



“Sesa Sterlite Capital Markets Day Conference Call”

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MANAGEMENT: **MR. TOM ALBANESE – CEO, SESA STERLITE LIMITED & VEDANTA RESOURCES PLC**
MR. D.D. JALAN – CHIEF FINANCIAL OFFICER, SESA STERLITE LIMITED & VEDANTA RESOURCES PLC
MR. MAYANK ASHAR – CHIEF EXECUTIVE OFFICER, CAIRN INDIA LIMITED
MR. SUDHIR MATHUR – CHIEF FINANCIAL OFFICER, CAIRN INDIA LIMITED
MR. SK ROONGTA – ALUMINIUM & POWER BUSINESS, SESA STERLITE LIMITED
MR. ABHIJIT PATI – CHIEF OPERATING OFFICER, SESA STERLITE LIMITED
MR. AKHILESH JOSHI – CHIEF EXECUTIVE OFFICER, HINDUSTAN ZINC LIMITED AND INTERNATIONAL ZINC BUSINESSES
MR. SUNIL DUGGAL – DEPUTY CEO, HINDUSTAN ZINC LIMITED
MS. DESHNEE NAIDOO -- CEO, ZINC INTERNATIONAL LIMITED AND CMT
MR. ASHWIN BAJAJ - DIRECTOR, INVESTOR RELATIONS, SESA STERLITE LIMITED
MR. KISHORE KUMAR - IRON ORE BUSINESS, SESA STERLITE LIMITED
MR. AN JOSHI - IRON ORE BUSINESS, SESA STERLITE LIMITED
MS. RASHMI MOHANTY - TREASURER, SESA STERLITE LIMITED

- Ashwin Bajaj:** Thanks Tom. So I would like to invite on stage Mr. Jalan, Mr. Roongta, Mr. Joshi, Mayank to please come on stage. We will take questions from the room first and then from participants on the conference call and webcast. I would request people in the room to just introduce themselves before asking their questions. You could raise your hands and somebody would bring a mike to you to ask questions.
- Tom Albanese:** So I think as we have done in the past, I will probably take the first shot at questions and then pass around to responsible executive. So can we have our first question?
- Participant:** Sir, first with regards to the aluminum business. Just wanted some clarity in terms of the coal block auctions, so are we eligible for bidding for 1800 megawatt power plant from Jharsuguda for the coal block auctions?
- Tom Albanese:** Yes. I think Roongta I will ask you to answer that but I just want to say on coal block auction, we are still in the midst of those, what we will be doing is giving our thinking from a generic perspective but we then recognized that we are not going to be wanting in this open forum to talk about commercial trade secrets.
- SK Roongta:** Yes, exactly because coal block auction is still ongoing process, so we would not like to really discuss in detail about our strategy with regard to coal block auctions. We have already won, two blocks for BALCO in the first round of coal block auctions and as it was mentioned in the presentation we are looking at all our options in the ongoing round of coal block auctions as well as future rounds of coal block auctions which will be forthcoming.
- Tom Albanese:** I think we have teamed up Mr. Roongta with D.D. Jalan, our Chief Financial Officer, so wanted to make sure we did any winners or worse of these auctions. If you have any other auctions D.D. if you would like to make.
- D.D. Jalan:** No, I think if we just try to look at definitely we are bidding from FSLT also for 1800 megawatt power plant and SLT-BALCO both are there in the fray as far as the upcoming coal block auctions are there.
- Participant:** Thank you. Secondly with regards to BALCO 600 megawatt IPP, can you just throw some details with regards to the PPAs or the merchant power sales is a mix of and the coal sourcing, I believe we have got some PPA from Kerala SEB so...?
- Tom Albanese:** So maybe Mr. Roongta can talk about what is the difference the 600 CPP versus 600 IPP and BALCO.

Sushil Kumar Roongta: Regarding 600 IPP at BALCO we do have some medium term and long-term PPAs to the extent of about 350 megawatt and we have the coal linkage from HCCL. So more than 50% of our capacity is already covered by medium-term and long-term PPH.

Participant: First question is on aluminum. At BALCO given that we now have Coal security the cost of production might be beyond \$2000, so exit FY16 how should the cost of production evolve as we move towards the auctioned coal block.

Sushil Kumar Roongta: Well, we are not giving exact guidance on our cost of production but certainly our cost of production in the current year has been high on account of high coal cost and consequently higher power cost. So as we take control of this coal blocks and we start sourcing coal from our own coal blocks, surely our coal cost and power cost will come down in FY16 and subsequent years as well.

