"Vedanta Resources PLC Capital Markets Day Conference Call"

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MODERATOR: MR. ASHWIN BAJAJ – DIRECTOR, INVESTOR RELATIONS, VEDANTA RESOURCES PLC

Tom Albanese: So thank you and with that I would like to now open the floor for question.

Ashwin Bajaj: Questions from the room first. While everyone is coming on stage, operator could you just please remind people on the call on how to queue up so you can queue them up while we take questions in the room.

Tom Albanese: So what I will do is I will direct the questions and then I will maybe take a first cut out and then I will direct them to each of the individuals. We will start with the audience in the room.

Participant: I had two questions, one of it more nitty-gritty and other one slightly broader. You opened your presentation and said as well last time with the future of India, demographics, resource base, etc., all makes prefect sense. So if you keep that into account, what I don't understand is why is the company even bothering with anything outside India? It burns cash, it has burnt cash, there is potential but maybe 10 years away, time is against you. Why not just take more active decisions to focus all your resources on one country and one country only?

Secondly in the bauxite on slide 48 it shows $737 in cost in bauxite per ton, what are the components in that $737? And secondly, what is the cost of alumina production at the Lanjigarh refinery?

Tom Albanese: Thank you. I will start with the India versus rest of the world strategy. Look, I agree with you that at KCM we have had challenging times but we have made good money on our other zinc businesses outside India and that reinforces the fact that we are not just an Indian company we have bulk of our assets and we should have bulk of our assets in India but we should also have the global capability to make money on the right opportunities as they exist. I can remember a couple of years ago before this government where it was even more difficult to operate and Indian people were saying you need to put some of your, and maybe people are rumored to have been saying you need to put less of your investment in India and more of it in Africa and places like that. So times do change, I think we do not have the luxury of being one year in India and one year out of India, what we have to do is we have to have a balanced portfolio and we have to make sure we make money in all parts of that portfolio and that is the main strategy and if we did not have the resource position that we are endowed with [at] the KCM. I would say yes maybe it is not worth it. But with a position that puts you in the top 20 of the global copper producers and I know copper produces that are much lower grades than we have that are happy to put billions of dollars into investments. We are basically putting a lot less than that into this business and with the success which I am confident enough we will have multiple decades of production that will actually be quite attractive in that future copper price environment. So I am very comfortable having the bulk of our assets in India but also having that global presence. And one last point on that and that is that to have access to best global practice and a recognition of what best global practice actually means it is good to actually have a span and a bandwidth that extends outside the boundaries of India.

On the next question which was bauxite, it is 737, I think it was probably alumina at 737, I will have to ask maybe if Abhijeet you can go through that and talk about the components, how much of that was consequence of the alumina production that we produced versus the alumina that we purchased of the seaborne market.

Abhijit Pati: I think the 737 component is basically a combination of consumption and the prices which is coming in. So as far as the consumptions are concerned we are able to operate one of the best benchmark consumption of 1.925 level that means it is basically 1.925 tons of alumina required to producing one ton of the aluminum. So far as the price is concerned, the imported bauxite landed to our place is around $425 that is the range in which we are getting it now. But if I see the Lanjigarh with a purchased bauxite and also from extent of domestic bauxite which is coming from the BALCO, so we are at the level of around $370 to $375 is the cost of production and we have a net cap between import as well as the alumina which is coming from the Lanjigarh we have an difference of somewhere $25 to $30 as of now. But this is going to improve because we have certain laterite mines which we are projecting you have seen in the presentations which we are talking about next financial year we need to really operate with some laterite mines so it will certainly positively impact the overall cost of production from the Lanjigarh.

Participant: If I understand you well, it is $25 to $30 perfton cheaper now at the Lanjigarh Refinery.

Abhijit Pati: About $25 to $30 and it will further widening up with the price positivity at the moment.

Participant: So that can go up to $25 to $30?

Abhijit Pati: Yes.

Participant: How much, what magnitude, is it double or is it?

Abhijit Pati: No, it depends on the total percentage of bauxite resource. So as of today with the laterite mines which is coming in there will be not very significant advantage which will come, but obviously when the domestic bauxite comes in there will be substantial difference but we are just working out and trying to find out what could be that. But definitely it will be a further positive impact compared to what we have today.

