"Vedanta Limited Q3FY16 Results Conference Call"

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MANAGEMENT: **MR. TOM ALBANESE – CHIEF EXECUTIVE OFFICER, VEDANTA LIMITED**
MR. DD JALAN – CHIEF FINANCIAL OFFICER, VEDANTA LIMITED
MR. SAMIR CAIRAE – CHIEF EXECUTIVE OFFICER, INDIA DIVERSIFIED METALS BUSINESS, VEDANTA LIMITED
MR. ABHIJIT PATI – HEAD (ALUMINIUM), VEDANTA LIMITED
MR. MAYANK ASHAR – CAIRN INDIA LIMITED
MR. SUDHIR MATHUR – CAIRN INDIA LIMITED
MR. SUNIL DUGGAL – HINDUSTAN ZINC LIMITED
MR. KISHORE KUMAR – IRON ORE, VEDANTA LIMITED
MR. AJAY DIXIT – HEAD, POWER BUSINESS, VEDANTA LIMITED
MR. ASHWIN BAJAJ – DIRECTOR, INVESTOR RELATIONS, VEDANTA LIMITED

Moderator: Ladies and Gentlemen, Good Day and Welcome to Vedanta Limited Q3FY16 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashwin Bajaj – Director of Investor Relations. Thank you and over to you, sir.

Ashwin Bajaj: Thanks, Operator, and Good Evening, Ladies and Gentlemen, this is Ashwin Bajaj. Thank you for joining us today to discuss our results for the Third Quarter of FY2016. On this call we will be referring to the presentation that is available on our website and some of the information on today's call maybe forward-looking in nature and will be covered by the disclaimer on Page #2 of the presentation.

From our management team, we have with us CEO – Tom Albanese; CFO – DD Jalan; we have with us Samir Cairae who recently joined us as CEO of the India Diversified Metals Business; we have with us several of our business leaders -- we have Abhijit Pati from Aluminium; Mayank Ashar and Sudhir Mathur from Cairn India, Sunil Duggal from Hindustan Zinc; Kishore Kumar from Iron Ore and Ajay Dixit who heads the Power Business.

So, with that let me hand over to Tom.

Tom Albanese: Thank you, Ashwin, thank you, Operator. Good Evening, Ladies and Gentlemen, Good Morning to some of you. I am pleased to welcome you to Vedanta Limited's Third Quarter Fiscal Year 2016 Earnings Call. The Resource sector continues to go through challenging period with the commodity prices are multi-year lows and we have been following disciplined approach to capital spending, opex and efficiency in operations to manage this very difficult period of volatility. We have been implementing a series of initiatives to reduce capex and opex while we are delivering positive results and maintaining financial strength in this period of weaker commodity prices. As Ashwin said, I am pleased to inform the appointment of Mr. Samir Cairae as the CEO of Diversified Metals in January 2016; he will be providing operational strategic leadership for the performance of our Aluminum, Copper India, Power and Iron Ore Divisions and we have given him some responsibilities in our broader group light commercial and asset optimization areas. Prior to the appointment of Vedanta, he has held senior leadership positions in the Lafarge Schlumberger. As Ashwin said, he is on the call and hopefully we can have him field some questions.

Let me start with a review of the Third Quarter Performance and Highlight some of these initiatives and really move on to the first slide to those of you who have access to the website and that is on "Safety and Sustainability": I have to say with regret and sadness that we have had 2 fatalities in the last quarter. This is a deep disappointment for the organization; we are on a path for zero harm and so every accident, every facility is definitely a setback on that but we continue to focus on a zero harm facility, safety among all our employees and our contractor, and reduction in all accidents. You will see that we have continued to improve our overall LTIFR numbers; we have changed the methodology of LTIFR, particularly around which gets classified as loss time accident with regard to restricted work. So it is now aligned with the ICMM 2014 methodology. As a consequence of the shift during this fiscal year this has led to a slight shift higher in the overall accident rates. Those of you who have been through companies and have shifted to ICMM numbers typically this is the type of a thing that takes place. But my own personal perspective it is important to capture all injuries and make sure you statistically all injuries and that gives you better base in terms of working on safety improvement.