Tom Albanese: I think from my perspective I think we regularly take notice of fact that BALCO's unit cost are considerably higher than Jharsuguda and so there is a charge to bringing those BALCO cost lower, part of is going to be coal and coal security, the power part is all aspects of the business, we do need to make that business more efficient and certainly in the current environment which Akhilesh had talked about where we are seeing a reduction in global premiums, the burden is on us to reduce those cost at BALCO.

SK Roongta: Yes, the major difference in Jharsuguda and BALCO cost in the current year have been primarily on account of coal and power cost.

Participant: Okay. So my second question is on group simplification, over the last two years we have consistently heard about Hindustan Zinc, now that is not in the company's hand, that is dependent on what the Government of India does. But we have not heard any thoughts on Cairn India, I mean how does that fit into the overall group simplification going forward and because there is no regulatory element involved over there.

Tom Albanese: I think from my perspective what I wanted to use my comments for today was to reinforce, when I came in as Chief Executive I talked about operational priorities but I said there are also priorities aboard for simplification and I wanted to message to all of you that as I look into coming years the priorities, our objective is going to be stepped up, there is no single solution, it is something as I have said that there are many combinations and permutations at this stage, all of the discussions and all of the taking is on exploratory basis so anything would be speculative in any individual direction and we would very-very much be mind-full of the stakeholders whether it is as you say is the Government of India which we expect to Hindustan Zinc and also of course the minority shareholders and also of course the Indian Companies Act and the regulations

that we are considering with the UK and we have ADRs and we have debt in the US market, so we are also subject to the various SEC regulations in the US. So this is a fairly complex mix of events that is held as fact within Sesa Sterlite, we have done this before, we can do it again and I always wanted you to know that this is something that becomes more important for me. Thank you.

Jigar Mistry:

Two questions, first on dividend. We saw an enhanced interest from the management in looking at dividends as a real capital allocation tool, in absence of consolidation specially the Hindustan Zinc how do you see the company using dividends as an important tool? Number two, there is a fairly sharp cut in capital spending that has been announced, that is rather reflector of what commodity prices have done, but how do you see that impacting the future growth specially with respect to Cairn India? Thank you.

Tom Albanese:

I might just take a comment on dividend and may D.D. support it. This is not specific to Sesa Sterlite or any investor because as I get more and more grey hair I think more and more about the dividend in my personal portfolio. So as I get wiser I definitely appreciate the importance to you the investor in that dividend flow and that is why we reinforced the emphasis on rising dividends and certainly you have seen that we have had a practice of increasing our dividend at all the subsidiaries, that is personal perception and that certainly personal perception is helping support the CFO as he thinks about the specifics of the policy.

D. D. Jalan:

So if we just try to look at, Jigar what we had tried to see that capital allocation policy, it is a balancing act between three stakeholders, how do we allocate capital to the business for the growth, how do we see that we allocate adequate capital to the shareholder so that they get return and the third piece is how do we de-lever our balance sheet. So it is a combination of all these three factors we have to keep in mind and that is where we have kept a very robust hurdle rate so that the capital allocation for the business passes through the hurdle rate and then balance only we use it for shareholders return as well as for deleveraging.

Tom Albanese:

And I guess one more thing, on a global basis within the resource place where there is oil and gas or mining I think there is less of a focus on capital growth in this particular supply demand environment and more on shareholders return. So we are very mindful of that but maybe Mayank if you want to close with some comments from the oil and gas question.

Mayank Asher:

Some brief comment on oil and gas, as you know the entire energy sector is producing its exploration spending, capital spending and really getting very selective. So as we

look at this environment we have really shut down projects that are not economic at prices that we saw over the last 60 days, that is the right thing to do. But the story is not just about capital reduction per say, what we are doing is aggressively looking at cost reduction as well and the two elements to cost reduction, one is the factor prices have come down as you reduce your capital spending and your exploration spending which is not economic in the \$50 world versus \$80 world, there is surplus of service supply sector, with cost as an example have come down globally, but that's factor cost that have come down in addition to that with the reduction in capital and exploration we are right sizing our operations with resources and looking at internal cost reduction efforts as well as staying very focused on the production. So it is a multi-faceted strategy that is designed to generate cash, generate returns but still we have growth optionality as I mentioned, it will still be ready when the price recovery happens because what we have done is deferred projects and there is no question in my mind when the price does recover with cost reduction will be leaner and better in the future.

