



Channelling
growth

Vedanta Resources Ltd.

opportunities



OIL & GAS | ZINC & SILVER | ALUMINIUM | POWER | IRON ORE | STEEL | COPPER



12 March 2019

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Company Overview

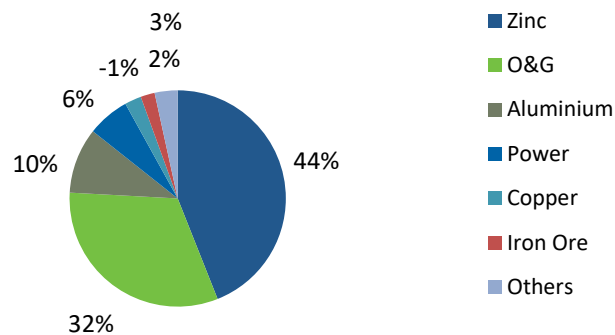
Overview

- World's 6th largest diversified resources company and the largest in India
- Portfolio of large, diversified, structurally low-cost assets geared towards base metals and oil
- Part of India's premier index – the Nifty 50 and also listed in NYSE (ADR)
- Vedanta ranked 15th by the Dow Jones Sustainability Index globally; Hindustan Zinc ranked 3rd in the Environment category and 11th overall in the Mining and Metal industry
- c. \$18m invested in social initiatives benefitting c. 2.2mn people

Key Financials

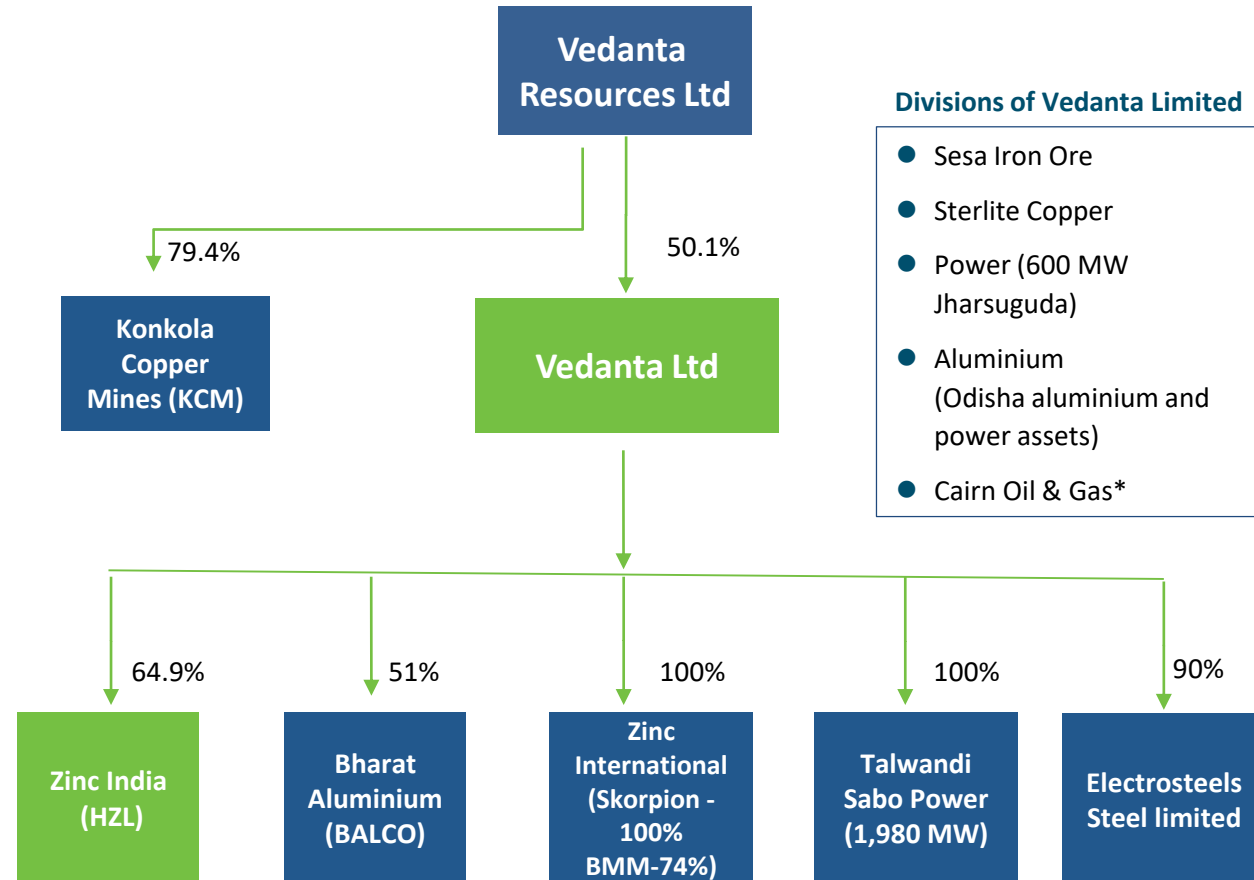
- 9 months EBITDA of \$2.5 bn at margin of 28%⁽¹⁾
- Q3 EBITDA of \$ 0.8 bn at margin of 28%⁽¹⁾
- Net Debt @ US \$ 11.9 bn
- ROCE @14%

9 months EBITDA MIX



Note: (1) Excludes custom smelting at Copper and Zinc India operations

Group Structure



Divisions of Vedanta Limited

- Sesa Iron Ore
- Sterlite Copper
- Power (600 MW Jharsuguda)
- Aluminium (Odisha aluminium and power assets)
- Cairn Oil & Gas*