Moving on the next slide – Third Quarter Fiscal '16 Results Highlights: Operationally, we delivered strong production across all segments during the quarter. We have had record production at Aluminum and Silver although production at Copper India and Zinc international were impacted by some shutdowns. We have had strong EBITDA margin of 26% despite softer LME and Brent prices during the quarter, this is mainly driven as we have said by stronger volumes and cost initiatives will continue to be rolled out through the businesses. We are focusing on the opex, the capex and the free cash flow and deliver would be Rs.6800 crore free cash flow in the nine months ended December 31st. We have made good progress for balance sheet management which DD will talk more about and refinancing our maturities. As an example, we have raised about $3 billion in the last nine months, about $1.4 billion of that was in the third quarter. Again, as we have said, we continue to progress on the merger with Cairn India. We filed the schemes with the court and the shareholder meetings will be held we expect in the current quarter.

So if we move on to the next slide: We have had a relentless focus on opex, capex and free cash flow optimization. Again, maximizing the cash flow in this weak market, deleveraging the balance sheet in this weak market are our top priorities given the near-term volatility and low commodity prices. Again, DD will give specifics quite a bit more detail a little bit later on. We have been continuing to see savings in opex and also savings in marketing and we have achieved about 74 million in savings in the third quarter fiscal year 2016 through these measures.

Some of the pragmatic decisions we took a few quarters ago are in line with this focus and they have been generating some positive results: I want to use take as an example and talk a little bit more later but I think it is quite relevant for us and that is seaborne Alumina costs. Seaborne Alumina costs have dropped by almost $100/tonne over the past six-nine months and as you know that translates to $200/tonne of Aluminium Metal. If you recall back in September 2015, we took the decision to reduce our Aluminum refinery capacity at Lanjigarh. What that has done is that has put us in a larger net shore position for our Aluminum requirements and that is what allowed us to take even better advantage of low seaborne Alumina price. Unfortunately, we still have a lot of Alumina in the inventory at the higher cost basis and that has been working through the system during the third quarter. What that means is that we will see some even further benefits from this lower alumina price as we move into the fourth quarter and we work through some of these inventory effects.

With that, I will hand it over to DD and he will go through the Financial Update. Over to you, DD.

DD Jalan: Thanks, Tom, and Good Evening to all of you. Moving to Slide #8: As you all are aware, commodity prices not only remain weak during the quarter but also softened further. While the weak environment has impacted financials of all major resource sector, we have had a relentless focus on capital discipline, cost and volumes delivery resulting into EBITDA of Rs.3,212 crore with a margin of 26%.

On the balance sheet side, free cash flow before capex was positive Rs.609 crore but negative post capex. Net debt for the quarter increased by over Rs.3,100 crores, primarily driven by payment of interim dividend and project payments. I will talk more on Slide #11. In this scenario, we continue our focus on cost control, discipline deployment of capital, generate free cash flow and strengthen the balance sheet.

Moving to Slide #9: While an adverse impact of price and regulatory marginally offsets by commodity deflation and currency depreciation has been Rs.1,000 crores; however, as you see our focus on cost and marketing savings contributed over Rs.250 crores. As Tom mentioned earlier, we took smart decisions like optimizing Lanjigarh refinery operations on single stream basis, suspension of roll product facility at BALCO to reduce overheads and other bunch of initiatives like coal cost reductions by improving efficiency and quality improvement initiative, etc., We are working on several other cost reduction initiatives as of now and the total ideas in the pipeline are more than 800 in numbers. The volume loss of Rs.93 crores is temporarily driven by lower volume at Zinc India as per mine plan and unplanned outages at Copper India. We expect a stronger volume performance across all business in next quarter including ramp-up at Iron Ore and Commercial Power at TSPL and BALCO.

Moving to Slide #10: While market and regulatory headwinds impacted EBITDA by over Rs.9,500 crore, I am pleased to share with you our strong response to these headwinds. Operational initiatives around cost reduction, volume focus and improving realizations led to a makeup of nearly Rs.3,000 crore. As guided by Tom, we look to close the year with a saving of over $300 million through cost, capex and marketing initiatives against nine months number of $205 million. Our current focus is to accelerate execution on this front to convert our rich idea bank into the actual savings.