Jigar Mistry:

And just a follow-up, we are looking at 7% to 8% growth in oil production over the next few years but with this cut do you think that gets impaired, we are now looking at 2% to 3% because earlier we were talking about EOR in MBA, now we are just talking about EOR in M, so...

Tom Albanese:

Yes, I can give you a little bit of a color, that growth of 7% to 8% was certainly possible in that \$80 to \$100 world and when you defer projects clearly you defer not just capital but you also defer production and it is the right thing to do in terms of returns. But we have clearly reduced some infill drilling as an example in some of the fields and we have curtailed a Mangala EOR makes sense, some of the other EORs at the same scale and pace we have reduced it so combination of all these things is a lower growth profile but I will still say the Cairn story in terms of cash generation at these oil prices and even modest growth is still a much richer and better story than virtually almost the entire energy universe say a few exception...

Tom Albanese:

But if I may add that and it is important question, we spent quite a bit of time with the Cairn management team. The real growth opportunity is the Barmer Hill formation and that Barmer Hill formation is going to require a combination of technical knowhow, a complete unhindered access to North American oil and gas sector and North American oil and gas service providers at a more competitive cost and our ability to execute a horizontal well-fracking solution in this stealthy sandstone that is cost competitive at low prices. And if we can get that done as Mayank said that the resource is big enough it is incidentally scalable. So you have a huge-huge growth trajectory and the funny thing, this weaker oil and gas environment have brought us closer to those North American Service Providers, their order books have freed up completely, a year ago

they said we are busy, we are not going to go to India, we don't know about getting our stuff in, we do not know about this, it is just too hard, I'd rather be in Oklahoma; now they are ringing us up and I think that is the importance difference.

Bhavin:

Good afternoon gentlemen, this is Bhavin from Enam Holdings. Sir two questions, your presentation is talking of a big \$1.2 billion savings in procurement and marketing out of which \$550 million in FY16, so can you elaborate more on this and particularly I think it is talking about improvement in unit pricing across aluminum, zinc and iron ore. So if you can elaborate more on how this can happen. And the second question is on CAPEX reduction from \$2 billion to \$1 billion, so majority happened in Cairn India which was I think clarified on the Conference Call also on Friday, I am seeing a lower number on Hindustan Zinc on the CAPEX. So does that impact a volume growth in Hindustan Zinc, if you can elaborate on volume guidance for Zinc India operations?

Tom Albanese:

Okay. I think you managed to get four questions in that one, so I am going to start by giving my own perspective of the procurement in marketing and maybe D.D. can talk a little more about the efforts that we are going to do in terms of improving those efficiency, then Mayank on the oil and gas capital and Akhilesh on the Hindustan Zinc CAPEX.

First of all, I have been involved in these synergy processes before, we flagged a year ago the concept of operational synergies from the Sesa Sterlite merger where we can begin to get businesses, talking with each other, we are very decentralized, so the bulk of it is at the business unit level but with enough commonality from the center. In many ways I have seen some very good commercial, procurement and marketing people through the group but they have been tending to be transaction-oriented and getting the best out of each individual transaction and then moving on to the next transaction, that is somewhat the same in both the procurement and the marketing side. What I have not seen with the more holistic in solution findings. When we buy coal it is not just the price we pay for the coal it is the assurance that we are getting the quantities we ask for, the qualities that we ask for, it is the assurance that we control that supply chain, we minimize the leakage along that supply chain, we have better engineered locations for transfer points, delivery points. But at the end of the day the coal that we buy we maximize the number of BTU units that get into the boiler and to some extent it is not just buying the cheapest coal, buying that right configuration of coal so be that boiler actually works to its maximum configuration. I have been involved in procurement exercise where this is one example, this is in diesel fuel where you can find that the BTU content and a leader of diesel may vary as much as 10% between the best BTU content and the lowest BTU content, and the operators would know. So it is about getting everyone clicked in to the full optimization of that supply chain, it is a different,

it is not just a transaction at the commercial end but how they are involved through the logistics, the transportation, shipping, and ultimately engineering of that product as it goes into the process facility. And I am convinced, I have seen this before we are going to see huge benefits here but it is a transformational type of thinking and that certainly yields the Sesa Sterlite transaction, anything else we can do to simplify to make some business easier to manage across business unit lines we will just facilitate this process. Maybe D.D.?