Note: Shareholding as on Jan 30, 2019

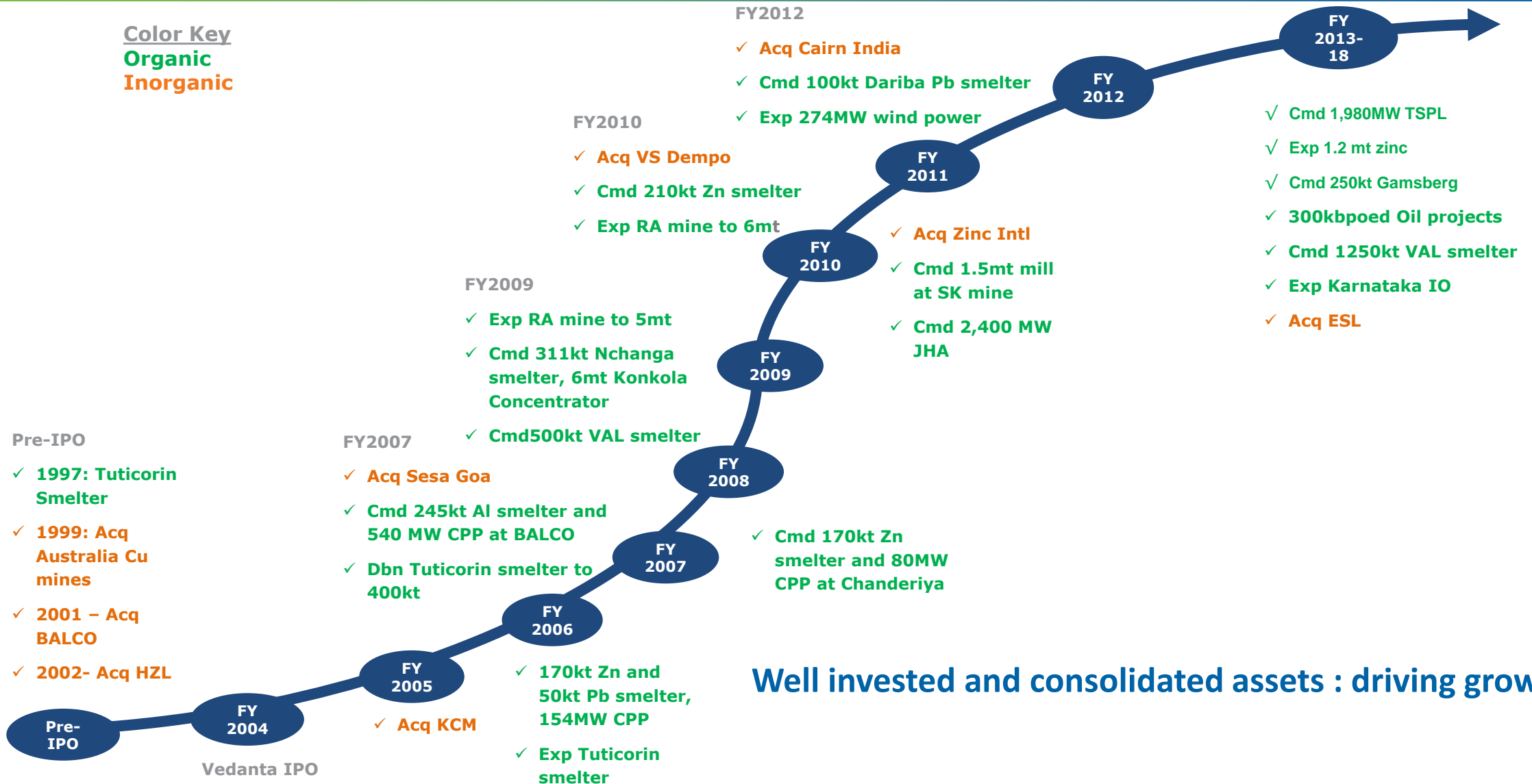
*50% of the share in the RJ Block is held by a subsidiary of Vedanta Ltd

■ Listed entities

■ Unlisted entities

Vedanta growth trajectory – Focus on growth projects

Color Key
Organic
Inorganic



Well invested and consolidated assets : driving growth



Operational Excellence

- Volume growth and asset optimisation
- Optimise costs
- Adopt digitalisation and technology solutions
- Improved realisations
- Reduce working capital



Preserve our License to Operate

- Operate as a responsible business
- Continue to focus on Zero Harm, Zero Discharge and Zero Wastage
- Ensure social inclusion of the community to promote inclusive growth



Optimise Capital Allocation & Maintain Strong Balance Sheet

- Improving cash flows
- Strict Capital discipline
 - Invest in high IRR projects
 - Deleveraging the balance sheet



Delivering on Growth Opportunities








- Develop brownfield growth opportunities
- Acquisition of attractive, complementary assets, but only for value



Augment our Reserves & Resources base

- Well developed exploration programs
- Zinc India R&R of 411mt with 25+ years of mine life
- Karnataka iron-ore R&R of 100mt with 20 years of mine life
- Focus on greenfield and brownfield exploration

Large & diversified asset base with an attractive commodity mix

		9 months production	Key Highlights
	Zinc India	Zn – 522kt Pb – 145kt Ag – 488kt	<ul style="list-style-type: none"> ✓ Second largest integrated zinc-lead producer globally; major silver producer ✓ Rampura Agucha – second largest zinc mine globally
	Zinc Intl.	91kt ¹	<ul style="list-style-type: none"> ✓ Gamsberg Mine opened recently with one of the largest zinc deposits in the world ✓ Reserve & Resources of +214mt and LOM of +30 yrs
	Oil & Gas	189 kboepd ²	<ul style="list-style-type: none"> ✓ India's largest private-sector crude oil producer with c.25% market share ✓ One of the lowest cost producers in the world (cost at c.\$7.5/boe) ✓ Investing \$3.2 bn to monetize 400 mn barrels of reserves ✓ Secured 41 blocks in OALP and 2 blocks in DSF II
	Aluminium	1.5mt	<ul style="list-style-type: none"> ✓ Largest aluminum capacity in India at 2.3mtpa, with captive power and an alumina refinery
	Copper India	Annual Cap: 400 kt	<ul style="list-style-type: none"> ✓ One of the largest copper producers in India ✓ Currently shut as per Government Order
	Iron ore & Steel	2.4mt 0.8 mt	<ul style="list-style-type: none"> ✓ Largest Indian private-sector iron ore exporter ✓ Acquired ESL for an integrated iron ore and steel business
	Power	9,995MU	<ul style="list-style-type: none"> ✓ One of India's largest power generators, with 3.6 GW of commercial power generation capacity, balance for captive usage ✓ Poised to benefit from structural power shortage in India

Note: (1) Refined zinc from Skorpion of 45kt and mined metal from BMM of 46kt; (2) Average Daily Gross Operated Production