Moving to Slide #11: Net debt was higher by Rs.3,100 crore during the quarter, primarily on account of payment of interim dividend and project payments as I mentioned earlier. As guided in last quarter, certain working capital initiatives partially unwounded in the current quarter; however, we are able to largely mitigate unwinding effect of Rs.2,000 crore with further improvement of our debtor collection cycle by Rs.1600 crore. In the last three quarters of this year, we were able to reduce our net debt by Rs.1300 crore backed by strong pre-capex free cash flow of over Rs.10,600 crore. This ongoing efforts and working capital initiatives we expect to bring down the net debt to around Q2 level or lower at the year end.

Moving to Slide #12: The next page lays out our balance maturity profile and refinancing plans. We intend to meet FY16 maturities of $1.1 billion through committed term loan of $0.6 billion, $0.25 billion of cash and liquid instruments and balance through undrawn committed facilities and term facilities which are in process of being tied up. Considering the lower interest rate scenario, our plan for the near future is to convert short-term instruments to long-term loans which will result in extension of our maturity profile at competitive rates. During the last nine months, we saw average reduction of 34 basis points on our term loan portfolio as a result of renegotiation of the spreads and overall reduction in the base rate of the banks. During the quarter and January 2016, Vedanta Limited also made a partial repayment of the intercompany loan to Vedanta plc of $800 million and the outstanding as on date is now $1.8 billion.

Moving to Slide #13: Depreciation increased sequentially on account of one-time charge for Lisheen closure and capitalization of assets in Aluminum and Power Business. Low cost refinancing mitigated the increase in finance cost due to the capitalization of assets; however, the finance cost is likely to go up further marginally though during FY16 on account of further capitalization of assets. Other income fluctuation between periods is largely due to timing differences in the maturity of our investments given that we recognize income only in the quarter of maturity. The underlying portfolio continues to perform well with an average post-tax return of 7% in the nine months' period. The tax rate movement between periods is due to one-off in Q2 and lower profit base. Full year tax rate is likely to be in high-teens.

With that handing over to Tom.

Tom Albanese: Thank you, DD. I would like to talk first about Oil & Gas Operations. We have had a pretty good performance, I think an excellent performance at Mangala EOR Project and has helped us improve our overall gross production from the Rajasthan block by about 1.4% quarter-on-quarter to 170,000 boepd. So, as you would have heard those who are listening to the Cairn Call, I am sure that Mayank will talk a little bit later, I think that the EOR Project has been hit where we expect it to hit and I am very pleased to see the teams firing on all cylinders. That Mangala EOR Polymer Injection volumes were ramped up in the third quarter, increase EOR production was 19,000 bopd in line with the plan and we further expect ramp up in injection volumes by March 2016. At Aishwariya, we recorded increased volumes post our infill drilling program with 5 more drills brought in line and overall production from Rajasthan in the current quarter should pick up aided by increase in volumes through the Mangala EOR and the Aishwariya infill activities. We continue to strive to seek a fair realization of our crude to expansion of our customer base and we will share the first cargo of Rajasthan crude which successfully delivered through the Bhogat Terminal just over the past month or so and we are realizing superior pricing on this particular contract.

On the Gas side, we continue to focus on the Raag Deep Gas Development Projects to increase the gas production from Rajasthan asset. At Raag Deep Development, GSPL India Gasnet will build the pipeline and this reduces our capex requirement by about US$100 million.

On the cost side, our efforts have helped us reduce our already low water flood operating cost by 6% compared to quarter-over-quarter to $5.1/barrel. That is quite important because we know as we do the polymer cash in, we will add additional cost with the polymer and additional grid electricity for the injection. So we really got to focus on looking at all aspects of our operating cost. Our overall operating cost for Rajasthan including EOR was below $7/barrel in the quarter. This lowest docile operating cost will help us weather the weak oil price situation better than our peers to reducing much higher cost than us.

I do want to reemphasize that our priorities in the Oil & Gas business remains to be free cash flow positive in this low crude price environment while retaining optionality. Over 90% of our production volumes are from the core fields of MBA, Ravva, Cambay were very low operating costs and high margins prevail.

