

## Vedanta Limited

### Vedanta reports 15%QoQ growth in profit after tax, declares 4<sup>th</sup> interim dividend of Rs12.5/share

**Mumbai, January 27, 2023:** Unaudited Consolidated Results for the Third Quarter and nine months ended 31<sup>st</sup> December 2022.

#### **Financial Highlights:**

- Consolidated quarterly Revenue of ₹33,691 crore
- Consolidated quarterly EBITDA of ₹7,100 crore with EBITDA margin\* of c.24%.
- Consolidated Profit after tax grew 15%QoQ to ₹3,092 crore
- Generated robust Free cash flow (pre capex) of ₹6,504 crore in 3QFY23
- Continue to maintain strong double-digit return on capital employed ~23%
- Net Debt/EBITDA of 0.96x, maintained at low level
- Contributed to exchequer ~₹55,000 crore in 9MFY23
- Proactive commodity hedging for risk management, recorded ~₹2,950 crore gain in 9MFY23
- Highest dividend yield among peers; ₹81 per share YTD FY23 dividend including 4<sup>th</sup> interim dividend of ₹12.5/share
- Continue to maintain healthy cash and cash equivalents of ₹23,474 crore as on 31st Dec 2022

#### **Strategic initiative to unlock shareholder value – Sale of VZI business to HZL:**

The Board has approved the sale of Vedanta Zinc International (VZI) business (Gamsberg, Black Mountain and Skorpion operations) to Hindustan Zinc Limited (HZL) for a cash consideration of US\$ 2,981 mn, including \$562 mn as deferred consideration linked to certain milestones. This is a win-win transaction and will unlock significant value for both Vedanta Limited and HZL shareholders. With combined R&R of ~1,150 mn tonnes Ore and 60+ mn tons Metal, HZL will have potential to become the largest global Zinc player. Vedanta will continue to participate in this growth story through Hindustan Zinc.

#### **Operational Highlights:**

Key businesses continue to deliver steady operating performance:

- **Aluminium**
  - Successfully commissioned Plant heat exchanger, Compressor unit and FDS unit among

\*Excludes custom smelting at copper business.

other projects for Lanjigarh 5Mtpa expansion.

- Commissioned 120ktpa billet line in Jharsuguda; ramping up billet production capacity to 580ktpa.
- Quarterly Alumina production decreased by 2%QoQ to 443kt, due to maintenance activities in calciners.
- Highest ever 9M Aluminium production of 1,716 kt, up 1%YoY in line with ramp up at Jharsuguda; 3QFY23 Aluminium production decreased 3%QoQ to 566kt.
- **Zinc India**
  - Highest ever 9M mined metal production at 761kt, up 5%YoY with higher ore production, improved mined metal grades and operational efficiency; 3QFY23 production marginally decreased by 1%QoQ in line with mined metal grade.
  - Highest ever 9M refined metal production, up 8%YoY to 762kt owing to better plant availability and consistent mined metal flow from mines; 3QFY23 production improved 5%QoQ to 257kt.
- **Zinc International**
  - 9M mined metal production grew 25%YoY to 210kt, in line with ramp-up at Gamsberg, further supported by higher zinc recoveries at Gamsberg and better lead grades at BMM; Gamsberg achieved highest ever 9M production at 159kt, up 27%YoY.
  - Quarterly mined metal production in 3QFY23 stood at 69kt with 52kt production at Gamsberg.
- **Oil and Gas**
  - Average daily gross operated production of 145kboepd, increased 3%QoQ due to gains from exploration success in Ravva and gains from the infill well drilling campaign in Cambay, partially offset by natural decline.
- **Iron ore**
  - Karnataka saleable ore production increased by 32%QoQ to 1.4mn tonnes
  - Pig iron production was higher by 66%QoQ as 2QFY23 was impacted by shut down in smaller blast furnace
- **Steel**
  - Saleable production of 306kt, lower by 6%QoQ due to maintenance activities in blast furnace
- **Facor**
  - Ore production increased 88%QoQ to 64kt as 2QFY23 was affected by heavy monsoon
  - Ferro chrome production increased 70%QoQ to 19kt as there was planned maintenance shutdown in Q2FY23.
- **Copper India:**
  - Due legal process is being followed to achieve a sustainable restart of the operations

**ESG Highlights:**

- Significant improvement in ESG score of Vedanta Limited by various key external ESG rating agencies:
  - Vedanta Limited ranked 6<sup>th</sup> among DJSI's top 10 global diversified Metal & Mining peers and inducted into Dow Jones Sustainability Emerging Markets Index; Aluminium business ranked 2<sup>nd</sup> among Global Aluminium peers
  - MSCI ESG risk rating improved from 'CC' in 2020 to 'BB' (above industry average),
  - Sustainalytics ESG risk score improved by 4.5 points,
  - CDP B rating for "Water security" on 1<sup>st</sup> time disclosures
- Aluminium Business released its first ever TCFD report
- Aluminium Business procured 390 million units of RE power
- Balco launched Biofuel trial for ladle heating and heavy equipment
- Highest ever quarterly Biomass firing at 22,806 tonnes
- Improved HVLT usage to 98%
- Water recycling at 34%
- Introduced an industry-leading EV Policy for all our employees to drive increased adoption of EVs, aiding India's green mobility push
- 3,955 Nand Ghars (women and childcare centre) created for social welfare
- Spent INR 216+ crore to uplift the quality of life of communities through various CSR initiatives; positively touching 3.14+ million lives
- Board has approved plans for another 941 MW RE power across India operations including HZL under group captive RE power development program

