



29 July 2016

Vedanta Limited

Consolidated Results for the first Quarter ended 30 June 2016

Attributable net profit rises to Rs. 615 crore q-o-q

Mumbai, India: Vedanta Limited (formerly known as Sesa Sterlite Ltd) today announced its unaudited consolidated results under Ind AS for the first quarter (Q1) ended 30 June 2016.

Financial Highlights

Robust EBITDA margins during the quarter

- Q1 FY2017 Revenues at Rs. 14,364 crore
- EBITDA of Rs. 3,543 crore with strong EBITDA margin¹ of 32%
- Attributable net profit before exceptional items increased significantly from a loss of Rs 62 crore in Q4 FY2016 to a profit of Rs. 615 crore
- Gross Debt reduced by Rs. 606 crore during the quarter
- Strong financial position with total cash & cash equivalents of Rs. 52,299 crore

Operational Highlights

Aluminium, Power and Iron ore ramp-up progressing well

- Aluminium: Commissioning of pots at BALCO-II and 1st line of Jharsuguda-II smelter nearing completion, 2nd line ramp-up commenced
- Aluminium: exit production run-rate of 1.1mtpa
- Iron ore: Production at Goa ramped-up; produced 40% of allocated EC capacity in Q1
- Power: Third 660MW unit of TSPL synchronized, to be capitalized in Q2; second 300MW IPP unit of BALCO capitalized
- Oil & Gas: Production stable; contribution from Mangala EOR increased to 42kboepd, world's largest polymer EOR program
- Oil & Gas: Rajasthan water flood opex at \$4.4/boe, blended cost at \$6.4/boe
- Zinc India: Silver production up 20% y-o-y; mined metal production of 127 kt as per mine plan, with 2nd half to be substantially higher

1. Excludes custom smelting at Copper India and Zinc India operations

Tom Albanese, Chief Executive Officer, Vedanta Limited, said: "We have made good progress on the ramp up of capacities at our Aluminium, Power and Iron Ore businesses during the quarter. These would be significant contributors to earnings as the year progresses. Zinc India was impacted by lower mined metal production as per the mine plan, and the second half is expected to be substantially higher. We are focused on generating stronger free cash flow and delevering the balance sheet, in line with our strategic priorities. Another of these priorities, the simplification of the group structure, is also on track following the recent announcement of the revised and final terms for the Vedanta Ltd and Cairn India merger."

Consolidated Financial Performance

The consolidated financial performance of the company under Ind AS during the period is as under:

(In Rs. crore, except as stated)

FY 2016 Actual	Particulars	Q1			Q4	
		FY 2017	FY 2016	% Change	FY 2016	% Change
63,913	Net Sales/Income from operations	14,364	16,944	(15)%	15,826	(9)%
15,183	EBITDA	3,543	4,139	(14)%	3,480	2%
30%	EBITDA Margin ¹	32%	32%		28%	
5,782	Finance cost	1,393	1,373	1%	1,566	(11)%
4,482	Other Income	1,094	955	14%	1,251	(13)%
(23)	Forex loss/ (gain)	67	28		(16)	
13,874	Profit before Depreciation and Taxes	3,140	3,670	(14)%	3,200	(2)%
6,134	Depreciation	1,492	1,502	(1)%	1,423	5%
7,740	Profit before Exceptional items	1,648	2,168	(24)%	1,777	(7)%
13,862	Exceptional Items ²		41		13,723	
1,894	Taxes	491	534	(8)%	760	(35)%
(8,016)	Profit After Taxes	1,157	1,593	(27)%	(12,706)	
5,573	Profit After Taxes before Exceptional items	1,157	1,635	(29)%	747	55%
2,915	Minority Interest	542	750	(28)%	522	4%
58%	Minority Interest excl.Exceptional Items %	47%	46%		108%	
(10,931)	Attributable PAT after exceptional items	615	843	(27)%	(13,228)	
2,329	Attributable PAT before exceptional items	615	884	(30)%	(62)	
(36.87)	Basic Earnings per Share (Rs./share)	2.07	2.84	(27)%	(44.62)	
7.86	Basic EPS before Exceptional Items	2.07	2.98	(30)%	(0.20)	
65.46	Exchange rate (Rs./\$) - Average	66.93	63.50	5%	67.50	(1)%
66.33	Exchange rate (Rs./\$) - Closing	67.62	63.75	6%	66.33	2%

1. Excludes custom smelting at Copper India and Zinc India operations
2. Exceptional Items Gross of Tax

Note: All numbers are as per Ind AS. Previous period figures have been regrouped / rearranged wherever necessary to conform to current period presentation.