Tom Albanese: I guess I would just add one point and that is, someone asked why waste time in putting this laterite in production the first instance. Many of the challenges in bringing bauxite production is just showing whether you can do it or not and I am quite confident that we can be showing that we are bringing best practice bauxite mining technology and as most people know bauxite is not as very intrusive mining method if it is reclaimed properly and it shows it can be done in a way that is community compatible and let that success become the trigger for further bauxite leases in the short-term after that.

Participant: Two questions. Firstly on the tax issue, are you going to be providing a provision for that? Secondly, in terms of your purge to arguing your case do you have any clarity on time frame as yet and will that be argued in India or in international court? And then on the oil business with the cash and CAPEX, are we looking at any trade off on the volume side, could you spoken about previous growth targets, should that be lower? And finally, can you just give us an update on where you are with the profit sharing contract extension? Thank you.

Tom Albanese: Okay thank you. I think when you refer the tax case I am assuming that's the Cairn tax case. So we are going to have Sudhir Mathur, our CFO, join us, we will probably also you could see him at lunch for follow-up questions but maybe I wills start with DD to talk about the point on the is it necessary and the time horizon and the Mayank could talk about the current CAPEX and trade off with growth. I would like to make a few comments and then also if you can talk also about the PFC extension. So DD?

DD Jalan: Okay. So as Tom and Mayank both said that there is no rational for this tax being levied on Cairn India because this transaction was done as back as in 2006 and 2007 and at that point of time there was no need for deducting the withholding tax. So in view of that whatever tax demand as of now it is being levied that is a primary responsibility of Cairn energy, if at all there is any responsibility so Cairn energy's responsibility to discharge this liability. So in that case as of now we feel that there is no need of any provision in the books of Cairn India, however as a matter of abundant precaution we may show it as a contingent liability in the books of Cairn India.

Second is the approach. So as far as approach is concerned, we covered this point also in the presentation by Mayank and Tom that we have got various optionality and alternative and we are looking into as of now we are examining all the possibilities so as of now the consultation process is on and maybe at some point of time within next 10-15 days point of time you will be clear about our strategy. So as of now it is little premature but what we see that our optionalities are very clear and the stand what we are going to take those stands are also from and the logic what we are building upon those logics are sustainable and we do not see that that liability is going to be eminent on Cairn India.

Mayank A So on the two questions of capital trade off with volumes and the PSE, let me take the first one. Our capital profile was based on the oil price that was before October 2014 which was around $80 to $110, so we had a range of projects and as I showed in the slides even though Rajasthan is one broad area there are multiple projects within that and they all have different level of returns as a function of crude oil price. So when the oil price declined from about $80 to $100 down to around USD (+/-50) range, what we did was we looked hard at our capital and we deferred projects that were no longer providing a good return in the $50 world and as I mentioned of our core fields of Mangla, Bhagyam, and Aishwarya which represent 90% of our production we are still investing in it through EOR and other projects making sure we have a good rate of return. So we wanted to make sure that any capital we spend provided returns in the $50 world. In terms of volume trade off we were forecasting a volume growth of the order

5% to 7% a year before and now as a result of this capital deferment we are looking at number of the order 1% to 3%. So it is dampening but at the end of the day it still provides good return and keeps the optionality open and we are still working as I shared on the gas growth project and the Barmer Hill project which will provide longer-term larger volumes. So PSE extension as you know it expires in the year 2020. We have been having ongoing dialogs with the Government and one of the key triggers which is positive for PSE extension was the approval of RDG Gas Project and it was approved both by our joint venture partners without any conditions and the director general of hydrocarbons and actually the Government of India signed off on that project so it was a very necessary condition and I am involved in that file along with Sudhir who is our CFO very active engagement. I am positive about this based on two fronts, the first is based on the dialog that we are getting, and as I said it is active negotiations and dialog. The second reason for being positive, I mentioned this in my presentation, if you look the charts India is one of the largest importer of oil in the world and it is going to get bigger still. And if you look at the top 10 economies of the world India being around #9 or #10, India's import bill as a percentage of GDP is very high and the Government of India released some stats for the month of February which showed a decline in overall oil and gas production. So yes, we need to grow but the Government of India recognizes that the indigenous production has to grow and they look at Cairn in the last 10 years as a tremendous success story so the nature of the dialog is India has a strategic goal of producing oil dependence and increasing indigenous production which is fundamental strategic value and they recognize Cairn is a very key partner to that, they recognize the oil price is at different place so there is I would say very strong strategic alignment and I am very hopeful and confident that this will unfold well for both the Government of India and Cairn together.

