

VEDANTA
RESOURCES LIMITED

**INVESTOR
PRESENTATION
FY2019**

We Are...

GROWING
RESPONSIBLY

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

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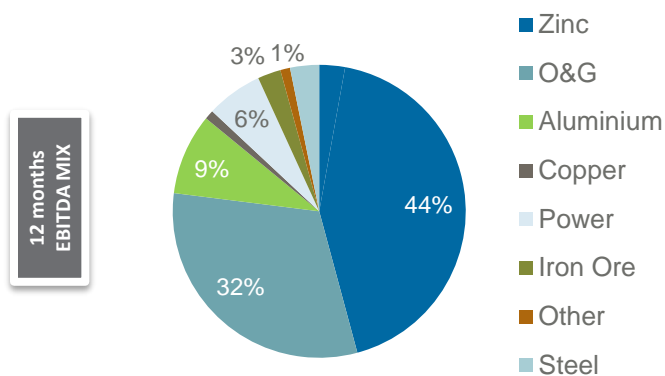
Company Overview

Overview

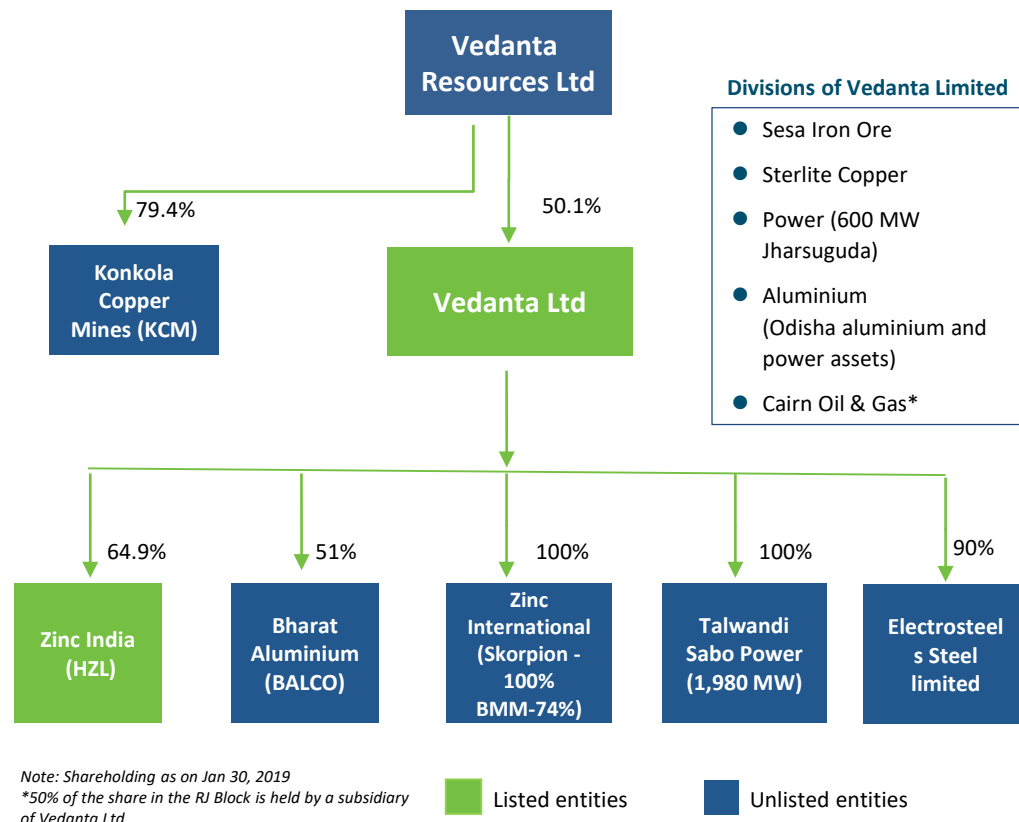
- World’s 6th largest diversified resources company and the largest in India
- Portfolio of large, diversified, structurally low-cost assets geared towards base metals and oil
- Part of India’s premier index – the Nifty 50 and also listed in NYSE (ADR)
- Vedanta ranked 15th by the Dow Jones Sustainability Index globally; Hindustan Zinc ranked 3rd in the Environment category and 11th overall in the Mining and Metal industry

Key Financials

- FY19 EBITDA of 3.4Bn USD. at margin of 29%⁽¹⁾
- Net Debt @ 10.3Bn USD
- ROCE @9.6%



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

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

- Highest ever contribution to the exchequer of **c.6Bn USD** in FY2019

- **C.44Mn USD** invested in social investment benefitting about **c.3Mn people** from the community

- Vedanta is creating **9,62,824 man-years** of employment yearly through all of its group companies

- Also helps India in reducing its import bill and saving precious foreign exchange reserves

Vedanta's GDP Contribution

2.2% Induced Impact

The impact operations that captures the consumption; impacting GDP is equivalent to **2.20 percent of India's GDP**

0.40% Direct Impact

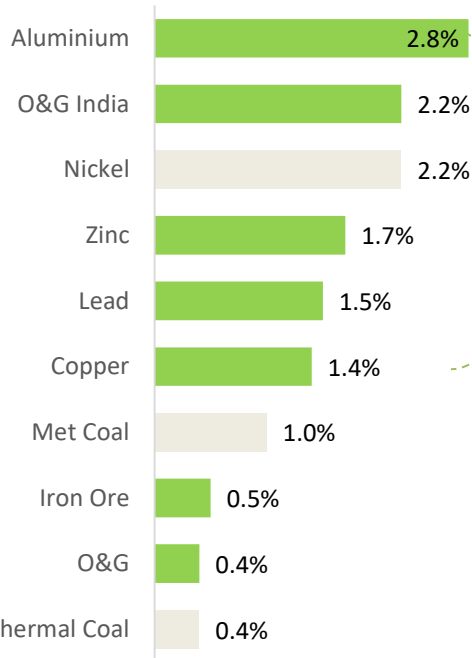
Vedanta **directly contributes 0.40 percent** to India's GDP through its operations

1.0% Indirect Impact

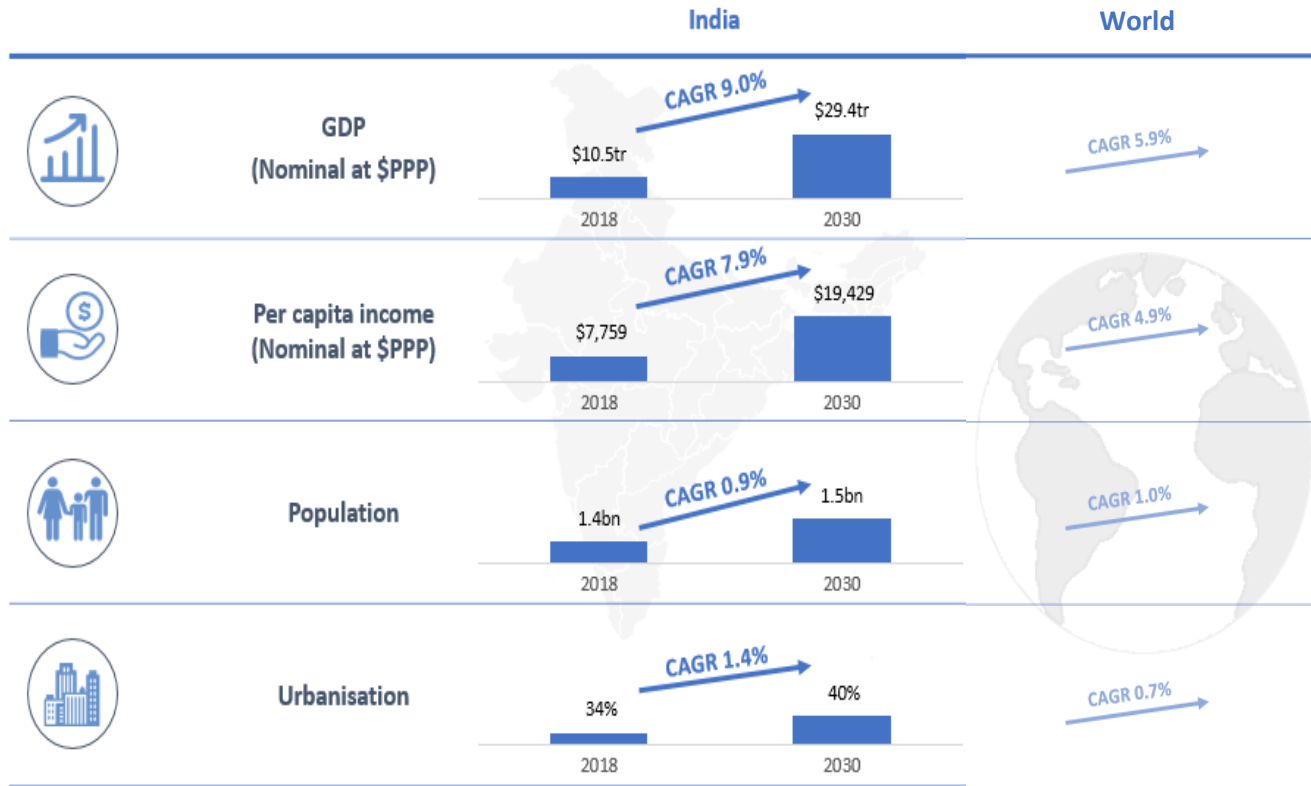
The indirect impact of company through its supplier network is as large as **1 percent of India's GDP**