**Mr Sunil Duggal, Chief Executive Officer, Vedanta, said** *"we have delivered a strong set of financial results and steady operational performance in challenging macroeconomic environment. Our quarterly Profit after tax grew 15% on sequential basis to ₹3,092 crore; free cash flow (pre capex) stood at ₹6,504 crore with focus on working capital and cost optimization. Our ESG initiatives have been recognized by several major external rating agencies. We have approved plans for another 941 MW RE power under group captive RE power development program. I am also happy to share that Vedanta and Hindustan Zinc Limited Boards have taken strategic initiative to consolidate Zinc International under Hindustan Zinc. It will be a win-win transaction, unlocking significant value for both Vedanta Limited and Hindustan Zinc Limited shareholders."*

## Consolidated Financial Performance:

(In ₹ crore, except as stated)

Particulars	Q3	Q2	Q3	9m	
	FY2023	FY2023	FY2022	FY2023	FY2022
<b>Net Sales/Income from operations</b>	<b>33,691</b>	<b>36,237</b>	<b>33,697</b>	<b>108,179</b>	<b>91,850</b>
Other Operating Income	411	417	400	1,199	1,060
<b>EBITDA</b>	<b>7,100</b>	<b>8,038</b>	<b>10,938</b>	<b>25,879</b>	<b>31,549</b>
EBITDA Margin <sup>1</sup>	24%	25%	37%	27%	39%
Finance cost	1,572	1,642	1,216	4,420	3,464
Investment Income	679	631	516	1,893	1,821
Exploration cost write off <sup>2</sup>	130	96	-	288	-
Exchange gain/(loss) - (Non operational)	134	(177)	(68)	(375)	(190)
Profit before Depreciation and Taxes	6,211	6,754	10,171	22,689	29,716
Depreciation & Amortization	2,720	2,624	2,274	7,808	6,516
Profit before Exceptional items	3,491	4,130	7,897	14,881	23,200
Exceptional Items Credit/(Expense) <sup>3</sup>	903	234	(105)	1,137	(432)
Profit Before Tax	4,394	4,364	7,792	16,018	22,768
Tax Charge/ (Credit)	839	1,828	2,473	4,335	6,470
Tax on Exceptional items/ (Credit)	463	(154)	(35)	309	(150)
<b>Profit After Taxes</b>	<b>3,092</b>	<b>2,690</b>	<b>5,354</b>	<b>11,374</b>	<b>16,448</b>
Profit After Taxes before exceptional items	2,652	2,302	5,424	10,546	16,730
Basic Earnings per Share (₹/share)	6.64	4.88	11.24	23.44	35.09
Basic EPS before Exceptional items	5.46	3.84	11.42	21.22	35.76
Exchange rate (₹/\$) - Average	82.14	79.69	74.90	79.64	74.23
Exchange rate (₹/\$) - Closing	82.75	81.50	74.37	82.75	74.37

1. Excludes custom smelting at copper business.

2. Pertains to unsuccessful exploration wells write off Open Acreage Licensing policy (OALP) blocks at Cairn

3. Exceptional items Gross of Tax

4. Previous period figures have been regrouped or re-arranged wherever necessary to conform to current period's presentation

### ▪ Revenue:

- 3QFY23 Revenue decreased by 7%QoQ to ₹33,691 crore on account of moderation in output commodity prices and lower strategic hedging gains; partially offset by favourable foreign exchange movement.

### ▪ EBITDA and EBITDA Margin:

- 3QFY23 EBITDA decreased by 12%QoQ to ₹7,100 crore on account of lower output commodity prices, lower strategic hedging gains; partially offset by improved operational performance, easing of input commodity inflation and foreign exchange gains.
- EBITDA margin<sup>1</sup> stood at c.24% in 3QFY23.

### ▪ Depreciation & Amortization:

- Depreciation & amortization increased by 4%QoQ to ₹2,720 crore mainly due to higher depletion charge in Oil & Gas business.