Tom Albanese: Mayank, thank you. I would like to just add my point on the ability to grow our oil business notwithstanding a lower CAPEX budget and I think actually the most important slide in Mayank's presentation was page number 14 which talked about some of the learning at Barmer Hill and there we compare Barmer Hill with the [Balkan], the Eagle Ford and the Permian Midland in terms of it being a much more poorest permeable reservoir but also quite thick in terms of its thickness, in terms of total volume. We have found that oil and gas drilling it has been an anomaly in India compared to benchmarking for all other cost, everywhere else in the world, probably all other activities like mining, power generation, power plants, smelting, refining is much cheaper here in India than anywhere else in the world. Whereas for oil and gas drilling it is about 50% to 100% more expensive than the rest of the world. So we have a very inefficient supply chain of the type of technology and the materials that we need. So when we have looked at Barmer Hill it made money, good returns at $80 oil but at $50 oil in the historic cost configuration it was making a return but not good enough return to attract capital allocation. So what the Cairn team has been charged with is go after these oil risk companies that have huge decreases in their order books, bring more of them in, particularly bring the horizontal drilling, the fracking technologies, all the sort of subsidiary technologies go with that, bringing in, drop those costs and create a viable high return business for Barmer Hill before oil goes in the 50s. If we can do that you could see with thickness of formation, it is infinitely scalable. So for the purpose of our budget, our capital guidance on Page $17 we did keep a little bit of money in the Mangla, Aishwarya, and BH and that is to give the teams some runway, not a lot of money but some runway to reduce those costs. And obviously if they can reduce the cost we are going to be more than happy to expand that number, again it is where the real growth potential in the Rajasthan block would sit.

Annie Holland: One main question with two parts please, can you just remind us what the next stage is in terms of the potential sale by the Government of its stake in HZL and BALCO and a third one for DD, what were the options that you are looking at in terms of how Vedanta would pay for those stakes? Thanks.

Tom Albanese: Yes, I will talk about the HZL process. Well, there were options in place between Vedanta and the Government realistically particularly in this Government's messaging about auctions being the only way to transparently undertake a transfer of assets from the public ownership to private ownership, we would expect only the realistic way that you see a disinvestment of their share in Hindustan Zinc or BALCO has been through some type of auctioning process. And that has been recognized in discussions in the last year's budget and I think if they do proceed with it, it would be there, it is their call as to timing and how they proceed with it. We would expect some type of auctioning process.

I would also say that, this is leading to DD's question but we would not have to be successful to acquire all those shares. The key is to get those shares into the public marketplace and that could be part of the pathway for that simplification that we have talked about. DD?

DD Jalan: Sure, thanks Tom. So basically Annie as you know that this is going to be a self-funded transaction because Hindustan Zinc has got so much of the cash and the acquisition value is going to be lower than the overall cash which is there with Hindustan Zinc. But in the interim we may have to take some financing to buy the stake of Hindustan Zinc. That's number one. And second part to that is what Tom also alluded to that for getting into Hindustan Zinc stake and for going for the next stage of simplification, we are not require to take entire 29.5% of the stake and basically what we expect that Government to divest those shares, there may be different people who may be interested and institutions. So we will buy certain portion of the shares which is 5% or so which is required statutorily, balance maybe acquired by various other institutions. So that is another spectrum of the options what we have got as of now.

Tom Albanese: Thank you. Before we move on to the next question I noted that first question was around Cairn tax matter and there are probably other people who will have the same question, I thought that Sudhir Mathur, our CFO, of Cairn business has just arrived, I thought I will put you in the spot a bit Sudhir and if you can just come up to the podium and give us a flavor of your views on the tax matter and options and some other things we are thinking about.

Sudhir Mathur: Thanks Tom. We are quite confident that the tax demand raised by the authorities on Cairn India is quite irrational on many accounts. The first one was that the transaction relates to an internal reorganization between Cairn India and Cairn PLC. Cairn PLC owned the Indian assets from offshore and moved it to Cairn India which is the new co set up, so there was no change in the economic interest. A lot of people have asked how is it similar to Vodafone case, it is very different in this respect because in the Vodafone and Hutch case it was an actual transfer of management control and economic interest between two independent parties. In our case the economic interest never changed hands, so the owner of the Indian assets remained same prior to and post the transaction that took place.