Significant Presence in Commodities with Leading Global Demand Growth in favorable Geography

Focus is on the Right Commodities: Base Metals & Oil



90% of Vedanta Group's FY2019 EBITDA



Global Demand CAGR 2019-30E

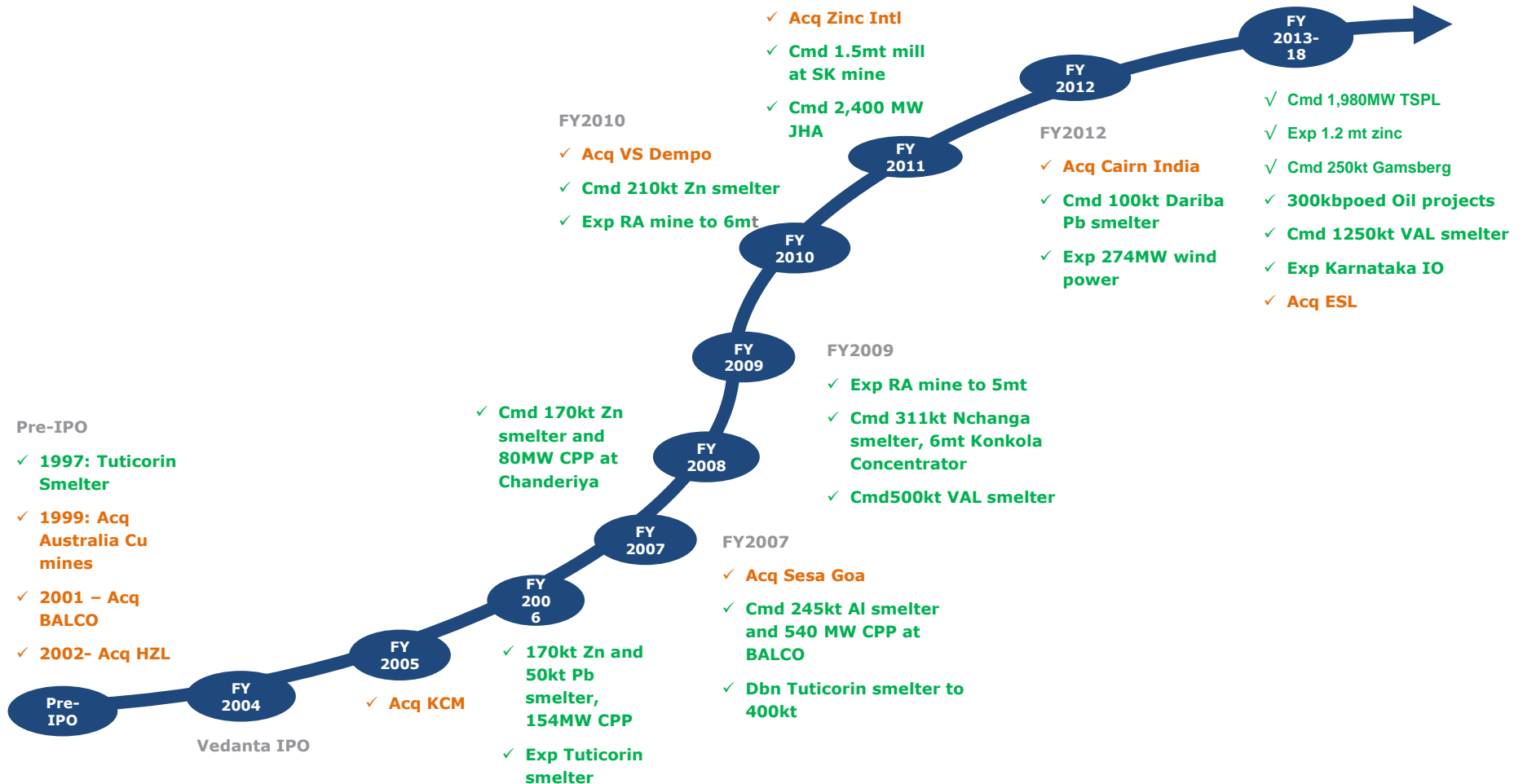
Vedanta Commodity Presence

India Key Metrics

<p>5.6 trillion (2030) 2.8 trillion (2019)</p> <p>GDP (real)</p>	<p>3,699 (2030) 2,054 (2019)</p> <p>Per capita income (real)</p>	<p>40% (2030) 34% (2019)</p> <p>Urbanisation</p>	<ul style="list-style-type: none"> National Mineral Policy (NMP) Hydrocarbon Exploration and Licensing Policy (HELP) Open Acreage Licensing Policy (OALP) <p>Regulatory Reforms</p>
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Vedanta growth trajectory – Focus on growth projects

Well invested and consolidated assets : driving growth

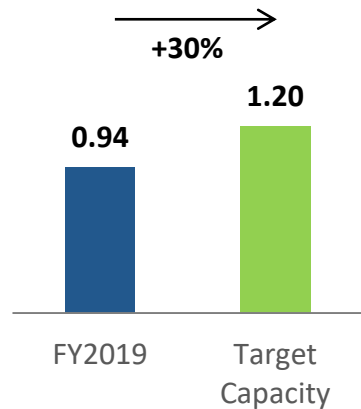


Color Key
 Organic
 Inorganic

Zinc India

- Expansion to 1.2 Mtpa
- Silver to 750-800 tonnes
- 1.35 Mtpa next phase expansion

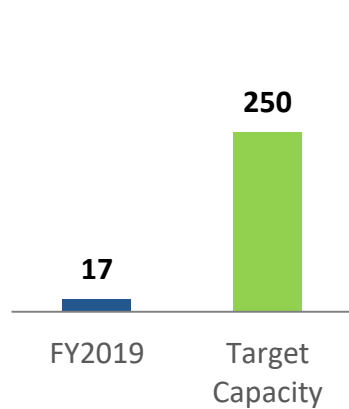
(mined metal Mtpa)



Zinc International

- Gamsberg 250 kt (Full potential) in Phase-I
- Skorpion pit extension
- Gamsberg Phase II for 450 kt