Q3 Performance

	Zinc India	Zinc International	O&G	Aluminium
Production	Refined Zn-Pb: 242kt Silver: 178kt	BMM: 18kt Skorpion: 20kt	Gross average: 187 kboepd	Aluminium: 502 kt Alumina: 404 kt
Costs	CoP ex. royalty: \$997/t	CoP: \$1,757/t	RJ blended: \$7.9/bbl	CoP: \$2,025/t
EBITDA (%)	\$ 395 mn 52%	\$ 29 mn 34 %	\$ 273 mn 59%	\$ 34 mn 3%
Key developments	<ul style="list-style-type: none"> Record silver production and MIC production from U/G mines SK new mill 1.5 Mtpa commissioned and produced first concentrate CoP at \$997/t lower 4% qoq 	<p>Skorpion: 20kt higher 36% q-o-q on account of higher grades ~8.5% and ramp up from Pit 112.</p> <p>BMM: 18kt higher 31% q-o-q on account of higher grades</p> <p>Gamsberg project: Plant commissioning and ramp up underway</p>	<ul style="list-style-type: none"> 8 development rigs at site; Well drilling and hook up being ramped up Gas production to increase by ~ 90 mmscfd (eq. 15 kboepd) in March 2019 Liquid handling capacity at MPT being upgraded by > 30% to handle incremental volumes Vendor meet held in Houston to unlock the potential of OALP blocks 	<ul style="list-style-type: none"> Record alumina production and sequential reduction in Alumina cost Continued bauxite delivery from OMC to meet 1/3rd of the years requirement Structural reduction in COP with increased coal linkage and increased captive Alumina
				

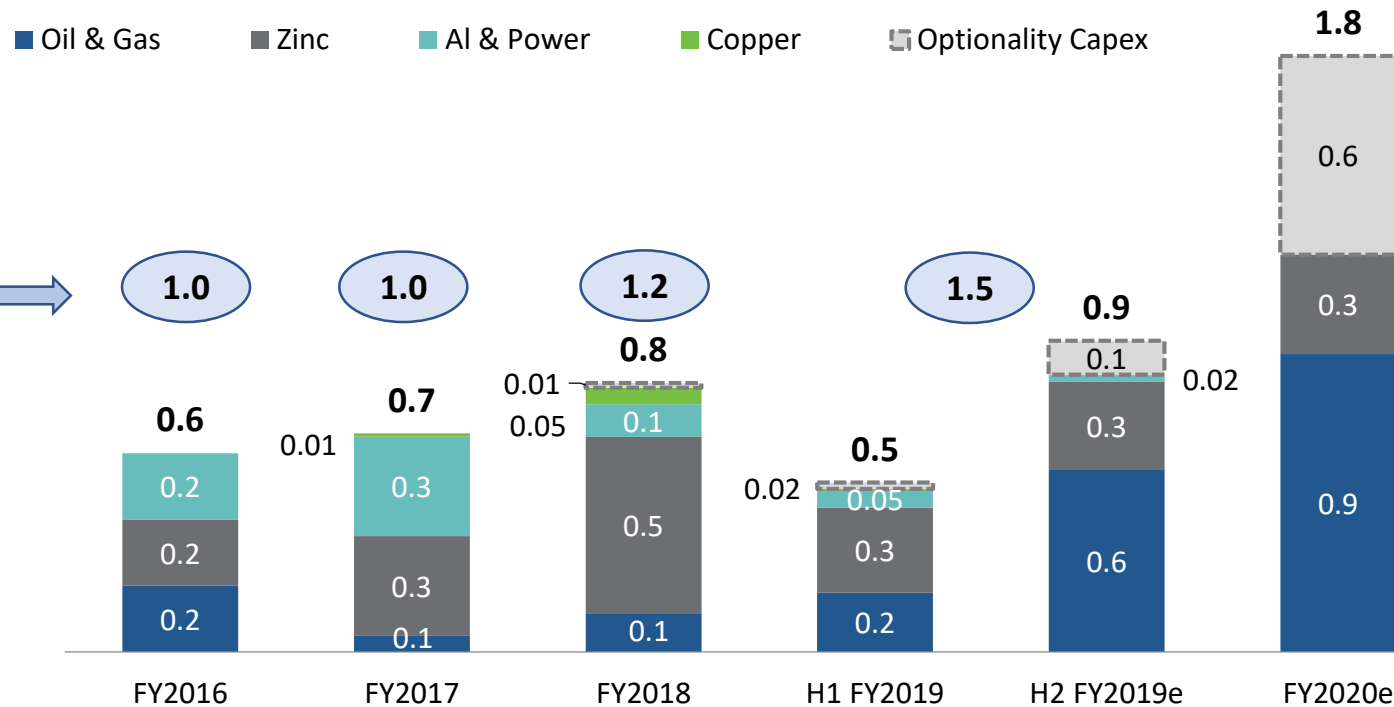
	Power	Iron Ore and Steel		Copper India	Copper Zambia
		Iron Ore	Electrosteel		
Production	Power sales: 3,165 MU TSPL availability: 81%	Karnataka: 0.7mt	ESL: 325kt	Cathodes: 23kt	Integrated: 24 kt Custom: 26 kt
Costs	TSPL margin: Re1.0/unit	IOK CoS: \$6.0/t	EBITDA/t: \$120/t	CoP: Not operational currently	CoP (ex royalty): 256c/lb
EBITDA %	\$ 50 mn 23%	\$ 14 mn 15%	\$35 mn 21%	\$ (11) mn -3%	\$ (3) mn -1%
Key developments	<ul style="list-style-type: none"> TSPL delivered 81% PAF in H1 FY19 PLFs of BALCO and Jharsuguda impacted by coal shortages 	<ul style="list-style-type: none"> Karnataka sales at 0.6mt; muted e-auction sales Goa continues to be impacted by suspension of mining in the state Engaging with Govt. for resumption Pig iron production at 163kt; margins of \$51/t 	<ul style="list-style-type: none"> Production: Q3 exit monthly run rate of c.1.5mtpa Production of 325kt in Q3 up 14% q-o-q Margin: EBITDA/t of \$120, 33% higher than q-o-q 	<ul style="list-style-type: none"> Favorable order from NGT. "Closure of plant against principles of natural justice" Supreme Court recently set aside the judgement passed by NGT. Says we can file a writ petition with the high court 	<ul style="list-style-type: none"> Advocacy through Tax representation in progress against the new custom duties levied Production majorly impacted by lower mined metal production at Konkola mine

- **Counterparties** : CIHL, a WOS of Vedanta Limited & Volcan Investments Limited
- **Nature of transaction** : Purchase of economic interest in ~24.71 million shares (~1.8% of outstanding shares) of AA Plc
 - Shares represent Volcan's entitlement under POEMS
 - Ownership & associated voting interest of shares, remains with Volcan.
- **Consideration** : USD 540 mn of which USD 200 mn paid in Dec '18 and balance as deferred payment
- **Guaranteed Maturity** : USD 344 mn in April 20 and USD 238 mn in October 20
- **Investment Rationale** : Significantly higher returns compared to other treasury investments
- **Risk Mitigation** : Full capital and downside protection
- **Corporate Governance**:
 - ✓ Independent valuer appointed
 - ✓ Approved by the boards of CIHL and Vedanta Ltd.
 - ✓ Voluntary and transparent disclosure in the December quarter results.