Additionally, you are all aware that this was retrospective tax and what the tax authorities are asking us is to pay a withholding tax on a transaction which is being taxed retrospectively which is really an act of impossibility. So we are quite confident, there are multiple legal options in front of us and over the course of the next two weeks or three at best you would see us unfold, we are in talks with our legal advisors both in UK as well as in India on the best course of action and by about 10th of April which is the last day of when we have to respond to the tax authorities you would see us taking a lot of actions on that account.

Tom Albanese: Thank you Sudhir. Next question please.

Tony Robertson: Thank you. Actually just a follow-up on the tax, would the Government require any of that money upfront? So that would be one question. And then completely disjointedly, KCM remained somewhat of a difficult asset given today's copper price levels and assuming the royalty stage in place, does it need fairly severe restructuring and obviously you cannot decide too much about that but how long would you give that asset please?

Sudhir Mathur: Our first action would be to stop any enforcement of recovery. And our main ground on that is that it did not happen in Vodafone's case so what is so special about Cairn India. And in addition to that I am sure all of you are aware of the fact that the primary assessee which is the Cairn PLC. their shares in India worth a substantial sum of money in excess of $600 million, $700 million initially now little over have already been frozen by the tax authorities. So the tax authorities are sitting on substantive sum which is usually even if there is an enforcement in India usually authorities would tell you to deposit 25% or 50% and the shares they are sitting on is much more than adequate that what any judicial process would request for.

Tom Albanese: Thank you. On KCM I think first and foremost, it is about Steven and the team getting the business where it is going from being negative cash flow after the cost of operation, working capital, sustainable development and the project capital that is required and any financing cost. And that is the key objective to move forward into the next fiscal year. For this fiscal year we were in a negative cash flow mode of all those cost, so the efforts what Steven talked about is so important to bring that into a positive position. We do not see ourselves putting a lot of capital, ultimately we will need to put in some capital for the deeper level development I mentioned, but certainly in the next year I do not see spending that kind of money, we just want to get the business stabilized and then we can have that conversation.

Participant: Two questions on zinc. First on Zinc India, you showed on Slide #7 that Rampur Agucha contribution will fall from 80% to 40% by FY21, so what is the actual production level that you forecast for by that year? And the second question on Zinc International, given the CAPEX deferral at the Gamsberg what is the revised production profile that we should expect?

Sunil Duggal: Yes, as far as Hindustan Zinc is concerned, see we have been in a ramping down mode so initial plan was that we were to go to the depth of around 370 meters and now we have extended the open pit mine by another 50 meters. So that means the ore production from the open pit will be extended up to 2020. So by that time what we have planned is that the ore from the underground mine which is currently in the current year that means fiscal 2015 it is going to be around 0.4 million ton and next year we have planned around 1.25 million ton from the underground. So the underground mine is ramping up and we are expecting that in the year 2018 our shaft will be commissioned and with the infrastructure development and horizontal development the ore production from the shaft also will start. So we will have the ore from two levels and ultimately by that time we will have around 3.75 million ton of ore from the underground. So initially the ore production which was from the open cast to the level of 6 million ton will be replaced by 3.7 million ton but till such time the concurrent operation of the open pit and the underground will take place so it will even out the ore production till such time. But what is simultaneously also happening that our Sindesar-Khurd mine which was initial production of 1 million ton and prior to that 0.3 million ton, so current year we are expecting 1.9 million ton and next year we have planned 3 million ton. So the ore production and the metal which we were getting from the open cast it is slowly being replaced by underground mine at Rampura Agucha and some metal from Sindesar-Khurd mine and we also told and talked about that we have opened up a new mine Kayad Mine which is also a relatively a high grade mine where we have currently mined around 0.4 million ton in the current year, next year we are planning 0.75 million ton from that mine. So that means a lot of replacement of the ore which was being produced from the open cast and the other mine and we are also expanding at Zawar Group of Mines and a little bit of production growth from RD Mines. So this we have a plan in the next four five years that how we have to ramp up the mine, so that means by 2020 all our production will be from the underground mine and total metal capacity which currently we have at the level of 1 million ton it will go to 1.2 million ton.