Revenues

Revenues in Q1 were 9% lower sequentially due to lower volumes at Zinc India and Copper India, partially offset by higher metal and oil prices.

On y-o-y basis, revenues in Q1 were 15% lower, on account of the fall in oil and metal prices, weaker power market and lower zinc volumes, partially offset by ramp up in volumes at Iron Ore, Power and Aluminium.

EBITDA and EBITDA Margins

EBITDA at Rs. 3,543 crore was 2% higher sequentially due to higher metal and oil prices, and higher volumes at Iron Ore, partially offset by lower Zinc volumes.

However on a y-o-y basis EBITDA was lower by 14% primarily due to lower commodity prices.

EBITDA margin was strong at 32% in the current quarter. The higher margin was a result of strong cost saving initiatives and volume ramp-up at Aluminium and Iron Ore. Cost saving initiatives include clean-sheet based negotiations, optimizing sourcing mix in key raw materials, logistics, and consolidation of spend and contracts.

Depreciation

Depreciation in Q1 was at Rs.1,492 crore, higher by Rs. 69 crore sequentially mainly at Cairn India where Q4 FY2016 depreciation was lower due to actualization of entitlement reserves at year end.

Depreciation was marginally lower y-o-y, mainly on lower volumes at Cairn India, and closure of the Lisheen zinc mine in Q3 FY2016, partially offset by capitalization of aluminium & power capacities over the period.

Finance Cost and Other Income

Post commencement of Aluminium pots ramp-up at Jharsuguda-II, the Company with effect from March 2016, has revised the accounting methodology with regards to the finance cost pertaining to the non-capitalized pots at Jharsuguda-II, wherein the interest cost will be expensed following actual capitalisation of the pots (the complete interest cost pertaining to Jharsuguda-II was being expensed earlier). Hence, finance cost during the quarter at Rs. 1,393 crore was 11% lower sequentially.

Finance costs were marginally higher by Rs.20 crore y-o-y, primarily driven by capitalisation of power units, increase in temporary borrowing at Zinc India, and due to change in INR/USD borrowing mix. These were partially offset by refinancing benefits and the change in methodology in expensing of interest pertaining to Jharsuguda-II, as explained above.

Other income at Rs.1,094 crore decreased by Rs.157 crore sequentially due to lower investment corpus on account of pay out of special dividend at the beginning of the quarter at Zinc India.

Other income increased by Rs 139 crore y-o-y primarily due to higher mark to market gain on investments in current quarter partially offset by lower investment corpus on account of pay out of special dividend at the beginning of the quarter at Zinc India.

Non-Operational Forex Loss/Gain

During the quarter, rupee depreciation of 2% led to a forex loss of Rs.67 crore primarily on restatement of MAT assets at Oil & Gas business.

Taxes

Tax expense was Rs. 491 crore during the quarter, implying a tax rate of 30% (excluding DDT Rs. 434 crore, 26% tax rate) compared with tax rate of 10% for FY 2016 (excluding DDT and one-offs).

Higher tax rate during Q1 FY2017 is mainly on expiry of tax holiday period at Zinc India and Oil & Gas business.

Tax rate for Q4 FY2016 was (14)% (excluding DDT). Q1 FY2017 tax rate is not comparable to Q4 FY2016 due to one-time write backs during Q4. Tax rate for FY17 (excluding DDT) is likely to be lower.

Attributable Profit After Tax and Earnings Per Share (EPS)

Attributable Profit After Tax (PAT) for the quarter is at Rs. 615 crore and Attributable EPS for the quarter was at Rs. 2.07 per share.

Ind AS implementation

Ind AS implementation

Company has adopted Ind AS for preparation of accounts. Comparative periods have been restated under Ind AS as per the guidelines. These are not audited. The opening balance sheet as at 1st April 2015 and the sub periods would get finalized along with annual financial statements for year ended 31st March 2017.

Key differences / impact of Ind AS on numbers are:

- 1) Fair Value of investments
- 2) Goodwill amortization changes
- 3) FX variation in US\$ functional ledger
- 4) Dividend distribution tax accounting
- 5) Goodwill amortisation

Please refer to financial results and pro-forma in the investor presentation, available on our website.