Capex & Business Growth

Self funded high return Capex projects....

Growth CAPEX Profile, \$bn



Capex guidance at the beginning of the yr →

Lanjigarh 4mt refinery expansion (Phase 1)
ESL 2.5mt expansion

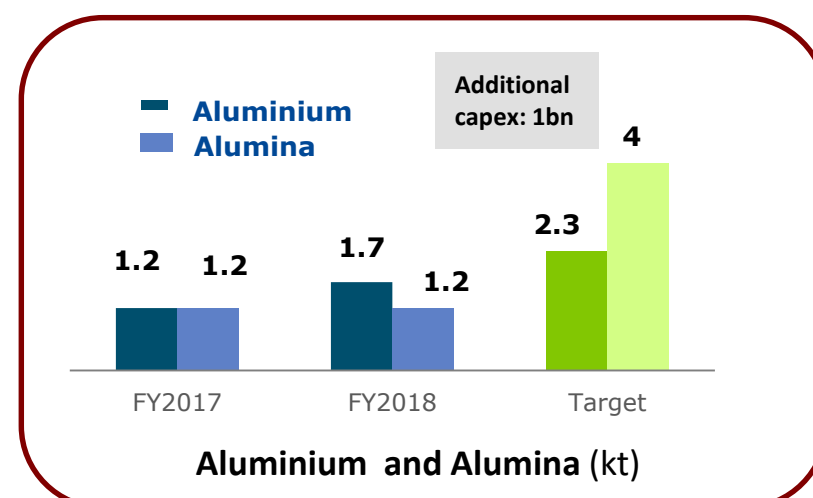
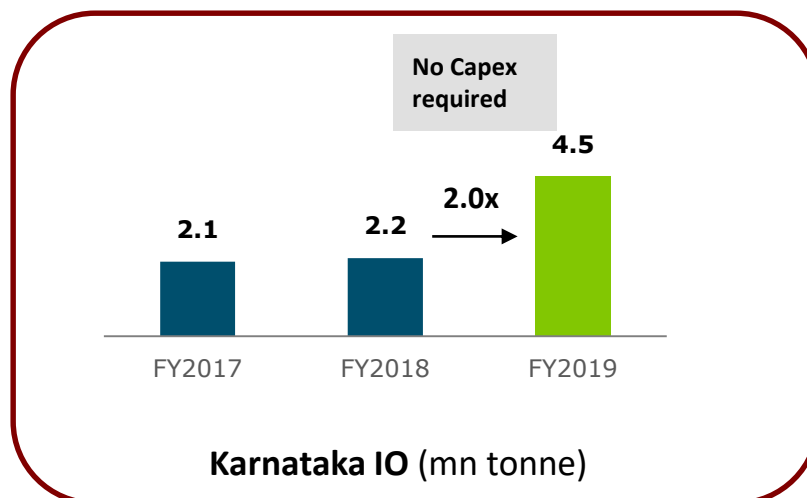
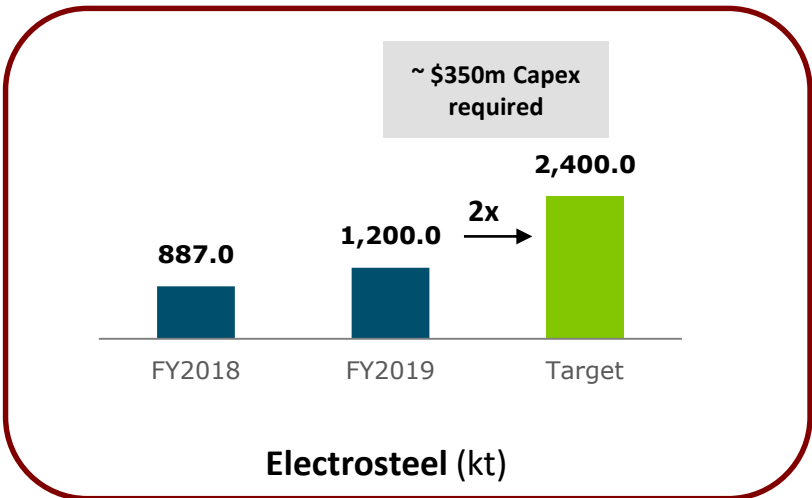
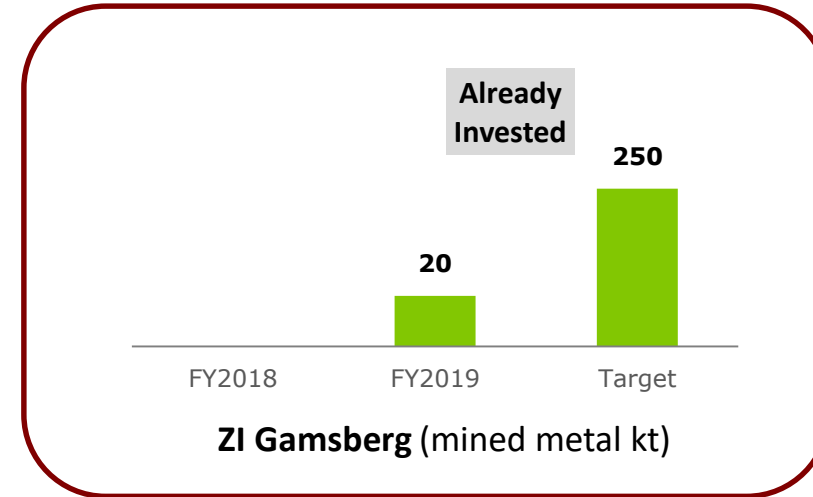
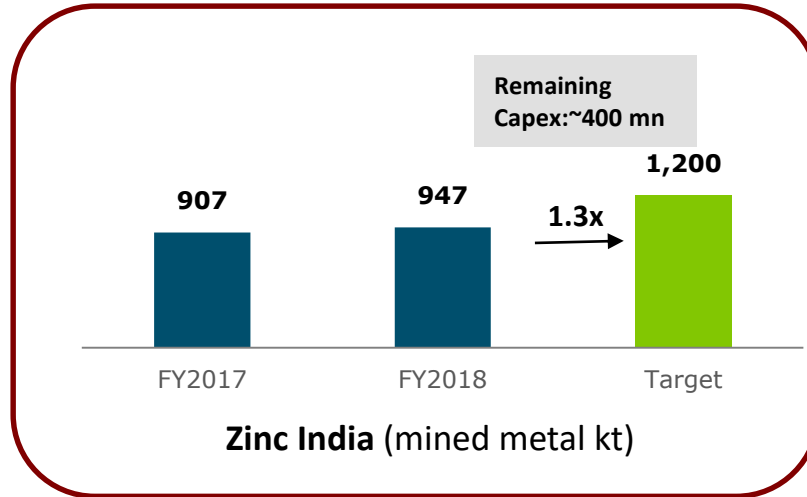
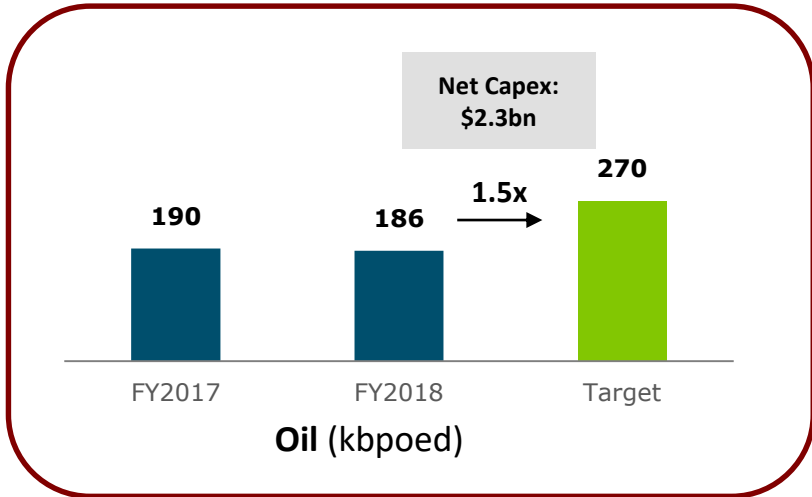
Towards Zinc India expansion to 1.2mt MIC
Outstanding capex at Gamsberg to be spent in H2 FY19