Deshnee Naidoo: Thank you. So the question just to summarize, the Gamsberg project as I indicated is actually Phase I. Phase I will produce 4 million tons of ore eventually and 250,000 tons of metal in concentrate. With us looking at re-phasing of the capital upfront ore would still be produced in the year 2018. The work that we need to do now is to look at what the capital reduction, when do we actually press the button on the concentrator. So I think the short answer of that is, ore will still come out, the ramp up is the work that we are currently doing right now but what will definitely be deferred is when the enhancement concentrate will be produced. Just on the last one maybe from an approach philosophy point of view the Gamsberg mine is only 20 kilometers away from the current Black Mountain. In light of everything we said about having challenging times in mining in terms of their stripping ratios, etc., one of the challenges that we have tried to look at is how can we increase cash in the business to actually support this expansion or this Greenfield projects? One of the things we are looking at is possibly debottlenecking the current Black Mountain concentrator because as we have indicated we do have a lot of near mine exploration potential that's actually we have built quite a database recently. So the approach will be to try and debottleneck the current Black Mountain plant, treat more tons through that, Gamsberg is a potential but it's work that we are doing right now to see whether we can actually treat the Gamsberg ore through the Black Mountain plant, increase cash and based on how we increase cash is when look at when we can start building the plant to treat the Gamsberg ore. So the answer is, ore will come out in 2018, however the ramp up to 4 million tons will be determined by how we move from prestart activities into the mega pit, but in the meantime we are looking at other sources of cash generation through debottlenecking the current input structure within the Black Mountain complex.

Tom Albanese: And just one comment on Sunil's point because it was very good, there is many sourcess of ore to replace the open pit, but the other one that I may have missed it, I am now saying is that well the main shaft of Rampur Agucha is probably behind schedule, we have kept the decline, the ramp on schedule. So the period between now and 2018 and 2019 when the main shaft is ready to go, we are getting those underground ore production from that decline set up.

Roger Bolton: Three questions. First of all, you have given a commitment to retain the progressive dividends, could you just confirm what your dividend payment policies will be at the various listed ends please within the group? Second question is just on in light of lower commodity prices do you envisage any right times or impairments for your results? And then the last question is that you mentioned the imperative to get Konkola to cash flow positive territory, if copper prices stay where they are and the royalty regime is not adjusted in anyway which you envisage actually being cash flow positive, i.e., do you need those things to go in your favor to get the cash flow positive territory?

Tom Albanese: I will answer the third question and let DD answer the first two, and if you want to say anything more about KCM but our working is on the presumption that we have copper prices in these ranges and we will still see some retention of the Zambian Royalty Regime, although we are in discussions with the Zambian Government, just give our input so that in royalty regime it is managed in a way that actually does not take a miner and should be staying in production and putting it into a non-viable situation. But DD if you want to take the first two questions.

DD Jalan: Roger as far as the dividend policy is concerned, what we have said and we have reiterated today at Vedanta PLC. it is progressive dividend policy and that is what we intend to continue at Vedanta PLC. As far as subsidiary is concerned, there are three companies from where dividend is flowing in – Cairn, Hindustan Zinc and Sesa Sterlite. Cairn – Mayank mentioned that the business is looking at that how they can remain as free-cash flow positive after CAPEX and after dividend. And with that we are in discussion with them and they have Cairn Management and Cairn Board is going to consider the dividend and what we expect that the rate of dividend what they have declared in past, the same amount of dividend will be there in future also and if not it is increased a little bit. And at Hindustan Zinc also you know that they are a cash generating asset and there is no policy except that they have said that it is payout based policy and the payout based policy is going to be continuing and we expect that their dividend amount also is going to be progressively increasing if not remaining the same what it was there last year. And at Sesa Sterlite now some of the businesses contributing positive free cash flow like we were talking about aluminum business that is going to be ramped up and that is going to generate positive free cash flow, the iron ore business is going to start. So with all that thing we expect that the dividend up-streaming at Vedanta PLC. is going to remain healthy.

So I think as far as impairment is concerned, as you know that we have been talking about that we do the impairment testing twice a year at the half year end as well as at the full year end. So we are in that process, we should be testing the carrying value of the asset for impairment at the year end. We know that at the current commodity prices where the outlook is not so strong as it was about six months back so there may be little bit of challenges. So we are in the process of determining as to what the challenges are and what is the likely medium to long-term commodity prices, so based on that sometime by the year end we will take a call and then we will be in discussion with the auditors to finalize the carrying value. And there may be some likely impairment but as of now it is hard to assess till we complete the process.