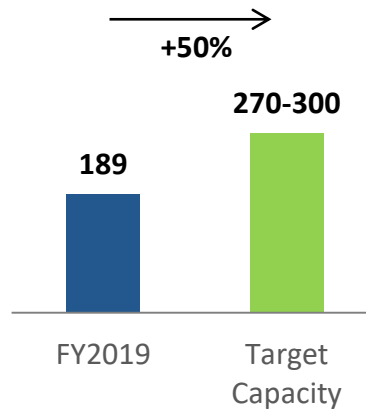
(Gamsberg mined metal kt)



Oil & Gas

- Growth projects including:
 - Enhanced oil recovery
 - Tight Oil & Gas
 - Infill and upgrade projects
 - Exploration projects incl OALP

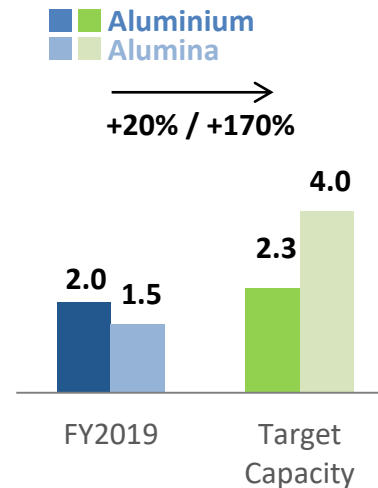
(kboepd)



Aluminium

- Ramp-up of Jharsuguda II total smelter from 2.0 Mtpa to 2.3 Mtpa
- Ramp-up of Alumina from 1.5 Mtpa to 2.7 Mtpa to 4.0 Mtpa in the near to medium term

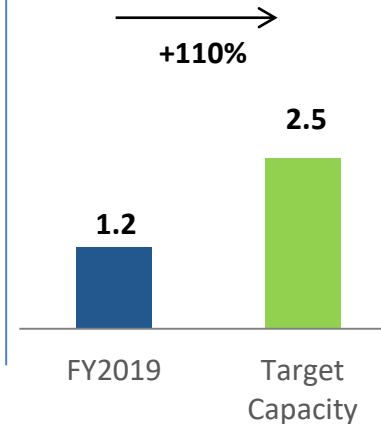
(kt)



Steel

- Achieve 1.5 Mtpa production in FY20
- Expansion to 2.5 Mtpa
- Integration with Jharkhand Iron Ore Mine

(kt)





Continue Focus on World Class ESG Performance



Augment Our Reserves & Resources Base



Delivering on Growth Opportunities



Optimise Capital Allocation & Maintain Strong Balance Sheet



Operational Excellence

FY2019 Review & Growth Plan



Safety

- One fatality in Q4 (14 in FY2019)

- Safety focus across business:
 - Visible leadership
 - Safety Critical Tasks ensuring controls in place
 - Business Partner engagement

Environment

- 92% waste recycling in FY 2019

- 14.5% reduction in GHG Emissions

- Conserved 1.6 million GJ of energy

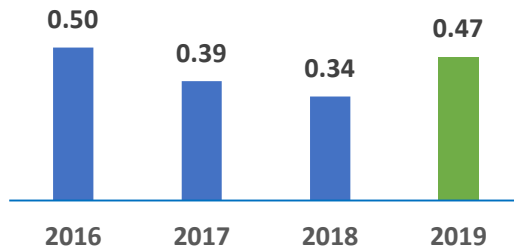
- Conserved 3 million cubic meter of water

Sustainability

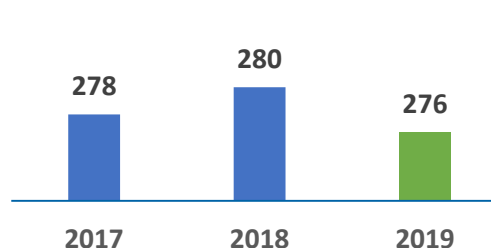
- Reusing 60% tailings as ‘paste-fills’ for void replacement at Zinc India underground mine

- Using tailings dams and waste pits as land for solar farms at Zinc India (**38MW plant saving additional land footprint of 190 acres**)

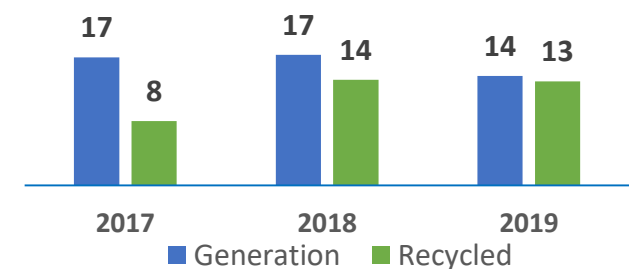
LTIFR



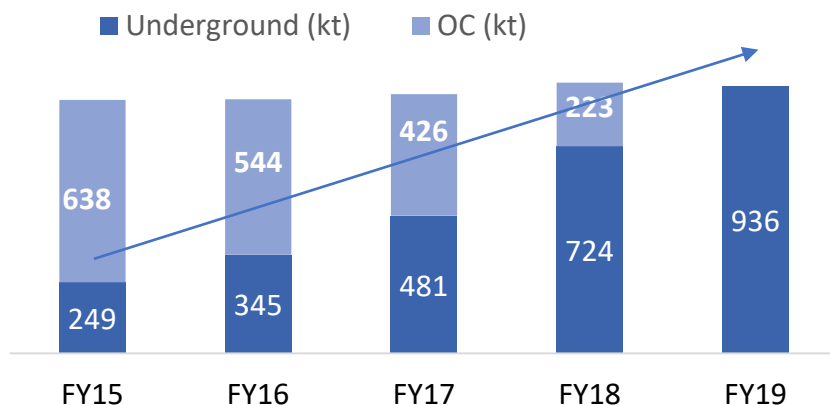
Water Consumption (m³)



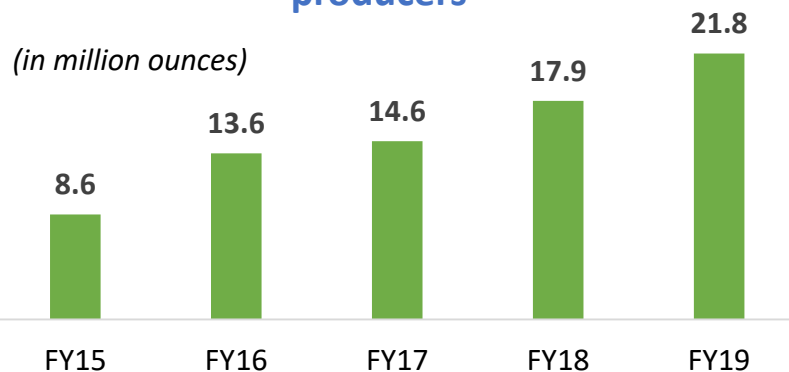
Waste Recycling (mMT)
(High volume low effect)



Record Underground Mine Performance



Ranked 9th in the elite club of silver producers



FY2019

Record production of

- Mined metal from UG mines, up 29% y-o-y
- Silver at 21.8 million ounces, up 22% y-o-y
- Lead metal at 198kt, up 18% y-o-y
- Zinc COP ex royalty at \$1,008/t
- Commissioned Various Projects in Q4 - SK Mine shaft, Zawar 2 Mtpa Mill, Rampura Agucha 2nd Paste fill Plant

