

Speech of Chairman, Mr. Navin Agarwal
Vedanta Limited - Annual General Meeting



Dear shareholders,

Good morning and a very warm welcome to everyone. On behalf of the board of directors, it gives me immense pleasure to welcome you, to this annual general meeting of Vedanta Limited, being held in Mumbai for the very first time. I am delighted to welcome our Cairn shareholders, who are now a part of the Vedanta family.

I am pleased to report, Vedanta is now the sixth largest diversified natural resources company in the world, with operations in India and Southern Africa. We have a market capitalisation of about US\$15 billion, which is close to Rupees 1 lakh crores. Vedanta is now part of India's premier index – the Nifty 50. Vedanta was among the top contributors to the country's exchequer at nearly Rs. 40,000 crores in FY 2017. Your company is amongst the largest employers and contributors to the exchequers of 9 Indian states. And now, we have set our sights even higher.

WE SEE OURSELVES AS AN INSTITUTION THAT PARTNERS THE NATION IN ITS ECONOMIC GROWTH AND SOCIAL DEVELOPMENT.

As India grows and aspires to take its position as one of the top 3 economies in the world, it is important to bring down our huge raw materials import bill. India will need to aim for self-sufficiency in natural resources. We seek to contribute to reduce our country's import dependency, by enhancing production of natural resources.

Our Hon'ble Prime Minister Narendra Modi has a vision of growing the Indian economy multi-

fold. There is visible growth across all sectors of the economy, which bodes very well for the resources sector, and especially for Vedanta's resources portfolio. We are encouraged by reforms, including the Goods and Services Tax, initiatives to develop infrastructure, and the focus on providing affordable housing for all. Several supportive regulatory reforms have been initiated. For instance, the auctioning of 300 mineral blocks in the current year. These are all transformative steps, designed to strengthen the country and unleash its full economic potential.

One of the most important ingredients of this growth, will be Oil & Gas. India's Oil & Gas needs are enormous, but, greater efforts are needed to encourage exploration in India, by global and domestic explorers alike. While the government has made a start, exploration is still not sufficiently incentivised, and this is true for minerals as well. We look forward to continuing our engagement with the Government, to encourage exploration.

THE MAKE IN INDIA MOVEMENT AIMS TO INCREASE MANUFACTURING TO 25% OF THE COUNTRY'S GDP. WE ARE PLAYING OUR PART.

We are the market leaders in India for Zinc, Aluminium, and Copper. We are also India's largest private sector crude oil producer, and largest Iron Ore exporter.

Your company delivered a strong financial and operational performance in FY2017. We continued to focus on cost optimisation and productivity enhancement, while also benefitting from the recovery in global commodity markets.

Our EBITDA of Rs. 21,437 crores is 41% higher compared to last year. We reduced our gross debt by more than Rs. 10,000 crores over the last 15 months. We have one of the strongest balance sheets among the entire industrial sector in India and among the resources sector globally. We declared record dividends of Rs. 7,100 crores last year, amounting to about Rs. 19.50 per share. In addition, our subsidiary, Hindustan Zinc, also announced record dividends of Rs. 27,157 crores. We have announced a liberal dividend policy that will return a significant portion of our earnings to shareholders, and ensure an attractive dividend pay out to shareholders.

Your company continues to grow from its well-invested assets. We are on track to achieving over 1.5 million tonnes of zinc-lead capacity. Our 250,000 tonne Gamsberg project in South Africa comes on stream next year. Hindustan Zinc is increasing its integrated production to 1.2 million tonnes, and also ramping up production of Silver to over 700 tonnes. These production increases

are very timely, as the zinc market is currently in deficit, and zinc prices are attractive. Our Oil & Gas business continues to deliver along expected lines, with gross production for the year at 190,000 barrels equivalent per day. We aspire to grow production and meet 50% of India's oil production. Our Aluminium production exit rate of 1.4 million tonnes is a 40% increase over the exit rate of the previous year. We are making strong progress towards achieving our full production capacity of 2.3 million tonnes for aluminium. We again achieved record annual production at Sterlite Copper last year, of 400,000 tonnes.