Participant: Just a couple of question. On the tax, the gentleman mentioned that the max that you would have to put into an escrow account would be 25% to 50% potentially. Could you give us a more clarity around that, if this case drags on for a number of years which is often the case in India will the Indian Government force you to put any money in the escrow account? That's the first question. And will they restrict payment of dividend out of Cairn India, so they have already frozen Cairn UK in the ownership within Cairn India, can they restrict payments and fungibility of tackle within the group. So some clarity on that would be great.

Secondly in terms of my second question around your capital structure, we are in a period of I would say low commodity prices for the next one to two years. Do you think you have any appropriate capital structure and I think the Finance Director mentioned that you guys are negotiating your holdco debt at the moment? One of the metrics that the banks often look at is the debt-to-market cap, and if you look at Vedanta on a debt-to-market cap basis you can argue that the capital structure is out of sync. So could you comment on that as well?

Sudhir Mathur: While the Governments across the world are capable of taking any action, but it would be a highly unfair action if they were to freeze our assets. We are not the primary assessee of this tax, we are secondary, plus even if one includes the interest even today they sit on 25% of the money which normally is an amount that the courts would say you put it in deposit.

As far as restricting dividend is concerned, I do not think that either income tax authorities or the Government of India has judicial or legal right to impose that condition on us.

DD Jalan: So coming back to your second or maybe third question is that, I think our capital structure is quite robust as of now and whatever credit covenants are there I touched upon those credit covenants, we are reasonably strong and we have got a good headroom on all of our covenants like I mentioned that our net debt-to-EBITDA that is at 2.1 and the covenant requires 2.75, so we have got a reasonable headroom. And our gearing is also 34% and we have outlined that the gearing could go up to 40% if it requires. But as I mentioned that 34% is the gearing and our endeavor is that this gearing ratio comes down in medium term as I have been saying earlier also that our target is around 25% and we expect our net gearing to come down to 25% within next three to five years' time. So we are on track and our credit metrics is robust and strong and we do not see any challenge or any threat on any of the credit metrics.

Richard Launch: Two questions. The cost saving that you discussed at the very beginning of the presentation, I think you have targets of 800 million annually and $500 million annually in marketing. Will those costs slow down directly into the EBITDA? It is the first question. And the second question echoes a bit previous one probably about your cost structure, I mean today your bonds as I am sure you are well aware of are yielding above 10%. Mr. Jalan talked about taking care of the bond maturities within the next 8 to 12 months. I just would like to have a bit more color I think on those plans and given whether market is assessing a credit risk what are your plans to see that improving over next I would say six months to a year? Thank you.

Tom Albanese: I will start with the cost savings and the marketing components and then maybe I will just have one comment on the capital structure and then pass it on to DD for the main question. On the cost savings which we talked about are 800 for procurement and 400 for marketing, this is accumulated savings over a period of time which we gave you how much of will be coming in, we expect to be coming in in 2016 and we are saying it with the confidence of knowing we have already begun to see some significant savings in this year, we should have a better idea once we close out the year and hopefully we will talk about them with the closing out of the year. But I would say that given that the bulk of our spend is roughly 10 billion for OPEX and roughly (+1) billion for CAPEX so you would see the distribution of that playing to EBITDA versus lower capital in about the same proportion. And then on the marketing side you would probably see that all flowing through the volumes or revenues in one shape or fashion. Now this is a number and you have all been through these exercise the companies go through in the past, it has to go through the normal audit trails so that we can actually tie it back and I have been through this process before, creating a "But for" case ;what would have been a case if you had not had these, as always a very-very important modeling exercise but anything we would be presenting in the future on this would be on an auditable basis. I think going back on the overall capital structure, I think the most important thing we can be doing in our control is maximizing the cash flows from our operations and the ramping up of our aluminum business, the protecting of our net cash flows in the oil and gas business, the preservation of the best zinc business in the world and it's growth options and actually using this market weakness to find better ways of say developing Gamsberg, better ways of developing the Zawar mine, but at the same time reduce the capital is actually from my perspective the most important thing we can do to bring the cash into a position of delivering and approving the overall perception of our debt and then ultimately the total level of our debt.