Balance Sheet Management

The Company is actively managing its balance sheet with a focus on maximizing free cash flow, refinancing and terming out maturing debt, and simplifying the group structure. Our financial position remains robust with cash and liquid investments of Rs. 52,299 crore, which is invested in debt related mutual funds, bank deposits and high quality bonds, and undrawn committed facilities of c.Rs. 6,500 crore as on June 30, 2016.

As on 30 June 2016, gross debt reduced by Rs. 606 crore during the quarter to Rs. 76,953 crore given repayment of inter- company loan of Rs 5,736 crore to Vedanta Resources Plc, partially offset by borrowings at Zinc India and Aluminium businesses. Net debt increased by Rs. 6,400 crore to 24,654 crore mainly on pay out of special dividend at Zinc India during the current quarter.

Out of the total debt of Rs. 76,953 crore, the INR/USD split is approximately 63%/ 37%. Further, the gross debt comprises of long term loans of Rs. 59,263 crore and short term loans of Rs. 17,690 crore.

FY2017 debt maturities are Rs. 12,406 crore, which we intend to meet through a combination of roll over, refinancing, internal accruals and working capital initiatives. We continue to evaluate different structures and options for future maturities with an objective to lower funding cost and/or extend the maturity profile.

Corporate**Revise Term for Merger – Vedanta Limited & Cairn India**

The Boards of Vedanta Limited and Cairn India have approved revised and final terms for the Transaction on 22nd July 2016, taking into account prevailing market conditions and having regard to underlying commercial factors.

Pursuant to the revised and final terms, each Cairn India minority shareholder will receive for each equity share held:

- 1 equity share in Vedanta Limited; and
- 4 Redeemable Preference Shares with a face value of INR 10 in Vedanta Limited, with a coupon of 7.5% and tenure of 18 months from issuance.

The Jurisdictional High Courts have convened the shareholder meetings for each of Vedanta Limited and Cairn India on 8 September 2016 and 12 September 2016, respectively. The Notice convening the shareholder meetings will be sent to shareholders in due course.

The Transaction is expected to close by Q1 CY2017.

Results Conference Call

Please note that the results presentation is available in the Investor Relations section of the company website www.vedantalimited.com

Following the announcement, there will be a conference call at 6:00 PM (IST) on Friday, 29th July 2016, where senior management will discuss the company's results and performance. The dial-in numbers for the call are as below:

Event		Telephone Number
Earnings conference call on 29 July 2016	India - 6:00 PM (IST)	Mumbai main access +91 22 3938 1017 Mumbai standby access +91 22 6746 8333
	Singapore - 8:30 PM (Singapore Time)	Toll free number 800 101 2045
	Hong Kong - 8:30 PM (Hong Kong Time)	Toll free number 800 964 448
	UK - 12:30 PM (UK Time)	Toll free number 0 808 101 1573
	US - 8:30 AM (Eastern Time)	Toll free number 1 866 746 2133
For online registration	http://services.choruscall.in/diamondpass/registration?confirmationNumber=52679	
Replay of Conference Call (29 July 2016 to 4 Aug 2016)		Mumbai +91 22 3065 2322 +91 22 6181 3322 Passcode: 63835#

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Manager – Investor Relations

Sunila Martis

Manager – Investor Relations

About Vedanta Limited (Formerly SesaSterlite Ltd.)

Vedanta Limited is a diversified natural resources company, whose business primarily involves producing oil & gas, zinc - lead - silver, copper, iron ore, aluminium and commercial power. The company has a presence across India, South Africa, Namibia, Australia, Ireland, Liberia and Sri Lanka.

Vedanta Limited, formerly SesaSterlite Limited is the Indian subsidiary of Vedanta Resources Plc, a London-listed company. Governance and Sustainable Development are at the core of Vedanta's strategy, with a strong focus on health, safety and environment and on enhancing the lives of local communities. Vedanta Limited is listed on the Bombay Stock Exchange and the National Stock Exchange in India and has ADRs listed on the New York Stock Exchange.

For more information please log on to www.vedantalimited.com

Vedanta Limited**(Formerly known as SesaSterlite Limited)**

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CIN: L13209GA1965PLC000044**Disclaimer**

This press release contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “should” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.