D. D. Jalan:

Yes, thanks sir. So Bhavin if you just try to look at I think cost reduction and the COP in normal terms what we call it, COP reduction was one of the forte of this Group and continuously we have been seeing that for each of the product line the cost is reduced year-after-year and we contain the inflation by various initiatives which are taken by each of the business units. This year we are planning to do it totally differently and as Tom used the word of transformational way of thinking to bring the savings we are planning to form a group and which is going to be a core monitoring group and they have generated a lot of ideas, in fact we have got huge idea banks, some of the ideas in Isle 0 to Isle 5. So the team is going to put together all the initiatives and then try to see that how all the Isle 0 ideas are brought into Isle 5 and isle four and we achieve those savings with a common effort. These savings will have a lot of initiatives which will reduce the perceiving cost, the market from where we are sourcing the material, the usage of specific consumption of those materials as well as I think a lot of logistic effort, in fact we spend huge amount of money on the logistic. So this was an area which was untapped, so with that we are quite confident that the saving what Tom has articulated that is what it has challenged and that is what is target what this group will be able to achieve. Similarly in the marketing side, as we mentioned that there are certain initiatives which the group is taking in optimizing the product mix, in seeing that which all markets should we penetrate into and how do we enter into those markets, what are the various strategies behind it. So there also a lot of ideas have been generated and the ideas are there in different bank of isles so we need to see that during one year period how do we carry forward those initiatives and transfer those initiatives into actionable points and then see that those actionable points get translated in the bottom line. So that core group with the help of some external agency will be able to see that by the year end of FY16 we are able to show a good amount of savings turning to the bottom line.

Mayank Asher:

Just very briefly, I talked about expenses and looking at it holistically from contract, service providers, our internal resources, and general efficiencies but very briefly on capital as well. As I mentioned last year was our largest capital spend year, that is good in a way but when you do take a pause you are able to really focus in the money you

spend wisely, some of the input factors for the capital have come down in terms of rigs. On the other hand Tom always reminds us that we need the Indian supply chain. When you look at the downstream refine a marketing sector the cost in India are lower than anywhere else. On the upstream sector; however, our costs are broadly comparable so we are the pause in a little bit of a delay here and deferment of projects is allowing us to rethink it and making sure that fundamentally we build some advantages for the long haul.

Akhilesh Joshi:

Yes, for Hindustan Zinc is concerned, we have not deferred any work or any development with respect to our mine plan, we are going as per the mine plan so there will be no impact on our volume. Only thing as expected is that what is the cost reduction development has happened due to the reduction in the commodity prices and then we are working on optimizing our contracts so we are replacing the expat contractors because with our own contractor with less expat operators because we have now trend operators with us and we have the more indigenous operator trend in the new technologies. Then we are just looking towards Zawar to have more exploration and have that proper mine plan with us, but instead of that we are focusing more on SK so that we are developing those two ancillary lenses so there is no impact on volume as such, only the priorities might change.

Chirag Shah:

Chirag Shah from Barclays. Sir, asset sweating is one of our key strategies of growth going ahead and in aluminum we have a significant opportunity to really scale up our assets and production volumes. Now my question really is, some of the building blocks for example coal for BALCO and most likely the environmental clearance for the refinery could fall in place, now how prepared are we in terms of ramping up production quickly, how fast can we go to full production at the refinery? And in terms of bauxite both in terms of logistics and in terms of availability how can we secure the material supplies?

Tom Albanese:

Thank you. I think again Mr. Roongta should answer this one, but just for my own flavor. We are consciously choosing to not to try to solve all lot of problems at once which you sometimes get too many equations, too many unknowns to solve, rather what we are doing is take those things that are most practical in the first instance. We are getting electricity and turning on power and taking basically accepting the fact that we have to buy alumina in the seaborne market to make up for the gap. Then the next degree of difficulty is getting the alumina production up at Lanjigarh waiting for the environment approval on ramping that up and as we reduce our reliance on then the seaborne alumina but increases our reliance on purchase of bauxite. And that then leads to next stage of problems so what we are trying to do is not solve all the problems at once, we can buy materials off the merchant markets, it is more expensive in cost but

what we are doing is we are creating a momentum of success as we found every time you put a line of pots on you create more of a burden of pressure on everyone, on our own people, the government, the communities to move to the next expansion. So maybe a little bit more detailed flavor from you Roongta.