Towards \$2.5bn capex for ongoing growth projects in Rajasthan + Exploration capex

FCF pre capex, \$bn	2.3	2.2	1.7	0.3
ROCE	3.4%	12.8%	14.9%	13.8%

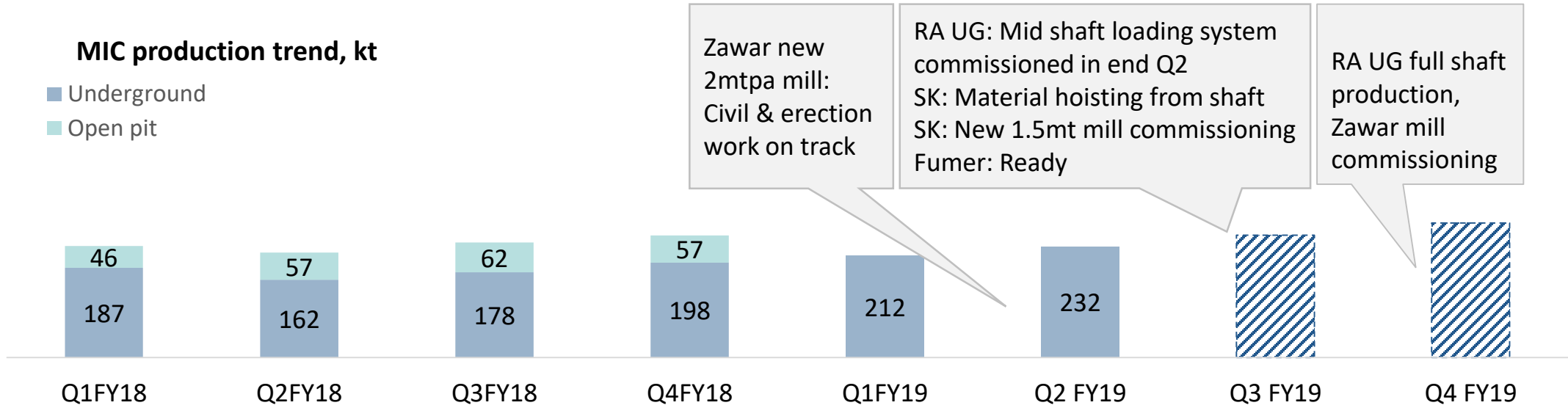
Note: ROCE is calculated as EBIT net of tax outflow divided by average capital employed

..... Leading to significant production ramp-up across all businesses



MIC production trend, kt

■ Underground
■ Open pit

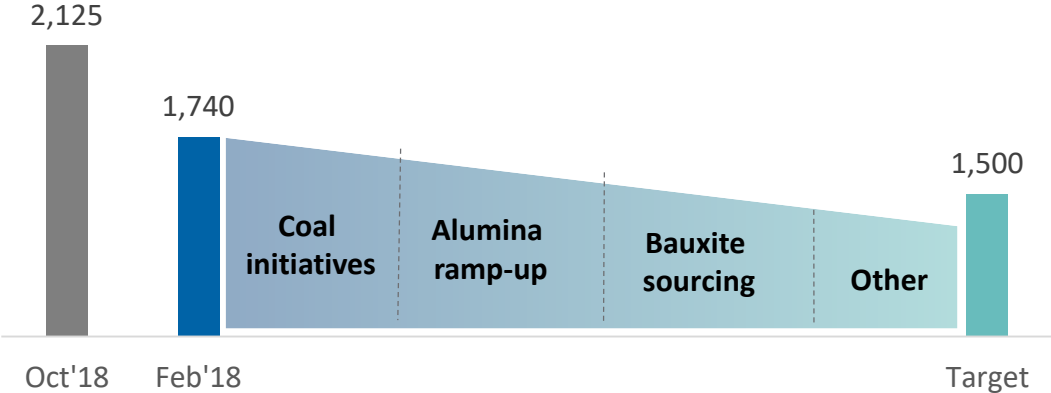


M2C Automatic Face drill Machine

Roadmap to Phase – I of 1.35mtpa

	FY18	FY20	FY21
Rampura Agucha UG (RA)	2.1	4.5	5.0
Sindesar Khurd (SK)	4.5	6.0	6.5
Zawar	2.2	4.5	5.7
Rajpura Dariba	0.9	1.5	2.0
Kayad	1.2	1.2	1.2
Total ore capacity mtpa	10.9	17.7	20.4
MIC capacity mtpa	0.73	1.20	1.35