Moving on to Zinc India: Our world-class Zinc portfolio at Hindustan Zinc had a strong quarter and saleable Zinc production was up 8% year-on-year. I am happy to say we have surpassed our previous record for integrated Silver metal production and achieved a new high 116 tonnes of Silver driven by better grades from the SK mine and higher smelter efficiency. Our Zinc cost of production during the quarter was $795 and we continue to operate in lowest docile with the global cost curve. In the coming years, there may be cyclical swings in production and we would expect the first half fiscal year 2017 volumes to be lower than the second half fiscal year 2017 volumes. However, the full year volumes will continue their upward trajectory similar to recent years. Those of you who have been listening to these calls in a couple of years have heard us say before that as the pit gets deeper we will see more and more of the cyclical swing as the mining moves progressively into pre-strip, then its ore into pre-strip, then its ore.

We are now in the main Rampura Agucha underground production level for the first time in this half and we will be prudent in this first level as just below the ground pillar and we are simultaneous mining and developing just below the ground pillar while remaining the open pit. So we have to be aware of geomechanical issues, the effective last thing from the open pit on underground and vice versa. Pre-stripping for further deepening of the open pit and cut by are progressing well and will mitigate the risk of delays in deep fine development that we have had and shaft commissioning that we have had.

In SK mine, we achieved the major milestone crossing production run rate of 3 mtpa during the quarter which is ahead of schedule and we have recently received the environmental clearance for 3.7 mt per year.

The ramp up of the Kayad mine is on track and expected to achieve 1 mt per year production capacity by year end and this will make this about one of the fastest underground mine ramp-ups, it is a very new Greenfield operation, I think we have been pleasantly surprised with the thickness of the ore and our ability to extract it quite economically.

In the Zinc prices, we will be reviewing the pace and the spends of our Zawar and Rampura, Dariba mine expansion projects and just be sensible in terms of how it should be mined at these prices.

Moving on to Zinc International: Production was affected by plant maintenance shutdown at Skorpion which went longer than expected and a subsequent delay in the start-up. We are at these prices for Zinc differing some of the pre-strip at Skorpion and again if we do not see a recovery in Zinc, this could have the effect of shortening the life of the pit from what we have previously said if the prices do not recover.

Lisheen production ended up as per plan in December 2015 and a final shipment was made last week. With good efforts by the team on site, we saw Lisheen delivering a bit higher production in the closing months than we would have originally anticipated.

Third quarter cost of production is higher $1579/ton mainly on lower volume and the maintenance costs. We continue to optimize cost across the business and we would expect to see the fourth quarter cost of production significantly lower than $1100 to $1200. So we would expect to see a material change and improvement in the cost quarter-on-quarter. Overall, we are on track to produce 40,000-50,000 tonnes in the fourth quarter fiscal year 2016.

We talked about Gamsberg and we have talked about how we will develop it at pace with the market and we have talked about lock box. At Gamsberg, pre-stripping is in line with plan of 4 mt of waste excavated since July 2015. As announced earlier, the project is being developed using a modular approach which allows flexibility to manage the capital expenditure program and fiscal year 2016 capex is expected to be about $40 million. As we would have said before, particularly in light of the current market conditions, the business continues to follow 'lock box' approach towards capex where the capex will be funded by the cash flow generated at this business.

I move to the Next Slide on Aluminum: In the Aluminum business, we had a strong production in the third quarter with 80 pots commissioned earlier at the Jharsuguda Line II and now capitalized. You will know from the previous calls that we would have been anticipating further pots being developed in the year-to-date as of now and we have not been able to develop the pots that we would have liked to have done. That was largely on the basis of delays in seeing the order on the conversion of the IPP and CPP. So, I am pleased to inform you that just on the 27th of January, that is all of yesterday, we received the approval from the local authorities for conversion of the three IPP units, that is 1800 MW in total which will label us draw captive power from the 2400 MW power plant to allow us to ramp up the pots at Jharsuguda. To get the technical provisions in this, we will start ramping up these pot lines at Jharsuguda-II smelter from the 1st of April onwards. I would want to step back and say that I think we all would like to see the government moving faster to help the resource sector and industry in general, we have been seeing support from the government in terms of some of the key recent decisions, this approval from conversion of IPP and CPP and again the recent approval we had to expand the Alumina refinery from current 1 million tons to ultimately 4 million tons. As we said, we have taken a number of pragmatic some difficult decisions including the commissioning new power plants at BALCO and wind back of our two old 275 MW plant and this combine with weak alumina pricing and active efforts across the business are delivering lower cost of production for Aluminum. Our Alumina FOB price the $100/ton lower compared to March 2015 which on Aluminum basis translates to $200/ton of Aluminum. This import Alumina though is more economic in the current price environment but it also makes the current production at Lanjigarh uneconomic if you look at it on avoided cost basis. We have therefore intensified our effort to reduce the Alumina cost of production at Lanjigarh and find sources for local bauxite.