SK Roongta:

Yes. So talking of BALCO first, in the new smelter we already have 84 pots operating and with consent to operate having being received for our new power plant we will be ramping our pots beyond 84 pots starting from April and by August we will complete all the pots ramp up for the new smelter of BALCO. So we were waiting only for this permission for the new power plant and once we have our captive power, we see no difficulty in ramping up the production, we are geared up for that. All activities with regard to tying up of the raw materials and project related activities have been completed.

Now with regard to Lanjigarh, as you have rightly said we are waiting for environmental clearance from MoEF as was mentioned in our presentation EAC has already recommended for grant of environmental clearance, it is in the final stage and it is expected any time and we have already through a de-bottlenecking project have brought up the capacity of refinery from 1 million tonne to 2 million tonne, so post receipt of EAC we will be in a position to operate the refinery at 2 million tonne annualized capacity and we have tied up raw materials that is primarily is bauxite for about 5.5 million tonnes in FY16 comprising of about 2 million tonne coming from BALCO, about 1.5 million tonne coming from imports and balance from other local sources. As you know that with this MMRDA Ordinance many of the smaller mines of bauxite in the country which were closed will get operational and we expect that we will be able to source larger quantum of bauxite from these small mines within the country. So we see no difficulty in sourcing bauxite in FY16 to run the refinery at annualized capacity of 2 million tonne. And to ramp up capacity beyond that we have certain projects, we are in the CWIP stage, we will have to complete the project beyond 2 million tonne capacity for which we are making our assessment.

Nilesh Jain:

My name is Nilesh Jain. I am from Axis Capital. I have got one question on Zinc business. Sir you have given fairly bullish commentary on global zinc market and outlook for zinc prices on one side. And on the other hand we have cut CAPEX on the Gamsberg project from US\$250 million to US\$80 million in fiscal 2016. So I was not able to reconcile the difference between these two strategies, if you are so bullish we should be advancing this project so the mine is up and running when the zinc prices are higher. It would be very helpful if you can explain this.

Tom Albanese: Thank you. I am going to just make a comment on that, maybe Akhilesh if you could say a little more and that is that what we are looking at doing is taking the world's biggest undeveloped zinc mine and getting it up and running and I think what the mining industry over the past 10 years has learned, if you put too much capital upfront you sometimes do not get the desired result, so what we have been consciously thinking all through the development of Gamsberg is to develop it with capital efficient mechanism to get first production in a way that we can then begin to test the reserves, test the metallurgy and bring us through our production stream, early revenues and then progressively making investment. So our commitment is still to bring first production in by 2018, that has not changed. Likelihood is like saving this money in 2016 which by the way helps D.D. for in terms of balance sheet, what we are going to do is we are going to put more pressure on our Black Mountain Mine and mill to expand that mill and debottleneck that. So that can take some of the early ores at Gamsberg and then it defers building a new mill at Gamsberg by a year. In the meantime we will use that year to good use to better understand the metallurgy so we can optimize what that circuit looks like at Gamsberg. So the intent is to continue to develop and find the most capital efficient path way for the development, do not lose any option and if it helps our balance sheet in 2016 that is so much the better.

Akhilesh Joshi: You are right Tom, actually we want that we should debottleneck our existing mill at Black Mountain and we use the ore there and we had all the learnings so that we can put those learnings in our new plant there, so that will help to just doing the right things, it is not based only laboratory results, so that will help us in some many things and then we will step by step increase the production. But just this year we are going for the learning otherwise we have the plan to expand and to put the mill as early as possible.

Rakesh Arora: Good afternoon, this is Rakesh Arora from Macquarie. My first question is on the change of name from Sesa Sterlite to Vedanta, while we are very supportive of the move, Vedanta sounds much better. But the question is that we have seen a lot of multinationals use this kind of opportunity to levy royalty in the name of brand name or trademark these, is there any kind of move or thought process behind this?