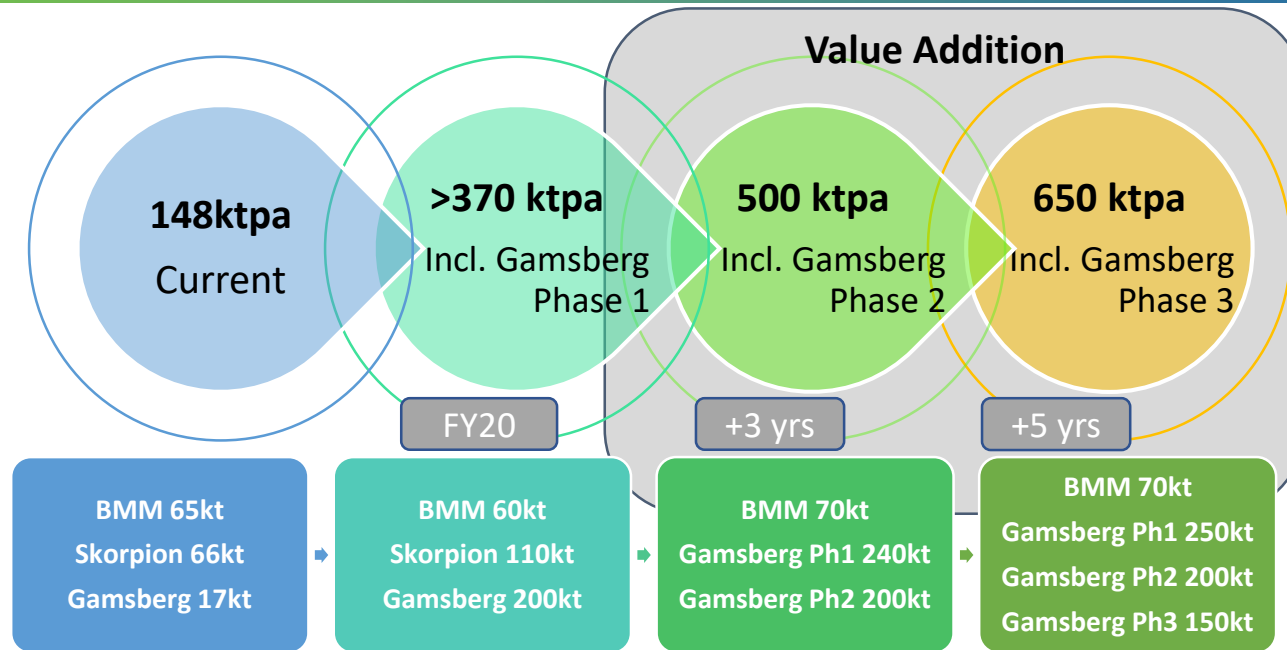
On Track to achieve design capacity of 1.2 Mtpa by end of Q2 FY20

Q1 FY20

- 2nd Paste Fill plant at SK Mine
- Fumer Plant commissioning

Q2 FY20

- RA Mine Shaft
- Zawar dry tailing plant



Skorpion & Black Mountain

- Plan to increase production by ramping up Pit 112
- FY2019:
 - **Skorpion:** Production of 66kt
 - **BMM:** Production of 65kt
 - CoP (BMM + Skorpion) at \$1,937/t

Gamsberg

- **Gamsberg in operation and full ramp up by H1 FY20**
- Project completed within target capex of \$400 mn
- Commercial Production achieved in March'19
- Successful ore blending to deliver quality product
- Production of 17kt* in FY19 at a CoP of \$1,474/t

* Including trail run production of 9.6kt

10 Year PSC Extension

Approval for Rajasthan & Ravva PSC Extension as per GoI policy, subject to certain conditions

\$ 3.2bn Gross Capex

Growth Capex driven through Integrated Partnership model with global oil field service companies

11 Developmental Rigs

99 wells drilled and 33 hooked up

90 mmscfd

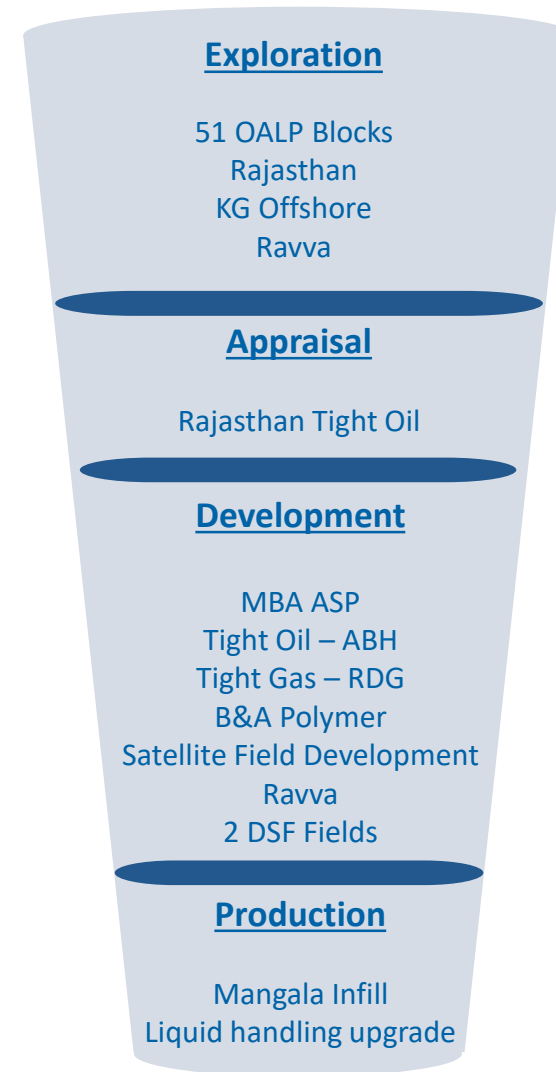
RDG early gas production facility commissioned, ramp up commenced

51 OALP Blocks

Global tender issued inviting bids for end-to-end integrated contracts

2 New Onshore Block

Hazarigaon in Assam and Kaza in KG block contract signed under Discovered Small Fields (DSF) Bid Round II in March 2019



Development Projects

- Rich project portfolio comprising of enhanced oil recovery, tight oil and tight gas
- Focus on cutting edge technology enabling world class recovery rates
- Projects generate IRR of > 20% at oil price of \$ 40/bbl
- Number of Wells from 500+ to 900+
- Gas mix increasing to > 15%

Exploration Projects

- Gross capex of \$400mn in the prolific basins of Barmer, Ravva & KG offshore
- Oil discovery in 2nd well at KG Basin
- Evaluation of both the discoveries in KG Basin under progress
- Integrated contracts awarded for execution in Rajasthan & Ravva

OALP & DSF

- 51 blocks in OALP enhanced acreage from ~ 5,000 sq. km to ~ 65,000 sq. km
- Global tender issued inviting bids for end-to-end integrated contracts
- Awarded 2 onshore fields under DSF Bid Round II

Increased activity levels with disciplined low cost operating model leading to higher reserves and production

Oil & Gas: Solidifying Long-Standing Reputation of Adopting Cutting Edge Technology for world class recovery rates

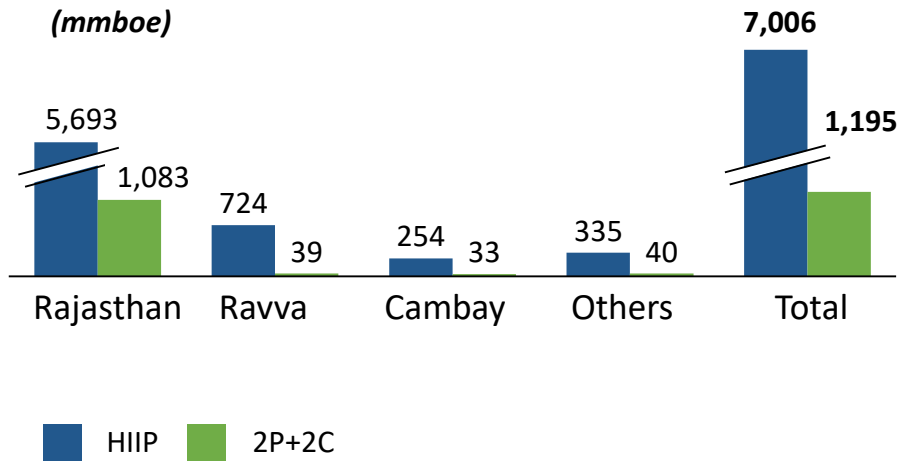
Resources → Reserves → Production

World Class Resource Base

(As at March 2019)