DD Jalan: So Richard I think what we see that from January onwards it is a knee-jerk reaction because of the fall in the oil prices and then maybe the associated weakening in the other commodities like copper and all. So what we have presented their complete plan throughout the morning and what we are seeing and as Tom also said that our main focus is to preserve cash and that is what we have done to rationalize our CAPEX and we have reduced out CAPEX by half for the next year to provide more cushion to our free cash flow and we want to yet want to see that business generate every good cash flows and we are able to deleverage our balance sheet and that is what is my priority number one and that is what we are looking at that how do we deleverage our balance sheet, number one. And number two, how do we take care of our refinancing which is due in next 15 to 16 months' time. So as far as refinancing is concerned as I talked to you in my presentation also that there are various optionalities besides raising funds globally and using the local market or Indian market and raising funds there and using the cash flow being generated by Sesa Sterlite and up-streaming funds by way of repayment of intercompany loans. So we are on it and we are sure that we are going to get it refinanced in a most cost effective way.

Jatinder Goel: Firstly, Tom you have been in this role for about a year at both Vedanta level and Sesa Sterlite level. How often do you come across a situation where do you feel that minority shareholders of Sesa Sterlite and Vedanta dont believe that they are in sync with each other and do you think simplification is the only way out to make the alignments. Secondly on Cairn India again, do you think the tax issue will have any bearing on your PSE expansion and the Government might want to try to correlate these things and which potentially get delayed in terms of PSE. And finally, parliament had recently allocated 150 million tons of bauxite to the State of Orissa, do you think the state will live up to their MoU of 150 million tons which is given to Vedanta Aluminum at that time or will this play an auction process under the new mining regime? Thank you.

Tom Albanese: Thank you. I will start off with a very good question to me and then I will ask Mayank and but also Sudhir to talk about the question about is there any interface between the tax matter and the PSE and then probably Abhijit talk about the bauxite.

I recognize as a Chief Executive of both Sesa Sterlite and Vedanta that I have equally important fiduciary responsibilities as Chief Executive of both companies and I am mindful of that I cannot balance one against the other, I have got to recognize its full fiduciary I have not seen or come across an instance where one has to get balance against the other, it has been pretty clear, most of our businesses are in Sesa Sterlite and the ability of Sesa Sterlite to itself and you can see form our presentation we made Sesa Sterlite focus two weeks ago to improve the performance of that business, to pay increasing dividends in that business and deleveraging is very much consistent with what we are saying here today which is improving all the businesses which is basically the business units of Sesa Sterlite plus KCM which is held directly by Vedanta and bring down then the same deleverage within Vedanta while paying a progressive dividend of Vedanta. So those have been basically aligned, but again I would think longer term in the future creating even greater natural alignment between those two businesses would clearly be an important point of simplification and I am cognizant on that. So maybe, Mayank you have been recently in discussions with the Government but I think it is also good for Sudhir to give his view.

Mayank Asher: So regarding the possible linking of PSE and tax, let me tell about PSE first and then on tax. Both Sudhir and I go and regularly meet in the Petroleum Ministry and also to some extent Finance Ministry. The rapid reduction in oil price over the last three months has been a blessing in disguise for the Government because India was a net importer of oil. But there is clearly an understanding in the Petroleum Ministry and Finance Ministry that one cannot count on a long term a lower oil price that is unlikely to occur and the most common question, this is unusual for a private sector company to kind of get that from the Government is what is your production, how can you grow. So this is very-very critical and in terms of the KPIs that the Ministry of Finance uses, the Ministry of Petroleum uses, this is a very-very critical number. They are keenly interested and even when we right-sized our capital in line with the oil prices it was extreme interest in production. So my view and as Sudhir had said is to some extent we are not the primary target on the tax, I think Government as they often do they try to kind of check all boxes, the transaction occurred in 2006, 2007 so the case against Cairn India is fairly weak and we intent to defend it. So I do not really think that there is any linkage, the constant cry from both the Finance Ministry as well as Petroleum Ministry is an extreme appetite for rapid growth.

Sudhir Mathur: I think Mayank has covered both the issues, I think we are very progressively moving towards finalization of the PSE extension and equally the tax and PSE have no connection whatsoever.

