that put together still means that there'll be a meaningful deleveraging at PLC business.



- Vikash Agarwalla:** My second question is something related to an offtake agreement, which you have mentioned in the earning release. This is some offtake agreement which you are currently discussing for future production mounting to potentially \$1 billion. Can you share what is the thought process here and how does it impact VRL? This is under mitigating action as notes to preliminary announcement.
- Puja Somani:** I think this is a very standard instrument that we normally do. For this analysis, I think at any point in time auditors only consider the agreements which are tied up. However, for the company as a whole, we do keep rotating in form of export advances to manage our working capital. And this is basically referring to the rollover into export advances or under contracts with the exporters or status, which normally we do for aluminum business on a regular basis. So, it is not a strategic or any new transaction. It is simply a rollover of the existing working capital line to advance payments of it.
- Vikash Agarwalla:** Then to understand correctly, this doesn't impact VRL directly per se, this is effectively something which impacts the opco and which is an ongoing thing?
- Puja Somani:** Yes, this is an opco transaction and basically the way it helps is obviously that leads to augmentation of that. It's basically a rolling kind of a number and therefore that ensures that opco cash is not used for these payments as they fall due on a rolling basis.
- Moderator:** The next question is from the line of Pradeep Mohinani from Ares SSG. Please go ahead.
- Pradeep Mohinani:** I've got two questions. One is with regards to deleveraging. How do you balance that out against the business actually acquiring more shares, I guess, down the road, how should we think about that? And the second question that I have is, what's your timing around having a CFO in place I guess permanent, how far process are you along with that?
- Puja Somani:** I will take the first one and maybe Varun can add on the CFO position. On the stake purchase versus deleveraging, our strategy remains two-fold in terms of deleveraging as well as structure simplification. So, I think we will be optimistic about both. But in a way both are linked as well, because if the stake is increased, it also paves way for higher deleveraging as we go along. So, I think those are two-pronged approach that we will continue to follow, and I think we will continue to monitor them as opportunity arises from both of them. So, in terms of CFO, I think as you know, Ajay has joined as Deputy CFO. We have also strengthened our finance manpower. And key leaders from the group is now a part of the group of finance manpower who are also helping Ajay, and the entire leadership or the finance function for the group. So, that I think is the current way of working at this point in time. And it is working very well for us at this point in time, and then we will see how things go and evolve.
- Sunil Duggal:** We also have finance key decision making body.
- Puja Somani:** Yes, that's what I mentioned.

- Moderator:** Next question is from the line of Imtiaz Shefuddin from Barclays. Please go ahead.
- Imtiaz Shefuddin:** I just have two questions. The first one is I just wanted to get some clarity on the 1.1 billion of debt maturities in FY'22. Can you just clarify again how much has been repaid or refinance in Q1, and how much still needs to be addressed for the current year?
- Puja Somani:** So, again, out of the \$1.1 billion, \$900 million is due in Q2 and Q3, Q4. \$200 million has been repaid. This \$1.1 billion number does not include the intercompany loan, because it is at the group level. So, that \$200 million additional of intercompany loan was also due this year which has also been taken care of in the Q1, and therefore the balance amount over the next few months for this year is going to be about \$900 million and additional \$225 million at Volcan is falling due in September this year. That's the total number.
- Imtiaz Shefuddin:** My second question is with regards to the Oaktree facility. It was reported that \$400 million was drawn in December and another \$100 million for your latest share purchase in April. Now, there have been some reports that you are renegotiating the debt loan and some other terms to that loan. Can you just provide some clarity in terms of what exactly are you renegotiating on that facility and also the status please?
- Puja Somani:** Yes, so, I think we are in discussion on that facility, primarily around availability because that facility was available until a certain point and it was for a strategic transaction. So, we are just trying to discuss as to how this balance \$500 million can be made available to the company for its strategic and other objectives.
- Imtiaz Shefuddin:** To clarify on debt again, the facility is restrictive only for a purchase of Vedanta Limited shares and now you are trying to renegotiate to allow you more usage?
- Puja Somani:** Yes, that's one of the decision points.
- Imtiaz Shefuddin:** And extending duration here?
- Puja Somani:** Duration is obviously federal. Basically, as we reported earlier, it was a three year load-to-load from the date of last drawdown, that is still the same by and large.
- Moderator:** The next question is from the line of Umar Manzoor from PGIM. Please go ahead.
- Umar Manzoor:** I have two questions. One is following on from the earlier question about acquiring shares versus deleveraging. Given where the share price is right now of Vedanta limited, you said that you can acquire more shares, and that should be in effect deleveraging, because of the consolidation of that additional stake. But the thing is that the share price, that depends on what price you acquire the shares. So, can you give us an idea in your mind? And at what share price based on the cash flows that you see ahead of you? Is an acquisition actually deleveraging and credit-positive and worth pursuing, from your perspective, assuming, of course, that's debt funded was one

question? The second question is more of a basic thing is just to understand, what kind of dividends you're expecting coming up from Vedanta limited this year given your requirements?