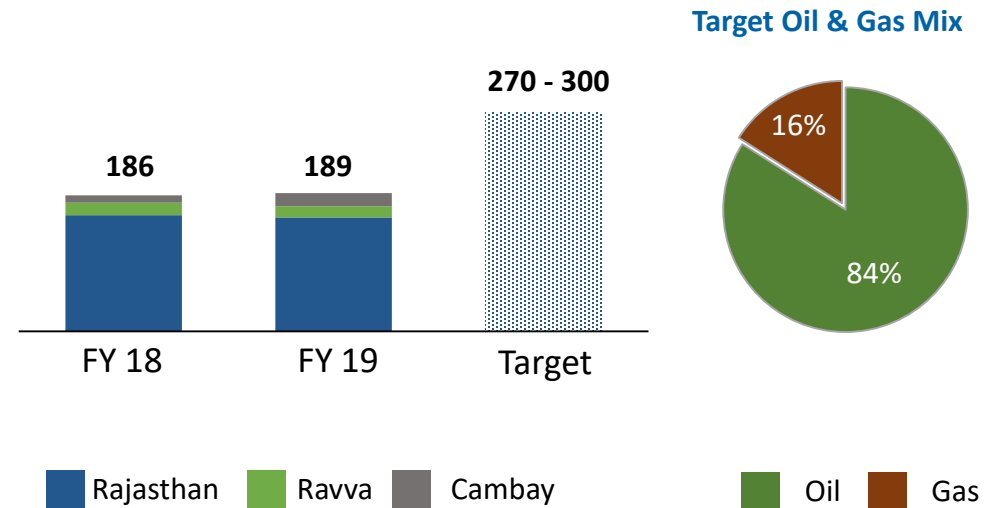
- Hydrocarbon Initially in Place of 7 bn boe
- 2P Reserves & 2C Resources of 1.2 bn boe

(mmboe)



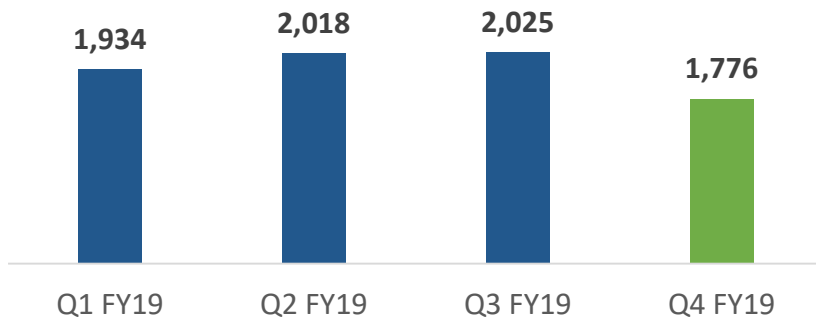
Production being ramped up – Increasing Gas Mix

Gross Average Volume (kboepd)



Aluminium: Significant progress on Strategic levers

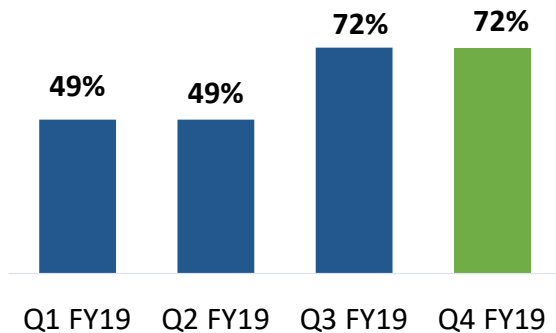
Mar'19 COP at \$ 1,700/t



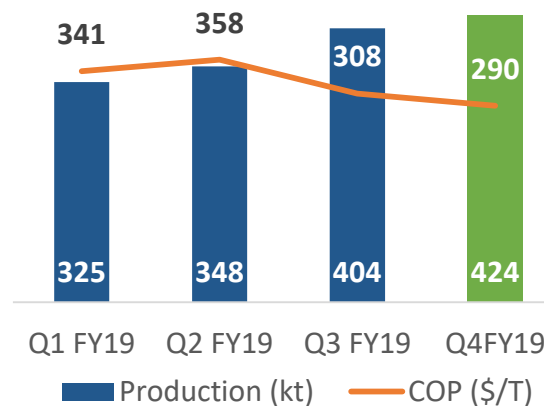
FY2019

- Structural Reduction in Aluminium Cost
- Achieved Alumina Peak run rate of 1.8 Mtpa during the year
- Increased Local Bauxite supply met 30% of requirement
- Ramped Up Lanjigarh volume and local Bauxite reduced Alumina cost