Tom Albanese: I might just talk about the branding and maybe ask D.D. to think about royalties. This really came about as much through stakeholder and employee engagement as the market and I think as we have gone around we found that if we go to the site like Hindustan Zinc or Sesa Goa, there is a huge-huge brand value in those local brands. They have pride in Sesa Goa, they have pride in Hindustan Zinc, and they have pride in Cairn. We do not want to touch that, we want if anything we want to strengthen that pride and that linkage between the business and the stakeholder and the employee. And

they understand the Vedanta story, they understand the Vedanta story because it follows the resource development of India over the past 20 years. But so to speak they are trying to figure where is Sesa Sterlite sitting in this with new name it tends to confuse the picture. So here we are trying to do is protect and preserve and celebrate those local traditional brands because I think that there is huge value where it counts which is the business units ultimately that is where the money is being made or not. So you want to actually put the emphasis there but then have them run together in the single set of values, strategies of what is seen as that Vedanta brand, that is the master brand for all the businesses so it is really driven by that first and foremost and then of course D.D. you got to talk about what that means from a commercial perspective?

D. D. Jalan:

So basically I think Rakesh as Tom said it is more like a strategic thought which is driving this name change. There could be some incidental fall outs and maybe as of now it is early stage so those incidentals have not been thought through and no decision has been taken on the inconnite but I think it is more like a strategic thought which is being put in place.

Rakesh Arora:

So the second question I have is about forming a single unit for exploration as you mentioned in your presentation. Now bulk of our exploration is sitting in subsidiaries like Hindustan Zinc or Cairn India, so what is the thought process about how will be the structure and where the entity will sit?

Tom Albanese:

I am going to make a few comments, I used to be head of exploration so I have been through where are the differences between Greenfield and Brownfield, but since among many other hats Akhilesh if he can head up this group as we bring it forward. I do truly believe that Brownfield exploration is the preserve of the business unit, if they understand the geology they understand lethal position, they understand what type of products their own facilities are configured for and they will make the proper allocations of exploration resources for that end. But what we also have within each of businesses is an orbit of activity outside the immediate facilities that with the more Greenfield in nature and it might be in the Hindustan Zinc looking for zinc but they might be looking for other products too where Zinc International may have copper exploration efforts, in Goa we have had iron ore that is not just within Goa but it is also on a more broader basis. Now in India in particular where there is an evolution of how you are going to see the prospecting, conversion of prospecting to mining licenses, what is the role, what is the state rather than having a multitude of groups all trying to navigate that change we should actually collect those under a single group and have a critical mass of those geologist that would be in the area it should not be any added cost for the business without success, of course if they discover something we want to allocate cost of that but in the absence of success it would be cost neutral from

overdoing right now. But I also want the geologist to be to some extent driven by the hunt for the next big deposit and not necessarily driven by what is the business urgency of that next fiscal year and the biggest mining companies in the world, and again in the oil industry the real transfer base stuff has happened when discoveries that were made a year ago were just in peoples' imagination. And by the way when I talk about this I talk about centralizing exploration just in the metals and mineral side, this does not include oil and gas.

Akhilesh Joshi: So just we are looking at the Central Group which will be most probably we will decide and I will feel comfortable it is at Udaipur. We will go for the Greenfield explorations across for the group actually instead of going through the company by company and all the metals will be under that we will go for our exploration of all the metal, all the applications will be like that only so that will help the clear cut focus on the Greenfield exploration, till now we have very high success on the Brownfield, if we look on the Greenfield we do not have any great success in the Greenfield exploration. So that is the need of hour to have focus more on Greenfield everywhere in all our companies, around the companies in all the countries so that expertise group will be there which will be available, resources will be there so we feel that we can expedite any discovery if possible.

Rakesh Arora: And last question on corporate restructuring that we have been talking about, obviously we are waiting, and hopeful that we will be able to buyout remainder of stake in Hindustan Zinc, but what is the plan B and how long are we willing to wait for this opportunity, it has already been 10 years now I think.

Tom Albanese: We got to be patient in the mining industry but we do not want to be too patient, so that is why I have talked about elevating the priorities of this as we go forward. It is not a prescriptive path, there is no plan A or plan B. It is about looking at all the possible opportunities and explore those and find the right pathway.

Raj: Raj here from Sundaram Mutual Funds. Sir if you could detail alumina ramp up further from 2 million tonne to 6 million tonnes what are the steps involved?

Management: I could not get your question.

Raj: What is the ramp up to 2 million tonnes to 6 million tonnes of alumina?

SK Roongta: So we are expecting this environment clearance for 4 million tonne of refinery and as you know that the project from 1 million tonne to 5 million tonne was halted almost three to four years back so we are assessing the ground situation, we have to engage

with all the vendors as well and we have not drawn the exact road map but it will take two to three months really for us to firm up our plans beyond 2 million tonnes.