Overall, we maintain the $100/t EBITDA margin on Aluminum which is the same as the second quarter even though the LME was lower in third versus second quarter by $100/ton. We would expect further improvements in our fourth quarter cost in the coming quarter as we see the bulk flow through of those lower impact Alumina prices coming through and other initiatives that just began and got kicked off during the course of the third quarter which will give us a full run rate during the course of fourth quarter.

At the current cost of production, we are at $1528/ton and that continues to be about the second quartile of the cost curve. Also, we have been working to improve realize more prices. We recognize that we lost some realizable prices because we shut down the rolling mill of BALCO but we more than cut back opex with that, but we are moving our overall product mix to less ingot and more higher value alloys. So notwithstanding the progress, we are very mindful of the weak Alumina prices and weaker Aluminum premiums and therefore focus on delivering positive free cash flows at both BALCO and Jharsuguda.

I would like now to talk about Power. I have been pleased with the progress we have seen on commissioning new capacities in this segment during the quarter. We commissioned the second unit of TSPL and the first IPP unit of BALCO 1200 MW. The last unit of TSPL and second IPP unit of BALCO will be synchronized by the end fiscal year 2016. The PLF is low in the quarter at Jharsuguda 2400 MW but we would expect that again as I said before to increase gradually as we begin ramping up the pots in Jharsuguda #2 pot line from the 1st of April day as I mentioned. We would not expect any material impact on the sales of power as one unit of 600 MW which continue to sell power under an existing agreement.

At the Chotia coal block which you recall we won that auction about a year ago, we commenced mining and overburden removal is in progress.

I would say overall on the coal situation, we have seen an improvement in coal availability for the IPPs, but CPPs still face shortages all though the country and this situation is expected on a carry forward basis. We are seeing the price for imported coal continue to stay low but the price of e-auction coal remains high on account of higher demand due to de-allocation of coal blocks and production yet to commence at new allocated mines. So as we look ahead, this means we will need to focus more of our CPP Coal consumption on imported coal in the coming months and possibly a year.

I would like to move on to our Iron Ore and Copper India Businesses: Post resumption of mining in Goa, we are gradually ramping up the production. However, this ramp-up has been slower than expected due to some transportation and union issues for which we are hopeful that a resolution will be reached soon. This issue is related to tariff negotiation with the union drivers.

Due to delay in the ramp up owing to transportation challenges, we have realistically toned down our Goa Iron Ore sales expectation to about 3.5 million tonne from Fiscal Year 2016.

At Karnataka, production was stable with production of 1.1 million tonnes for the quarter. Both at Goa and Karnataka, we are engaging with the respective state governments for enhancement of mining cap.

EBIT has increased as the Iron Ore businesses for the quarter as mining and sales resumed at Goa, and we stabilize Karnataka operations. However, Pig Iron plant volumes and realizations have been lower due to weak demand at the beginning of the quarter. We are seeing some improvement in demand since December and our Pig Iron business has been working on increasing the domestic market share. Recently, we received some approvals to increase our overall levels of Pig Iron production and again that will further allow us to focus on further cost reductions for our Pig Iron business into next year.

At Copper India, pretty good state of production; we had 89,000 tons that was affected by the flood in Tamil Nadu and one unplanned shutdown due to a boiler issue. We did have unprecedented rains which have caused flooding as you know as well in the state and that did disrupt our operations for a number of days. I did have the opportunity this month the last two weeks ago to visit the plant this month and was happy to see a speedy recovery and quick resumption of operations.

Overall for us TC/RC have been resilient in the quarter; however, we would expect it to move lower in the Calendar Year 2016 in line with some of the recent term TC/RC settlements.