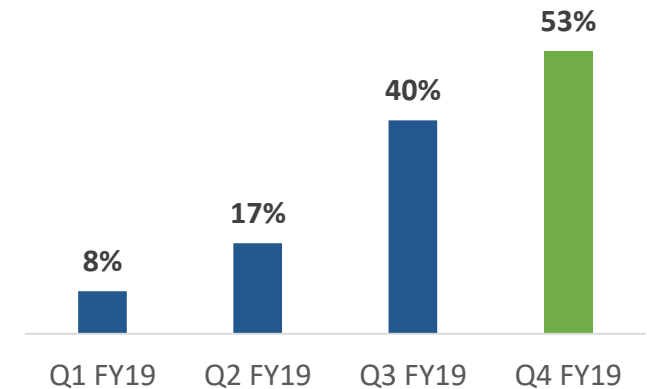
Coal Secured %

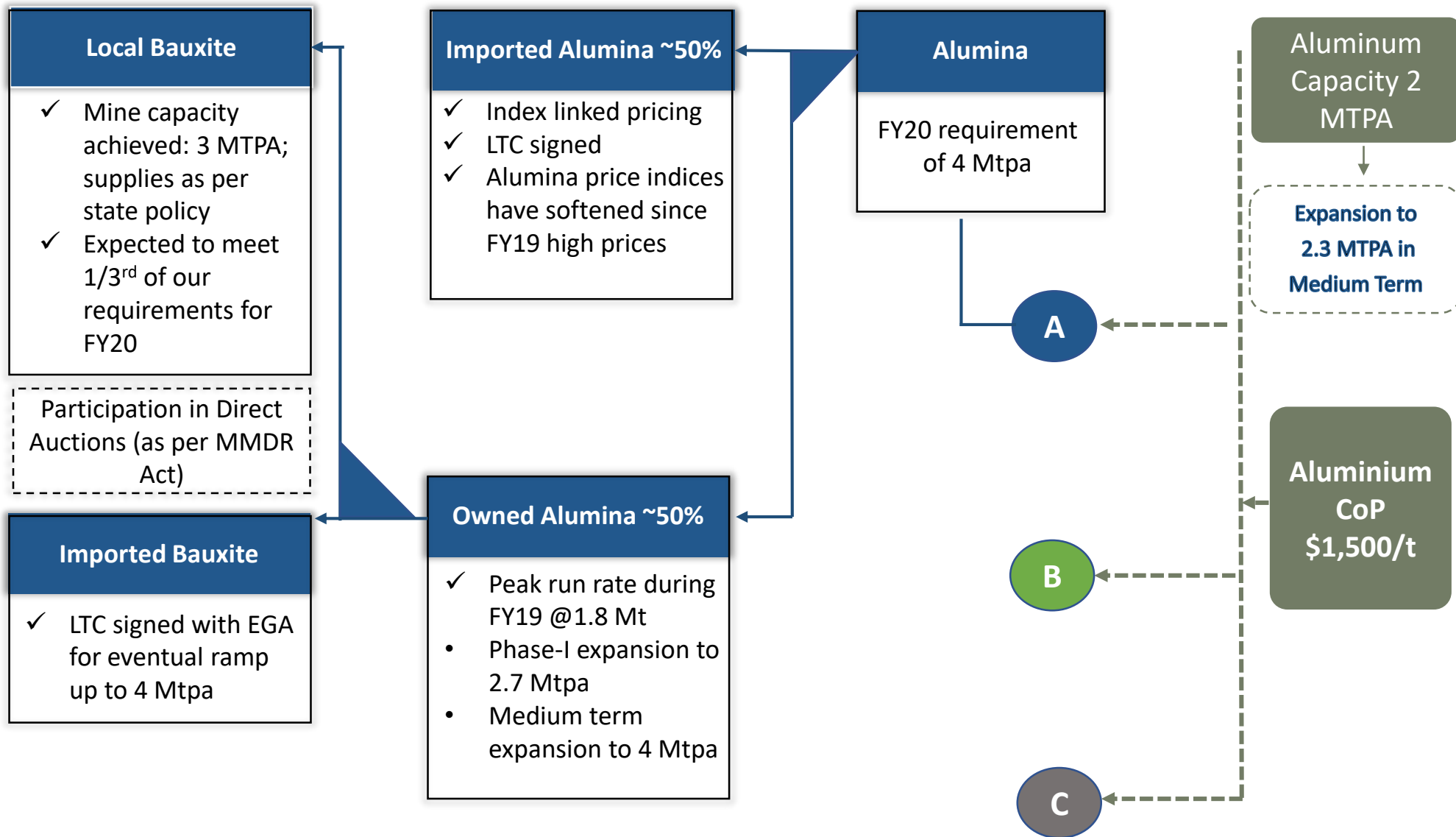


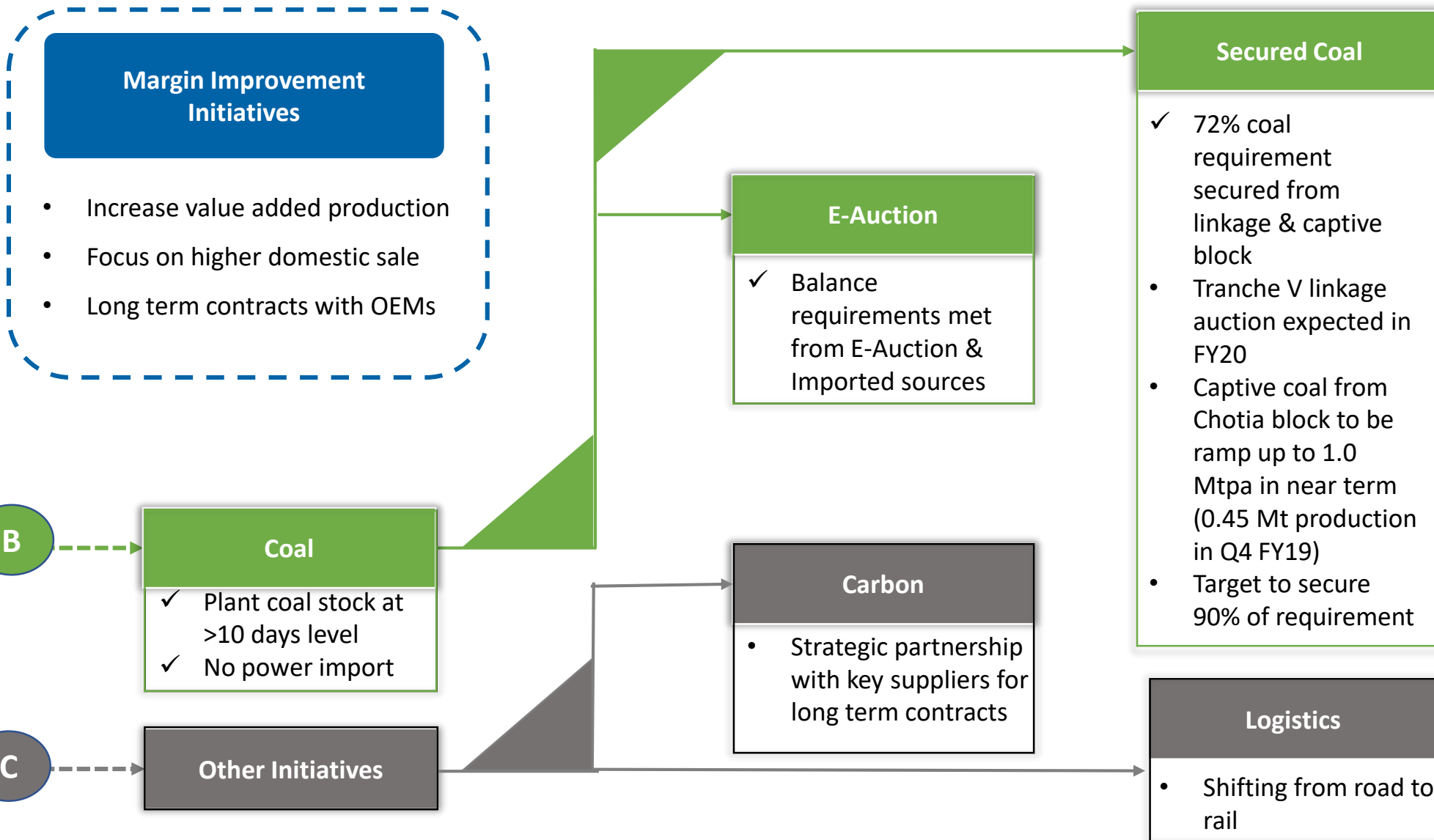
Alumina Production & COP



Local Bauxite Sourcing







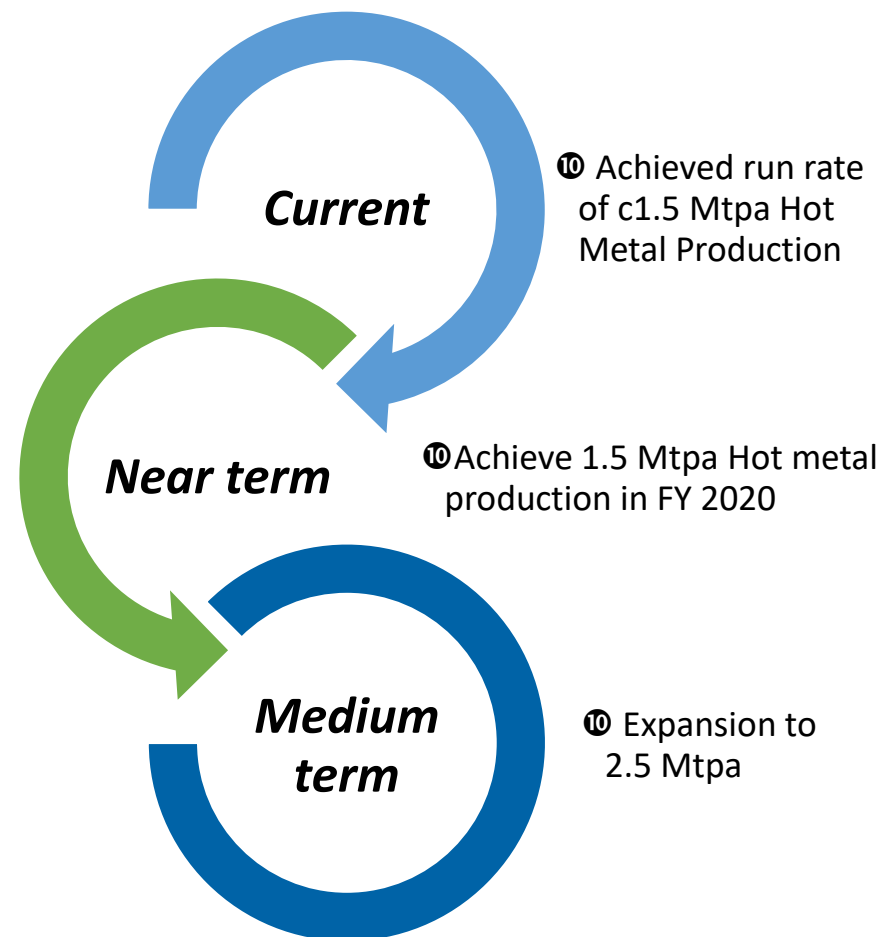
FY2019

- Record production of 1,199kt; up 17% y-o-y
- Ever highest sales of 1,185kt; up 15% y-o-y
- Industry leading margin at \$115/t up 116% y-o-y
- VAP sale at 85%, up 8% y-o-y

Growth Plan

- Ramp up to design capacity of 2.5 Mtpa
- Diversified product mix – wire rod, rebar, DI pipe, billet, pig iron
- Integration with Jharkhand Iron ore mines

Asset turnaround strategy



Turnaround Performance through focused cost control, operational and commercial excellence

Background

- The winding-up proceedings were brought by ZCCM, a minority shareholder in KCM and the representative of the Government of Zambia. ZCCM had chosen a route to exclude Vedanta, by having a Provisional Liquidator appointed ex-parte.

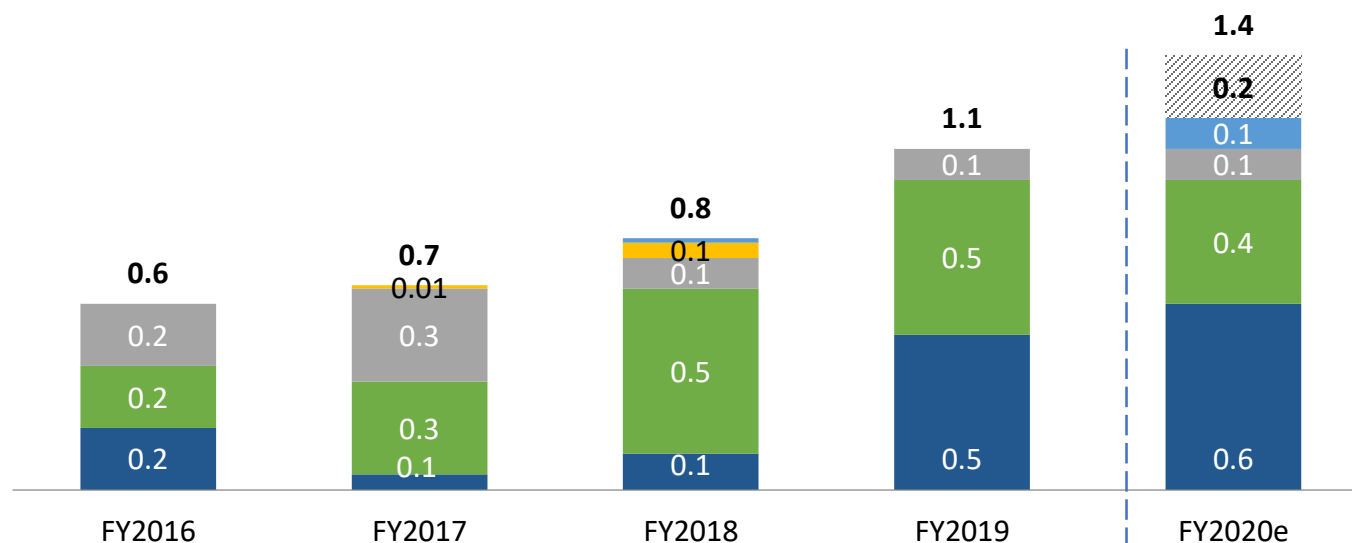
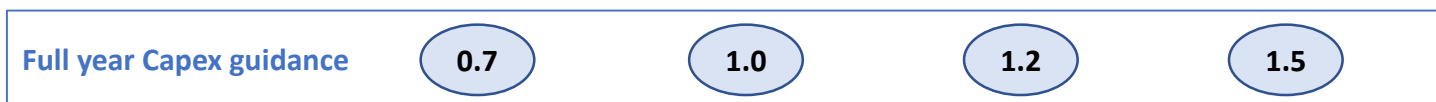
Current situation

- In Zambia, Vedanta is contesting the winding-up proceedings brought by ZCCM against KCM as well as appointment of the provisional liquidator and filed an application in the High Court of Zambia to stay the winding-up petition and refer the matter to arbitration