Tom Albanese: Thank you. I would like if I could if there is any questions on the phone or electronically, then we will close off here. Do we have any questions on the phone lines?

Moderator: Sure sir. Thank you very much.

Tom Albanese: Meanwhile operator while we are waiting for that I have a question here in the audience, so let's take that while we are waiting.

Participant: Appreciate the effort the group is taking in terms of clearing the corporate structure and aligning the interest of the Indian entity and Vedanta PLC, just possible if we could have a policy on any cash repatriation from Indian entity and its subsidiaries to Vedanta PLC, now it will be through dividend route only and not through ICD. If you could just something, so that will further align the interest.

Tom Albanese: I could not tell if that was a question or a statement.

Participant: As in because you have...

Tom Albanese: Opinion I should say.

Participant: Because as in you are constantly talking on clearing the group structure and aligning the interest, so just if something like that also.

D.D. Jalan: So basically I think if I am able to sense question besides the statement what you are making is that the up-streaming of funds from Sesa Sterlite to Vedanta is going to be by two routes, one is by way of dividend and the second is there is a inter-company loan between Vedanta and PLC so that inter-company loan has got to be up-streamed, that is about \$2.7 billion.

Moderator: We have a question from Varun Ahuja of JP Morgan. Please go ahead.

Varun Ahuja: I just have couple of questions, firstly could you guide on the CAPEX requirements when you move the alumina refinery from 1 million tonnes to 4 million tonnes then 4 million tonnes to 5 million tonnes, what is the CAPEX involved there? And then could you just give some guidance on timing of this utilization of 2.4 billion intercompany receivables, would Sterlite likely like to keep it till the time you have your major

refinancing next year or would you plant to do it as and when loans mature even before that, that will be helpful. Thank you.

Tom Albanese: The first question is very similar to what we heard earlier but maybe Mr. Roongta quickly summarized the path way of Lanjigarh Alumina Refinery to 1 to 2 and 4 to 5, but then maybe D.D. if you, I did not get the whole questions on the intercompany receivables but if you can take a cut at that.

D. D. Jalan: No, I didn't get the second question, maybe I will request if you can repeat your second question so that we hear it clearly.

Varun Ahuja: Sure. I mean my question was basically on the timing of when you want to utilization intercompany receivable, whether it would be kept for the major refinancing you have at Vedanta levels next year, or whether it would be done as and when there would be refinancing even before that. So when exactly would you like to utilize this 2.4 billion intercompany receivables?

SK Roongta: Okay understood. So as far as alumina refinery is concerned, as I mentioned earlier that we are expecting environmental clearance for expansion of our refinery very shortly and post receipt of environmental clearance through de-bottlenecking project we are virtually at 2 million tonne annualized stage. So within a matter of two months we will be able to commission our de-bottlenecking project and in FY16 we hope to end the year with 2 million annualized rate of alumina. And I have mentioned that we have already tied up the bauxite sources, largely we have made our plan to get the bauxite to feed this annualized capacity of 2 million tonnes. Beyond 2 million tonnes we have certain capital expenditure to make to complete the project, as I mentioned we are in the process of making an assessment, the project which was halted with some of the projects related activities will have to be completed, there are some infrastructural related also requirement. So we are in a process of making an assessment, I am just not indicating very specific timeline but we are working within three months we will be ready with timeline by which period we will be completing the project beyond 2 million tonne.

D.D. Jalan: So Varun just to give little bit more color on what Mr. Roongta said, we had estimated the CAPEX of \$1.5 billion for completing the Lanjigarh Refinery and out of that 50% CAPEX has already been spent and 50% is yet to be spent. So what Mr. Roongta said that Lanjigarh Refinery expansion from 1 million to 2 million has already been totally spent and no further CAPEX is required. Now we need to spend CAPEX for building up refinery from 2 million to 5 million or 6 million and on that module the CAPEX

requirement is still getting established and once it gets established hopefully within the 750 million of CAPEX yet to be spent it will be phased out in different period of time.

And on your second question about the timing of repayment of intercompany loan of \$2.7 billion, there is no specific timeline and as you mentioned very rightly it is linked to the repayment due to Vedanta PLC. So it will get aligned as and when Vedanta PLC demands the loan Sesa Sterlite will be in a position to upstream the funds.