**Ajay Goel:**

Maybe I'll start on this one. On the first point, Pooja earlier a bit also alluded, and I think the point remains, if we acquire more stake in Vedanta Limited, it lead to leveraging, at the same time, it also helps in terms of arresting our cash usage, one has to find the right balances. We earlier mentioned that our structural simplification is strategic for VRL. And we'll see on that course in the current fiscal. Now, between the last voluntary offer, there is six months of cooling off period. Maybe I'll just save that for now. And this area, how much if at all, we want to acquire more, we have to wait and watch. And we'll engage this point in further. But right now beyond that, nothing would I want to comment. Dividend, I earlier mentioned, deleveraging is significant priority for us. The environment overall from macro viewpoint is quite favorable in terms of LME prices or be this Brent. If you look at our second half to first half results, if you look at Vedanta Limited, where most of the operations stand, the fourth quarter is the biggest one. So, the environment was good last year overall, it becomes far better in the last couple of months. So, higher profitability should lead to our higher cash flows. And one may expect payment of dividend. And that is our significant way of deleveraging, with providing as you would appreciate any kind of numerical dimension for now will be slightly premature. So, we have to engage on this area as we go along.

**Puja Somani:**

I'll just add one more one line to this particularly. As Ajay mentioned, and we alluded earlier, also, I think vis-à-vis the deleveraging and this one, I think we will be guided more by our credit metrics, I mean, we started this endeavor of augmenting our safe of structure simplification in a very different price environment and the prices and the commodity environment and everything has changed since then. And whatever transaction we've done, obviously have all been a meaningful transaction and all our share price and bond price is reflected upon whatever transaction will be effected this year, we have taken last year. I think we will continue to be prudent about these decisions and based on our overall metrics, the decision will be made on that. I think that we can give as a comfort to you.

**Moderator:**

Next question is from the line of Love Sharma from Lombard Odier. Please go ahead.

**Love Sharma:**

So, just a follow up question. What are the options for us in terms of say buyback from Vedanta Limited?

**Puja Somani:**

I obviously struggle to hear you but if I can understand from whatever I could hear, regulatory wise, Love, I think there are a couple of ways in which the further stake increase can be done that there is obviously a 5% we think, but that window is only available after six months cooling off period. There is also obviously buyback as you rightly mentioned from Vedanta Limited which is a technically possible answer. Then obviously there could be another VOO which can be done. So, these are these options, but obviously because there are multiple regulations which intertwine have to be looked any options once decided, has to be again looked into more deeply. But these are broadly the options.

- Love Sharma:** So, near to mid-term, one or two months, can we do another such exercise?
- Puja Somani:** If you ask me what is that can be done immediately, the another VOO is what can be done immediately.
- Moderator:** The next question is from the liner Bharat Shattigar from Standard Chartered Bank. Please go ahead.
- Bharat Shettigar:** First one is in terms of the debt headroom at Twin Star. Based on the two covenants debt cap and leverage, I believe you're fine with leverage, but with respect to debt cap, how much additional headroom do you have in the Twin Star box at the moment? The second question was with respect to the board changes from what I understand, earlier VRL had six member board, out of which four were independent members, but now it looks like it's a four member board with two independent members, is that correct, and would this kind of composition of the board continue going forward?
- Sunil Duggal:** You're right, we have some board changes and the numbers of two independent directors and two full time directors, that is correct, and this is in compliance.
- Puja Somani:** So, on the first one, the headroom on the Twin Star, you are right, after the refinancing that we've done this year, on the absolute cap basis the headroom we have almost reached at the cap level. So, that's where we are.
- Bharat Shettigar:** You cannot raise any more debt at Twin Star unless you repay some debt, right?
- Puja Somani:** Yes, and obviously there are schedule maturities at Twin Star level in this year. So, to that extent, obviously, of course, headroom will get created, but otherwise, yes, the cap has been touched more or less.
- Bharat Shettigar:** So, you're not looking to prepay the Oaktree facility, right?
- Puja Somani:** In the current year, I don't think there is any plan to repay or prepay the Oaktree facility.
- Moderator:** Thank you. The next question is from the line of Vikash Agarwalla from Bank of America. Please go ahead.
- Vikash Agarwalla:** Just a follow up question on the additional funding which had been raised post-March. The number mentioned if I got it correct is \$280 million. Can I understand which entity is this funding raise that and what's the security provided against it if any?
- Puja Somani:** The facility has been raised in the Twin Star entity and it is very possible with the bond, so no additional terms, exactly on a similar terms as the bond.
- Vikash Agarwalla:** Maybe just a quick follow up on this is, correct me if I'm wrong, my understanding is that post the VOO debt cap was already pretty much very limited at Twin Star. So, this \$280 million does

it require any other kind of refinancing or repayment of debt or was there enough headroom to raise \$280 million?

**Puja Somani:** One additional transaction we have done in this respect to create the room is basically we have moved the upcoming maturity of ICF, the \$300 million due in June '22 has been moved out of Twin Star and has been reassigned to VRL, that has created the headroom for this new financing.

**Vikash Agarwalla:** And this \$280 million is bullet maturity in one year?

**Puja Somani:** Yes, they are all one-year loans.

**Moderator:** The next question is from the line of Yunyun Bai from Barings. Please go ahead.

**Yunyun Bai:** Just a follow up on the intercompany loan. I know you still have another few 100 million intercompany loans at the Twin Star level? Do you have any plans to move them also to the Vedanta Resources level?

**Puja Somani:** Again, so this is the transaction we've done, I think it's a one-off transaction. Also, there are obviously two caps that gets in the Twin Star; one is the external debt cap and there is internal debt cap. I think by and large both caps are now in a way met. So, therefore, there isn't any plan to move balance of the intercompany loans to other entities outside Twin Star.

**Moderator:** Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Varun Kapoor for closing comments.

**Varun Kapoor:** Thank you very much, operator. To conclude, thank you, again, all for taking out time to join us this afternoon. In case there are any follow up questions, the investor relations team is available, you can reach out to us directly. So, I would like to wish everybody a good day ahead. And with that, I'll pass it back to the operator.

**Moderator:** On behalf of Vedanta Resources Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.