Demand for Copper in the domestic market remains strong and concentrate market supply amply supplied and that remains a positive for the business as we look forward in the next quarter and in the coming quarters.

So on our final side just quickly sum up and then I will go to questions: Our strategic priorities remain unchanged and we are working towards all those priorities that we had set for ourselves around 2.5 years ago. We are mindful of the weak markets and as a company we are taking all the necessary steps to sustain this volatile period. We continue to focus on the discipline ramp-up of production where it makes sense and optimizing opex and capex where it makes sense to deliver positive free cash flow. Finally, we are focused on completing the merger of Cairn India and Vedanta limited and we made progress on that front.

Maybe Operator, while the question queue is assembling, Mayank Ashar, our CEO of Cairn business has been actually working quite hard on not only producing Opex but also working with the Government of India to reduce the cess and allow us to get discounts reduced. Can you talk a little bit Mayank, about at these oil prices, what are the effects of higher discounts and cess and what are you doing about it? Maybe just a few remarks then we will go on to questions.

Mayank Ashar: Thank you, Tom. Good Evening, Everyone. As Tom mentioned, in our core fields of MBA and in our offshore fields, the average cost of production is of the orders $6-7 per barrel. So this opex looks very favorable relative to the world Brent price of $30. But this margin of some $24 is then reduced due to impact of crude discounts and government levies. It is for this reason that we continue to lobby the government departments to ensure that the government policy and levies are such that they do not burden Cairn and some industry players unduly. So our focus therefore is on operating cost, efficiencies, smart productions as well as top line growth by reducing the government burdens and enhance marketing revenues. There have been favorable comments by the Minister of Petroleum regarding cess. So, we continue to work with them. As we look at the impact of $30 and possibly even some volatility below that our production and operating cost from core fields is pretty good and strong and hopefully enhance through some positive direction from the government, there are some marginal our satellite field where we look closely at our incremental cost to make sure that all of our well production is indeed economic.

Tom Albanese: Thank you, Mayank. Just before we go to questions, I had an observation last week with Mayank that these low oil prices and with the high cess which is almost equivalent of 40% of net realizable value and a high discount which is in excess of 20% of Brent, if you look at the net realizable take, about 99% of our margins go to the Government of India and 1% go to Cairn as the investor. It is that a competitive fiscal environment to attract the necessary future capital for drilling in India. I think there is a very logical argument to make that the Government of India needs to attract more capital to produce future oil & gas and the current regime is just not working in this oil price environment.

So, with that operator, if you have any questions?

Moderator: Sure. First question is from the line of Indrajeet Agarwal from Goldman Sachs. Please go ahead.

Indrajeet Agarwal: My first question is relating to Aluminum segment. So the cost reduction that we have seen, are there any fixed cost reduction as well that we can see sustainable going forward which is now dependent on the Coal or Alumina price reduction? Secondly, can you guide us towards with the three units in Jharsuguda power plant being now allowed to be CPP, what is the kind of volumes in Aluminum segment that we are guiding for in FY17?

Tom Albanese: I will maybe cut at those and maybe ask Abhijit to say a few words, but I would also ask Samir Cairae; he has now been onboard all of three weeks, so if you can just make some reflections of your working with the Aluminum team, some of the workshops, some of the ideas have been generated, but my first cut on these would be that on Aluminum, we have a number of efforts, part of them are to reduce coal, part of them to reduce the cost of coal conversion to electricity, part of them are being reduced to Alumina but certainly a very big part is to reduce the conversion cost of Alumina into Aluminum. I am very comfortable in saying that we are not only looking at the variable cost for making meaningful headway into the fixed cost, our efficiency, our individual productivity levels, our power efficiencies, those types of cost savings which will be sustained not only during the periods of low prices, but as long as we are disciplined we will continue during the periods of better markets which we will. Then I will say on the three units at Jharsuguda. I think it is little early for us to give specific guidance as we are now in the process of determining what is the optimal path ramp up rate per day starting on April 1st but I think maybe Abhijit in your comments you can just sort of talk about some of the reasoning and thinking about how we would basically manage pot line to expansion during fiscal year 2017. So Abhijit, first over to you.