Our power portfolio of 9000 MW is fully operational. This was the first full year of Iron Ore production since 2012, and production will increase substantially going forward.

Our increased capex spend for this year, announced at the FY 2017 results in May, is driving further growth. We will continue to stay disciplined in our capital spending and pursue projects with robust returns.

These increases in production will deliver, in aggregate, a more than 65% growth, in copper equivalent terms, compared to our FY2017 production.

WE SEE OURSELVES, STAYING AT THE FOREFRONT OF INNOVATION IN OUR BUSINESSES.

We are focusing on various outsourcing models, using global partners with cutting-edge technology and digitisation, to help increase volumes, reduce costs and find more resources. Our employees are also encouraged to generate new ideas, to enhance productivity, reduce waste and deliver best practices.

Your company supports India's ratification of the Paris Agreement on climate change. We are constantly improving our technologies and processes to increase our carbon efficiency. Your company is committed to expand its reliance on renewable and other low-carbon sources of energy.

ZERO HARM, ZERO WASTE AND ZERO DISCHARGE ARE OUR CORE VALUES.

We remain determined as ever, to create a safer and healthier workplace for all. We have seen a noticeable improvement in our safety statistics, but any accident is unacceptable. Hence, I am deeply saddened by five tragic fatalities last year.

OUR GREATEST ASSET IS OUR PEOPLE.

Our top leadership team comprises the best global talent, with experience at multinationals across the world. Ensuring diversity among our workforce is a key priority. We are proud to have a leadership team that has 20% gender-diversity, among the best in the sector globally. Your company strives to connect, nurture and promote young talent. An example is our mentoring programme, called ‘V-Connect,’ where all our 12,000 professionals are anchored by top leaders.

Our people philosophy has led to improved employee engagement, leading to superior performance.

OUR COMMUNITY PROGRAMS TOUCH THE LIVES OF 2.2 MILLION PEOPLE.

Child care, education, healthcare and skill development are some of our top priorities. Our signature *Nand Ghar Anganwadi* Project is aligned with Government’s campaigns of Skill India, *Beti Bachao Beti Padhao*, Digital India and *Swachh Bharat*. It is a unique public-private partnership with the Ministry of Women and Child development, which makes *Nand Ghars* the focal point for empowering women and providing childcare across rural India. We plan to build 4000 *Nand Ghars* to benefit over 2.2 million women and children.

ACKNOWLEDGEMENTS:

I AM THANKFUL TO THE BOARD MEMBERS FOR THEIR CONTINUED SOUND GUIDANCE AND CONTRIBUTION.

On a sad note, the sudden and unexpected demise of our independent director, Naresh Chandra, earlier this week, has left Vedanta, and the entire country in grief. A Padma Vibhushan awardee, he was an invaluable guiding light to Vedanta since 2004.

Anuradha Dutt resigned from the board during the year. The Board places on record its appreciation for her very valuable services.

Tom Albanese has been a brilliant steward of Vedanta as CEO for the past three and half years. As his contract comes to an end, he has decided that this is the right time to re-join his family in the US. He will be with us until August 2017. We will soon announce, a suitable successor.

To bring further depth and diversity to the board, during the year, we welcomed our new board

members. The former Managing Director of Larsen & Toubro, K. Venkataramanan is on our Board. Vedanta will benefit from his experience of over four decades of leadership in building some of the largest projects in India and globally.

More recently, we have also welcomed on our Board, Aman Mehta, the former Chairman and CEO of HSBC USA, and Priya Agarwal, who has worked with Ogilvy & Mather and Korn Ferry International.

I thank our shareholders, our business partners, our JV partners, the Central and State Governments, our communities, and all our stakeholders who help make Vedanta stronger. Of course, we thank all our employees for their dedication, commitment and hard work.

In closing, I am very excited and confident about Vedanta's future. The growth opportunities, combined with our strong leadership and management teams and a solid balance sheet, make us ready for the next phase of growth.

Thank you.

Navin Agarwal
Chairman
Vedanta Limited