- Vedanta, in June'19, instituted an urgent interim interdict application against ZCCM and Mr Milingo Lungu in his capacity as provisional liquidator of KCM to seek withdrawal of winding-up process, pending the final determination of arbitration proceedings
- Simultaneously, Vedanta also initiated arbitration proceedings against ZCCM in South Africa as provided under the shareholder's agreement allowing it to do so to protect it's right as a shareholder
- Vedanta made an appeal to halt the Zambian government's winding-up proceedings against KCM which was refuted by the Lusaka High Court
- In the latest hearing in Zambia, the High Court of Lusaka has stayed the winding up proceedings till the outcome of the arbitration in the Zambian court of appeal

Self funded Capex Delivering Superior Returns

Growth CAPEX Profile, \$bn

Oil & Gas Zinc Al & Power Copper Other Optionality



FCF pre capex, \$bn	2.3	2.2	1.7	2.3
ROCE ¹	3.4%	12.8%	14.3%	9.6%

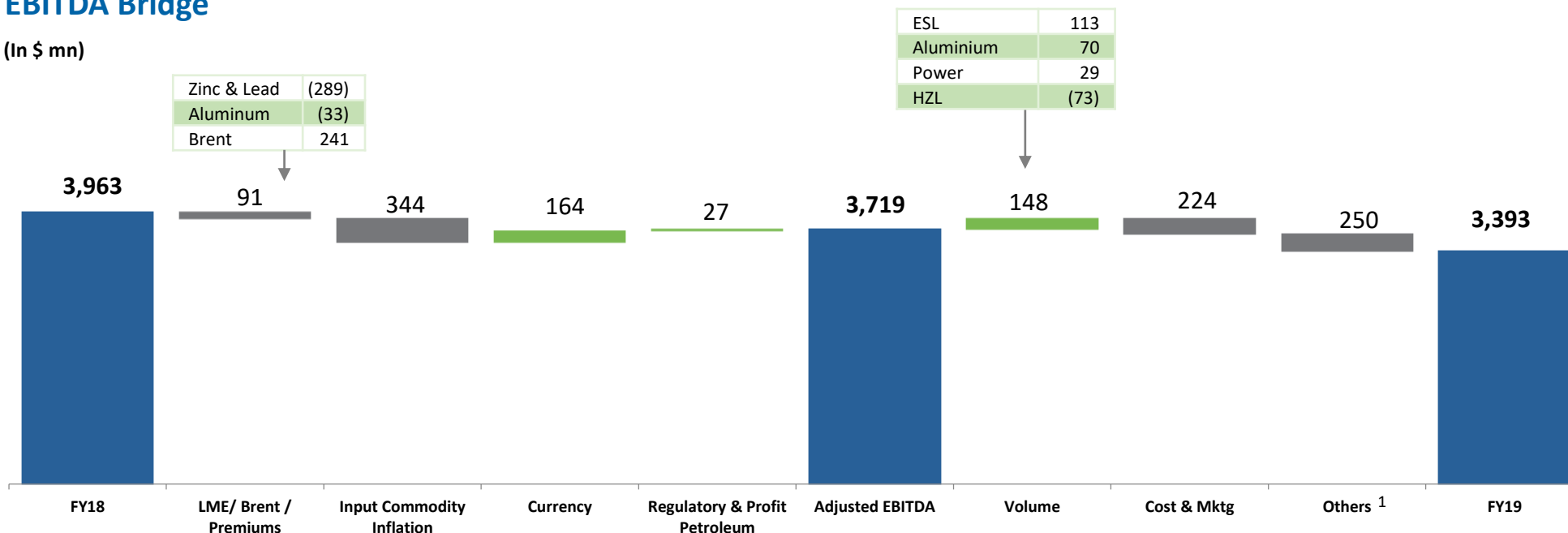
1. ROCE is calculated as EBIT net of tax outflow divided by average capital employed.