Tom Albanese:

Let me just say one more thing on the alumina refining ramp up and that is that because we are searching along and far for bauxite we are tending to get lower bauxite feeds and the residual Lanjigarh plan was configured for. So as we get up passed about 1.5 billion tonnes we run into bottlenecks and the clarifiers, the settlers, etc. So there will be some tweaking of capital to debottleneck up to the 2, but I do not think we should be satisfied with the existing plan rising just to 2 million tonnes because as we have seen in the history of alumina refining around the world that there is lots of opportunity to continue to debottleneck and I would expect that 2 million tonne facility before it is all said and done has the production capacity well above 2 million tonnes just on its own. So this is a kind of thing that it is just a matter of getting in there, ramping up to 1.5 and de-bottlenecking to 2 and then continuing to find those areas of scope creep and I think I am confident we will find areas of scope creep beyond 2 million if before we get to resuming the construction on the expansion that had been suspended over 2 years ago.

So do we have one more question, I think I will take one in the back here if we can. Thank you.

Avadhoot Sabnis:

Hi this is Avadhoot Sabnis from CIMB. The drop in oil prices, there is obviously expectation of heightened M&A activities in the next few months and Cairn India is in a great position of sitting on net cash balance sheet. So a couple of level of questions in the sense, firstly A) From a strategy perspective, plus a little perspective are you open to inorganic growth on the oil and gas front? Secondly, if you could give us any color at all on the criteria I would look at if you ever make any inorganic acquisition in the oil and gas field. And thirdly, would that sort of acquisition have to fit into Vedanta's capital allocation process in the sense that if for example would Vedanta say, Okay perhaps this acquisition looks good in oil and gas space but we have better acquisition possibility in zinc so let's not do it oil and gas, let's do it in zinc.

Tom Albanese:

Well, you are talking about both the oil and gas business in specific but also capital allocation in general, so maybe Mayank can add to start on that one but then maybe

just let D.D. speak on in terms of how we are thinking in terms of overall principals of capital allocation.

Mayank Asher: In terms of inorganic growth we certainly have a fleet of organic growth opportunity, we don't comment on speculations related to M&A but it is suffice to say we do look at the broad market to understand how the market is evolving, what is out there, how is the cost structure and what the competitors are doing, but we do not speculate on that but I would also say we have a rich set of opportunity from both oil and gas in Rajasthan plus some optionality in offshore, so that is their primary focus is.

D. D. Jalan: And just to add some more color on the capital allocation, basically we have brought in the current commodity price cycle we have got more rigor to the capital allocation and we are focusing on the free cash flow generation from the businesses of course without compromising the long-term growth and that is what Mayank also had been talking about that 1.2 billion to 500 million is basically a deferment without compromising on the next year's growth prospects. And what we are doing that there are various CAPEX proposals in the pipeline, whichever CAPEX proposal needs the scrutiny of generating sufficient returns and which is a low risk project, that is what we are prioritizing and that is what we are approving in the current government cycles. Maybe this is an ongoing exercise and then this calibration can be done depending on the commodity price how it behaves.

Tom Albanese: And I will just closing by saying that in my own remarks I talked about prioritizing our capital allocation toward oil and gas and zinc, so these are two that we like. And certainly in the areas of aluminum and iron ore we will focus our efforts rather spending additional capital, getting the capital we have already spend and getting us to full capacity. So I do not think if the right opportunity comes by it will be judged on the merits of the opportunity.

Thank you. I think we are at 3 o'clock now, I don't know if we have any room appetite for more questions or I should actually close there. Is there any more on the webcast?

Moderator: Sir there are no further questions on the audio bridge.

Tom Albanese: Okay. One more from the audience, thank you.

Participant: Just could you elaborate more color on your deleveraging your balance sheet, do you have any number to support or do you have any plan what in the next three years your deleveraging target would be?

D.D. Jalan: So basically as I said in my prepared remarks that our gearing is as of now 23% on net basis and this gearing is going to within next three to four year I think on a net basis this will become zero. And that is what is the resilience what we are looking at in our free cash flow generation, in our business.

Tom Albanese: Thank you. I don't know Ashwin if you have any closing remarks. I am pleased I know many of you asked me during lunch if we can get more time for Q&A, I am pleased that we gave you actually 50 minutes for Q&A instead of 30.

Ashwin Bajaj: Thanks everyone for joining us today. We have tea outside so please do join us.

Tom Albanese: Thank you very much.

Moderator: Ladies and Gentlemen, on behalf of Sesa Sterlite Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.