Feb 2018 COP at ~\$ 1,740/t



Coal Linkage

- 3.2mt linkage Tranche IV taking coal security to 72%, Offtake to start from Q4 FY19
- 215kt of coal mined in Q3 from Chotia

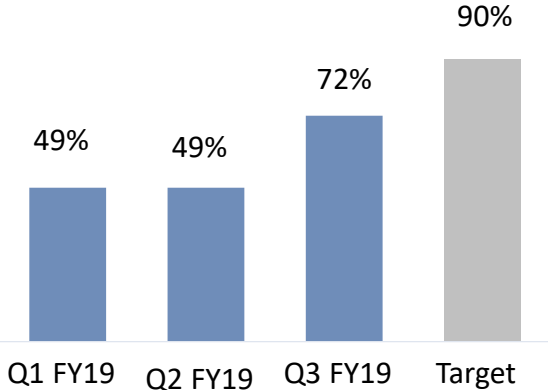
Captive Alumina

- Record Alumina production in Q3 at >400kt
- Alumina COP sequentially reduced by ~50/t q-o-q

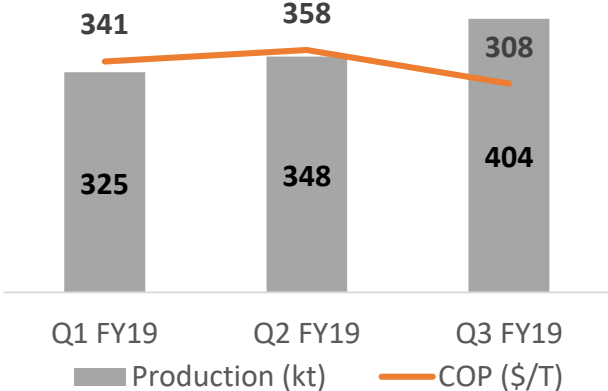
Bauxite Sourcing

- OMC Bauxite to meet 1/3rd of FY19 requirements

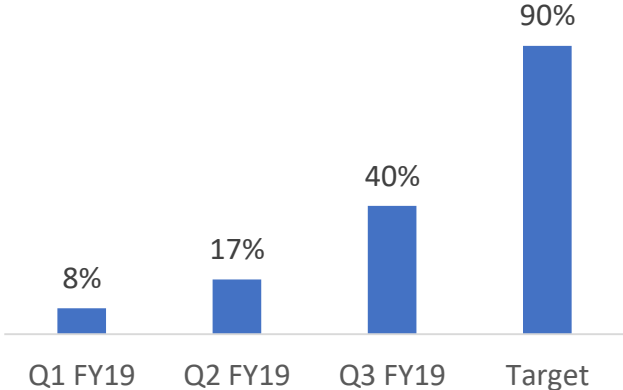
Coal Linkage %



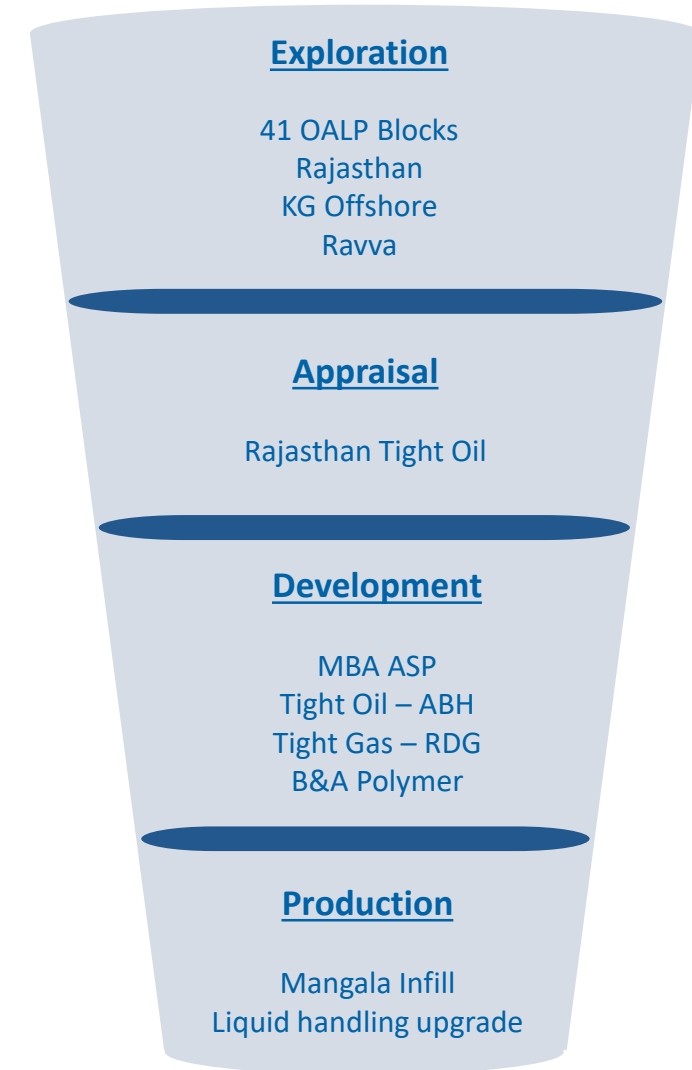
Alumina Production & COP



OMC Bauxite Sourcing



- Gross Capex investment of \$ 3.2bn (net \$ 2.3 bn) being driven through integrated partnership model with global oil field service companies
- Gas production to increase by ~ 90 mmscfd (eq. 15 kboepd) through early production facility in March 2019
- 8 development rigs at site; Well drilling and hook up being ramped up to add volumes
- Liquid handling capacity at MPT being upgraded by > 30% to handle incremental volumes
- Vendor meet held in Houston to unlock the potential of OALP blocks



Growth Projects: Wells hook up to add volumes

Project	Partner	Gross Capex (\$ Million)	Wells	EUR (mmboe)	Rigs	Q2 plan for Dec 2018	Status as on Dec 2018			
							Dec 18		Q4 FY2019	
Mangala Infill	Halliburton	100	45	18	1	22 11	18 8	33 21		
Bhagyam & Aishwariya Polymer	Halliburton	140	42	40	2	33 13	32 10	42 20		
MBA ASP	BH-GE Facilities: Under Award	1,200	143 – 286	200	3	5	One rig mobilized	10		
Tight Oil (ABH)	Schlumberger	170	39	32	3	9 2	10	17 7	First Oil in Q4	
Tight Gas (RDG)	Schlumberger, Petrofac, Megha Engg	550	42	85	2	3	4	10 2	15 kboepd from early production facility from Mar	
Satellite Fields Development	Under Award	170	57*	17	2	-	-	-	-	
Ravva	Under Award	100	5	17	1	-	-	-	-	
Liquid Handling	L&T, Kalpatru	210	-	10	-			-	Intra Field to complete: Q1FY20	