EBITDA	FCF post capex	EBTIDA Margin*	Contribution to Exchequer
\$ 3.4 bn	\$ 1.2 bn	29%	\$ 6.2bn
Down 14% y-o-y	Up 29% y-o-y	Industry leading margin	Highest till date

* Excludes custom smelting at Copper India, Copper Zambia and Zinc-India operations

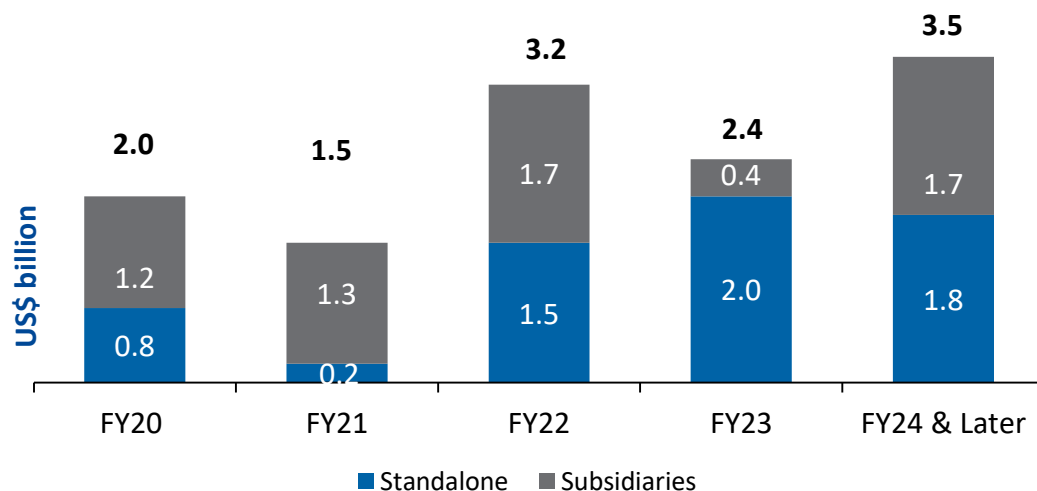
EBITDA Bridge

(In \$ mn)



Note 1. Others mainly include impact of shutdown of Tuticorin Smelter.

Term Debt Maturities - \$12.6 bn (as of 31 Mar 2019)



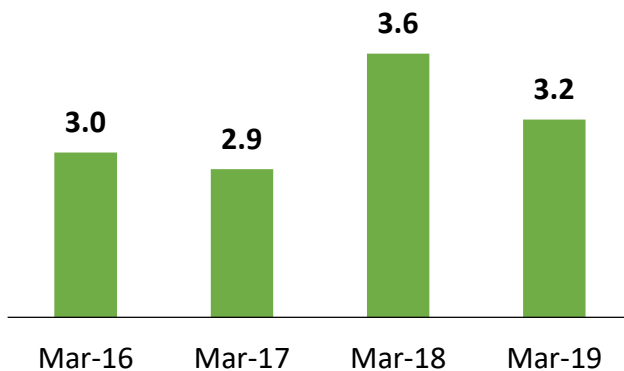
Liquidity

- Cash and investments @ \$ 5.7 billion rated Tier I by CRISIL;
- Undrawn line of credit c. \$ 1.0 billion

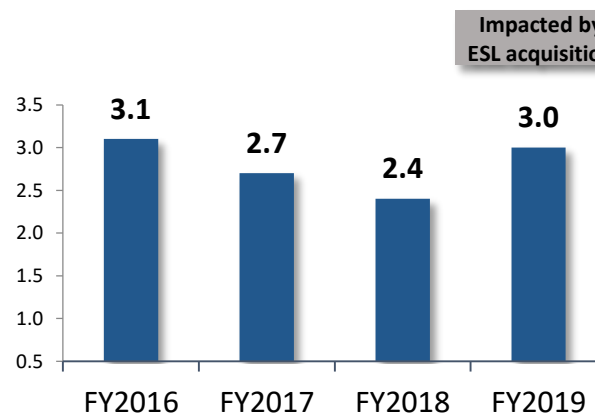
Net Interest

- **Interest Income** – Returns ~7%.
- **Interest Expense** – Maintained ~7.5%
- Raised \$ 1bn at VRL in Apr 2019, with avg maturity of c.5.8 years

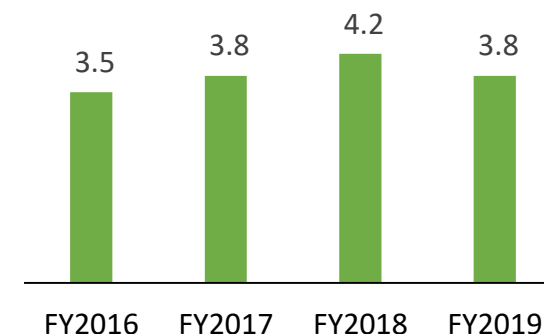
Average Term Debt Maturity (years)



Net Debt / EBITDA



Interest coverage ratio



Appendix



Structured Investment Transaction

- **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.

Background

- Purchase of economic interest in ~24.71 million shares (~1.8% of outstanding shares) of Anglo American Plc by CIHL from Volcan Investments through a Structured Investment Transaction (Dec'18)

Investment Transaction early settled by CIHL with Volcan

✓ **Superior return: net gain over ~\$100 mn in c. 8 months**

Call option exercised by Volcan to settle its two issues of MXBs due April 2020 and Oct 2020

- ✓ No further exposure to shares of Anglo American Plc
- ✓ Full realization of cash by 13th Aug 2019
- ✓ Complete unwind of RPT

Disciplined treasury management and capital allocation approach to safeguard the interests of our shareholders

Segment	FY20 Production	FY20 CoP
Zinc India	Mined Metal and Finished Metal: c 1.0 Mtpa Silver: 750 - 800 tonnes	< \$1,000/t excluding royalty
Zinc International	Skorpion and BMM: >170kt Gamsberg: 180 - 200kt	ZI COP (excl Gamsberg) : \$1,400/t Gamsberg: c \$1,000/t
Oil & Gas	Gross Volume: 200-220 kboepd	Opex: ~ \$7.5/boe
Aluminium	Alumina: 1.7-1.8 Mtpa Aluminium: 1.9 – 1.95 Mtpa	COP*: \$ 1,725 – 1,775/t
Power	TSPL plant availability: >80%	
Iron Ore	Karnataka (WMT): 4.5 Mtpa Goa: To be updated on re-start of operations	
ESL	Hot Metal – c 1.5 Mtpa	Margin: \$130 - \$140/t
Copper - India	To be updated on re-start of operations	
Copper - Zambia	Integrated: 90 – 100kt Custom: 90 - 100kt	Integrated C1 cost: 240 - 250 c/lb

**Hot Metal COP*