Tom Albanese: And Abhijit if you can talk about the bauxite.

Abhijit Pati: Yes, I think that is a very strong and positive move by the Central Government because it is in Karlapat mines in the State of Orissa which has been now allocated to OMC. Now obviously there are two options remain with us or remains with State Government because so far as the gearing of the mining is concerned OMC is fully geared up. They have their adequate competency and reserve to start the mining with the required approval and other which is at the state level. And so far as we are concerned as an organization we have a standing MoU which is around 150 million ton of supply of Bauxite to our refinery. So that is one group. So with this process there could be two ways to handle the situation by the state, one is there they go for a long-term supply agreement with us as proposed our initial understanding of MoU. And other is another option is there for the auctioning of this bauxite. But as per the state policy any value addition need to be done within the state, so if you respect that and which state is quite aggressive and quite affirmative so far as this policy is concerned. So in both the process we as an organization stand quite transparent and fair chance to get this bauxite in a long-term basis.

Tom Albanese: Thank you. Before we go to the next question I just saw a news item, again the progress momentum in the Indian Government, we mentioned the MMDR Bill has been passed this morning and just by half hour the Coal Bill will be also passed. So again, you are seeing momentum, things are taking place but it feels like two like two steps forward and the Cairn tax is one step back. So next question.

Danielle: A follow-up question about capital allocation in oil post 2016. So at Barmer Hill if you manage to get the drill cost down to closer to a global average and that meets your criteria in terms of investment, could you at oil & gas step up CAPEX there if oil prices have not recovered giving you emphasis on preserving cash within Cairn India?

Mayank Asher: Brief answer is yes, it is a function of good economic returns, and we won't invest if the returns are not there bearing in mind that there is the lag time from the time you start to actually when you produce oil. Our tight oil reservoirs are very significant so we are in at for the long haul. But two things, one is the factory model which is really about making sure that your asset utilization and productivity is very high, the other thing that Tom mentioned is the Indian supply chain, we really need to make sure that in addition to execution at the field the input factor cost are world class and those things go a long way towards mitigating the crude price itself. So our view is we are not counting on crude price alone, we have to in a sense create our own opportunities given the sheer size of the reservoirs, and we do see that working as we work through these two variables.

Tom Albanese: And I guess I will just add to that, because if we can create a better economic and supply chain solution for Barmer Hill in a period of price weakness we permanently improve the economics of the business be it supply chain we will still be there when prices go back up again. So we have the strength in the balance sheet, we have the capability. So it is all dependent on the what the returns on that project would be.

Participant: A question on aluminum, you are showing the exit capacity for 2016 and the road map to bigger tonnages for bauxite, alumina, aluminum, and power. Given your desire to reduce CAPEX, how does getting from 2016 to the road map look going forward, so how are you prioritizing these projects and how are you deferring them, if you can give us more color there please.

Tom Albanese: Yes, I don't think Abhijit probably best answered that but I do want to just say about that with regard to the smelting capacity this has been largely built, there are some follow-up and modifications after start up but very small numbers compared to what has been invested. So that ramp up from the current 900,000 or so per year current run rate to 1.6, then ultimately (+2.2) that does not require a lot of capital for that. The run rate go from the current 1 million tons per year of alumina to 2 million tons is also capital light and then after 2 million tons basically it is finishing that capital that we have already been underway and expansion that was suspended. So it is relatively capital light on that one, but the first phase of it, we are not going to need to nor would we want to put up a lot of capital, we just want to get the bulk production volumes up. Abhijit?

Abhijit Pati: I think it is a nicely explained because 2016 is not a big challenge for us, everything is on ground. So far as smelting capacity upgradation is concerned refinery from 1 million to 2 million ton is basically debottlenecking which is already being done. And power is already as we explained in our presentations it went up for running now as because there is not much of a consumption as captive that's why you have seen PLF lowering in 2400 megawatt, but it will definitely proportionately get ramped up as and when required because everything is on ground. I think after 2 million, yes, fairly there is not significant numbers which is in our mind, it will just ramping up is the challenge for us. Between 2 million to 2.3 million there will be a marginal requirement of certain CAPEXes but anyways that has been due for 2017-2018, that is the last phase of the ramp up so far as aluminum capacity is concerned.

Moderator: Participants, the conference call has been concluded now. You may disconnect your lines.