*Execution ramp up to add ~ 20 kboepd volume by March 2019



Rigs



Cumulative count of wells drilled



Cumulative count of wells hooked up

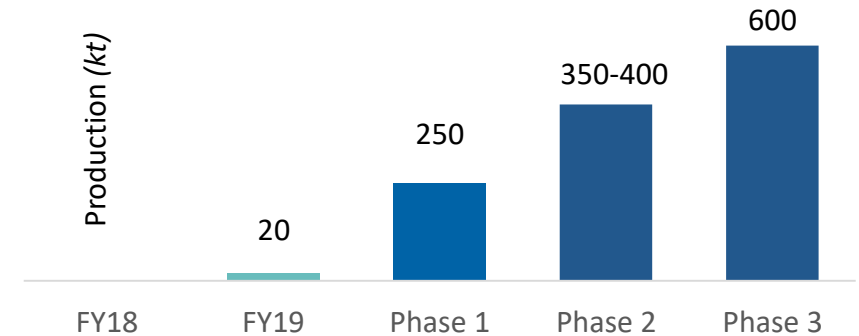


Facilities execution commenced

* Includes 20 re-entry wells

Zinc International: First shipment from Gamsberg in Dec 2018

- Gamsberg mine was officially opened on 28th Feb' 2019
- First new large scale mine opened in the decade
- Reserve & Resources of +214mt and LOM of +30 yrs
- In Phase 1 (LoM of 13 years) – 4Mtpa of ore 250,000tpa of concentrate. Phase 1 of investment (\$400m) complete.
- Phase 2 – investment of further \$350m-\$400m – increase to production to 8Mtpa; zinc-in-concentrate of 450,000tpa in a modular fashion ultimately, to 600,000tpa in phase 3.
- At full development with its future phases of growth, it will be one of the world's top five zinc mines.