- **Finance Cost:**
  - Finance cost decreased by 4%QoQ to ₹1,572 crore, majorly due to decrease in average borrowings and higher interest capitalization.
- **Investment Income:**
  - Investment Income improved 8%QoQ to ₹679 crore, majorly due to increase in average interest rate
- **Taxes:**
  - 3QFY23 normalized Effective tax rate (ETR) was 24% compared to 44% in 2QFY23, majorly due to 80IA benefit and change in profit mix.
- **Profit after Tax (PAT) and Earnings per Share (EPS):**
  - Profit after Tax was higher by 15%QoQ to ₹3,092 crore.
  - Quarterly EPS was ₹6.64 per share.
- **Leverage, liquidity, and credit rating:**
  - Gross debt stood at ₹61,550 crore as on 31st Dec'22.
  - Net debt was of ₹38,076 crore as on 31st Dec'22; Net debt to EBITDA ratio was at 0.96x
  - Cash and cash equivalents position remain healthy at ₹23,474 crore. The Company follows a Board-approved investment policy and invests in high quality debt instruments with mutual funds, bonds, and fixed deposits with banks.
  - The company maintained its investment grade credit rating of 'AA' with stable outlook by CRISIL and India Ratings.

### **Key Recognitions:**

Vedanta has consistently received various awards and accolades. Few recognitions received during 3QFY23 are:

- Vedanta Limited awarded with Silver award for excellence in Financial Reporting by ICAI Awards 2021-22
- HZL won prestigious S&P Global - Platts Global Metal Awards 'Industry Leadership Award - Base, Precious and Specialty Metals' and 'Corporate Social Responsibility'
- VAL – J, won Platinum and Gold award at SEEM National Energy Management Awards 2022 at Society of Energy Engineers and Managers
- BALCO awarded with CII GreenCo Silver award at CII Green Co Summit 2022
- Hindustan Zinc's Dariba Smelting Complex certified with 5S certification by Quality Circle Forum of India
- VAL – J awarded with 3 Gold awards at International Convention on Quality Control Circle Awards for Quality and Business Excellence
- Cairn Oil and Gas awarded with Golden award at 47th International Convention on Quality Control Circle (ICQCC 2022)

- ESL awarded with SAP ACE Award 2022 for Best Procurement Transformation for Implementation of ARIBA & IRPA Solution
- VAL – L awarded with Kalinga Safety Award for Gold Category at National Safety Conclave 2022
- VAL-J awarded with 13th Exceed Occupational Health and Safety award by Sustainable development foundation
- Balco awarded with Platinum Award for Human Resource Manufacturing category at Titan Business Awards
- Sterlite Copper awarded with Arogya world healthy workplace – 2022 Award

### **Results Conference Call:**

Please note that the results presentation is available in the Investor Relations section of the company website <https://www.vedantalimited.com/eng/investor-relations-overview.php#resultsReports>

Following the announcement, a conference call is scheduled at 5:30 PM (IST) on January 27, 2023, where the 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 January 27, 2023, from 5:30 - 6:30 PM (IST)	<b>Universal Dial-In</b>	+91 22 6280 1114 +91 22 7115 8015	
	<b>India National Toll Free</b>	1 800 120 1221	
	<b>International Toll Free*</b>	Canada	01180014243444
		Hong Kong	800964448
Japan		00531161110	
Netherlands		08000229808	
Singapore		8001012045	
UK		08081011573	
	USA	18667462133	
Online Registration Link	<a href="#">Click here - Registration Link</a>		
Call Recording	Will be available on website January 28, 2023, onwards		

*\*In case of dial-ins from any other country, please use the online registration link for relevant dial in numbers*

### **About Vedanta Limited:**

Vedanta Limited, a subsidiary of Vedanta Resources Limited, is a diversified global natural resources company with significant operations in Oil & Gas, Zinc, Lead, Silver, Copper, Iron Ore, Steel, and Aluminium & Power across India, South Africa and Namibia. For two decades, Vedanta has been contributing significantly to nation building. Governance and sustainable development are at the core of Vedanta's strategy, with a strong focus on health, safety, and environment. Vedanta has put in place a comprehensive framework to be the ESG leader in the natural resources sector. Vedanta is committed to reducing carbon emissions to zero by 2050 or sooner and has pledged \$5 billion over the next 10 years to accelerate the transition to net zero operations. Giving back is in the DNA of Vedanta, which is focused on enhancing the lives of local communities. The company's flagship social impact program, Nand Ghars, have been set up as model anganwadis focused on eradicating child malnutrition, providing education, healthcare, and empowering women with skill development. Under the aegis of the Anil Agarwal Foundation, the umbrella entity for Vedanta's social initiatives, the Vedanta group has pledged Rs 5000 crore over the next five years on social impact programs with a thrust on nutrition, women & child development, healthcare, animal welfare, and grass-root level sports. Vedanta has been listed on the Dow Jones Sustainability World Index 2022, conferred Golden Peacock Award for excellence in Corporate Governance 2022 and certified as a Great Place to Work 2022. Vedanta

Limited is listed on the Bombay Stock Exchange and the National Stock Exchange.

**For more information, please visit [www.vedantalimited.com](http://www.vedantalimited.com)**

**Vedanta Limited**

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**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 that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

**For any Investor enquiries, please contact:**

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