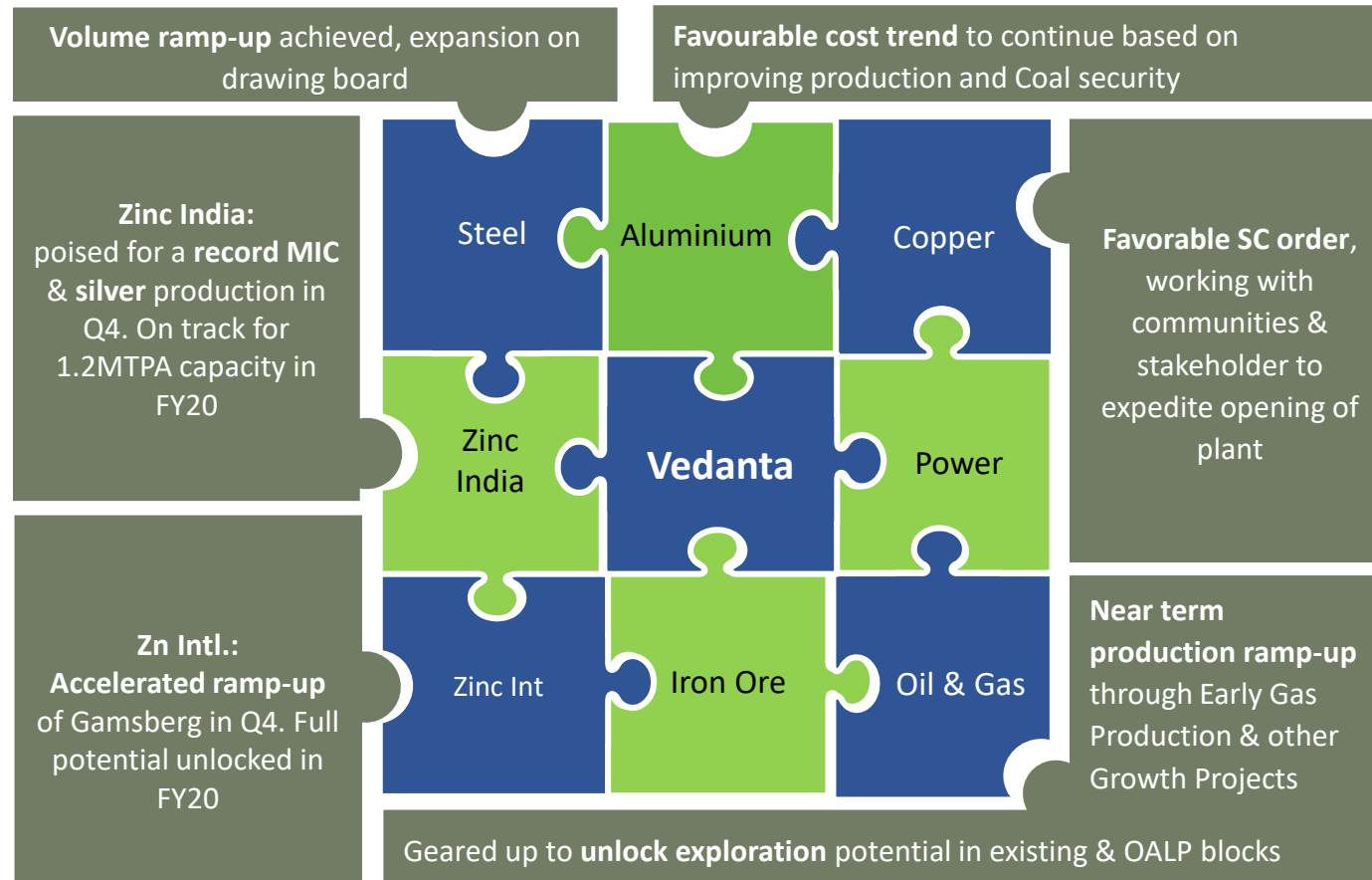
Floatation area



Crushed ore stock pile



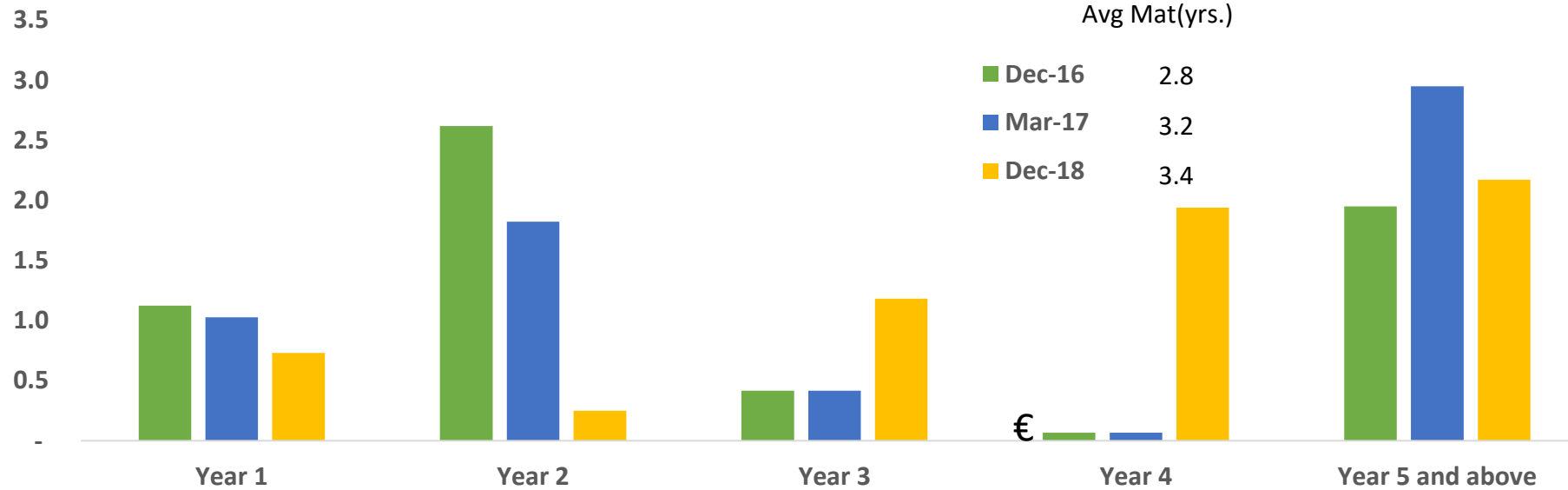
Concentrator Plant



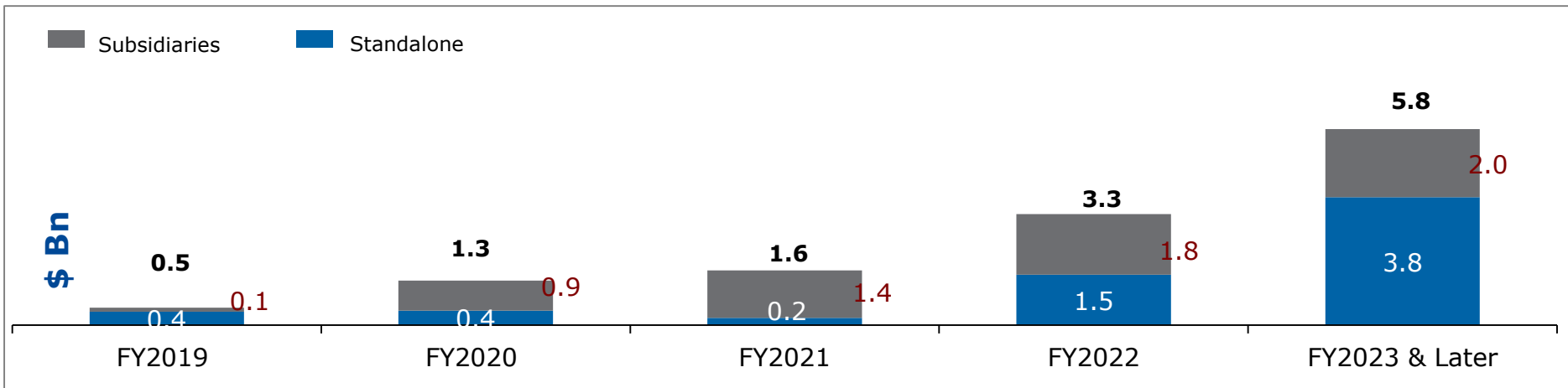
Operational Excellence | Licence to Operate | Growth Opportunities | Reserves & Resources | Strong Balance Sheet

Debt Maturity Profile & Bond yield

PLC Standalone Maturity Profile



Maturity Profile of Term Debt: \$12.6 bn (as of 31st December 2018)



- **Continued focus on balance sheet management**
 - Refinanced large part of FY19 maturity in H1
 - Maturity extension of standalone debt increased to 3.4 years on rolling basis at Dec 2018 from 2.8 years at Dec 2016
 - Marginal increase in interest costs despite rising benchmarks
- **Strong liquidity:** Cash and liquid investments of \$ 5.5 Bn and undrawn fund based line of credit of \$1.1 Bn

Vedanta Bond Yield trend



- 1 Revised Cairn merger terms
- 2 Cairn merger approval
- 3 Successful \$1bn LM exercise
- 4 Cairn Merger Completed
- 5 Early redemption of stub 2018 bonds

- 6 Vedanta Ltd dividend policy to complement HZL policy
- 7 Strong 2017 results, 37% EBITDA growth to \$3.2bn and high FCF generation of \$1.5bn
- 8 LM exercise – 1bn 7Y bond and \$575m syndication
- 9 Improved business performance, Moodys upgrade to Ba3
- 10 US-China Trade war fears

- 11 Tuticorin Plant Closure
- 12 PLC Delisting Announcement
- 13 Softer operating performance
- 14 Oil and commodity price decline
- 15 CIHL Transaction Disclosure in Q3 Results

Source: Bloomberg

Thank You

Segment	FY19 Production and CoP
Zinc India	Zinc-Lead Integrated slightly short of FY18 production Silver: 650 - 700 tonnes H2 COP: \$950-975/t excluding royalty
Zinc International	Skorpion and BMM: 150kt Gamsberg: c. 20kt COP: ZI (excl Gamsberg) : \$1,850 – 1,950, Gamsberg: \$800 - \$1,000/t
Oil & Gas	H2 Gross Volume: c. 200 kboepd Opex: sub c. \$7/boe
Aluminium	Alumina: 1.5-1.6mt ; Aluminium: c2.0mt FY19 COP: \$1,950 – 2,000/t
Power	TSPL plant availability: 80%
Iron Ore	Goa: Nil and Karnataka: 4.5mtpa
Copper - India	Cathode Production – 100kt per quarter, once the plant restarts