Abhijit Pati: Thank you, Tom, and Good Evening, Everybody. I think the first question of Mr. Agarwal is the fixed cost reduction. We have been as indicated and presented by Tom we have taken two strategic decisions or implemented two strategic intervention – one is the RP closure in BALCO as well as Lanjigarh-I stream. I think overall sector we are very high focused on fixed cost reduction, we have been focused on to the manpower, we have substantially reduced the overall sector manpower plus there are any other costs in particularly for the RP Sector also there is around 30-35% of the fixed cost component which has been reduced which is a very sustainable dimension now to move ahead. Even from two to one stream operation for Lanjigarh also give a substantial improvement into the fixed cost portion, if you see the reduction of the Alumina cost pre-intervention which was running around $323, I think that has come down to around $293, which has been presented, a larger component is also on account of the fixed cost reduction both services as well as the other operating parameters. So that is a very clear focus so far as the fixed cost reductions are concerned. Moving on to your next question about the ramp up part. Yes, this was a historical judgment which has come in yesterday. We are absolutely gearing up to start from the 1st April. We will start at least the one line, evaluate the second and third line and subsequently I think even BALCO also we are evaluating the ramp up in the next year. So altogether there is a good progress and yes, there is a focus because idea is basically to do a faster ramp up. We have been presently estimating around two pots per day, but I think we have further aggressive plan to take it up to around four pots per day. So, as of now today, that is the type of the planning which we are making so far as the ramp up is concerned.

Tom Albanese: Samir, you may be on mute. I do not hear from you. We will go straight back to the Goldman question.

Indrajeet Agarwal: The repayment that you have done of $400 million to Vedanta plc, what are the sources of that fund?

DD Jalan: Basically, the repayment has been made out of the internal generation and then the working capital leaning what we had done and that is what is the source what we have been talking about also.

Moderator: Thank you. The next question is from the line of Ravi Shankar from Credit Suisse. Please go ahead.

Ravi Shankar: I wanted to check the Cairn acquisition SPV debt has come down whereas at the standalone this has increased. Now during the quarter and I understand the $400 million repayment is actually post 31st December. So what has actually happened?

DD Jalan: You have rightly observed that there was intercompany loan and that intercompany loan has been repaid during this period, partly during quarter ending December and partly in the month of early January. Basically, the overall intention is that as of now we have in all repaid $800 million of loan and the balance outstanding is $1.8 billion. So that also will be repaid in next few months of time.

Ravi Shankar: Mr. Jalan, should we understand the debt is now shifting to standalone because SPV has no other source, so essentially is the debt transfer to the standalone as the SPV debt goes down?

DD Jalan: Basically, Ravi Shankar, as you know that the debt is a part of Vedanta Limited. So it is basically one debt is getting replaced by another in a way and then there is a lot of free cash flow generation which is taking place and working capital also is getting unlocked. So considering all that factor, the money is getting upstream.

Ravi Shankar: Why is the net debt at TSPL and BALCO increasing QoQ?

DD Jalan: You know that TSPL is on the verge of completion. We have already commissioned two units and a third unit is also likely to be commissioned. So it is in the process of completion of the project. So that is how the capex which was already approved, within those capex as per plan we are incurring the expenditure. BALCO is basically there were some old project creditors' payment which were due, so that is what is being paid in BALCO.

Tom Albanese: Samir, I am going to ask you to do, given that you have been on board all of three weeks, just give your reflections particularly on the Aluminum business where you participate in some of the cost reduction workshops, idea generating sessions and maybe just from your long history at the most senior levels of Lafarge and the other companies, if you can give your sense of what you are seeing?

Samir Cairae: Thanks a lot, Tom, and Good Evening to Everybody. First of all, I should say I am really pleased to join the leadership team at Vedanta and from what I have seen is that we have got great teams and great assets and all the conditions are right to generate the returns we did. So, I think from the time I have come, I have got very clear priorities apart from the strategic goals which you had already outlined which is to increase capacity utilization of course in a meaningful way, reduce costs and improve the cash flows. I think talking specifically on reducing cost because that was the question before we got cut off. I had the privilege to participate in a big workshop last week. What I have seen in the workshop clearly the team is very motivated and working on cost reductions… of course, some of them are opportunistic and some of them are quite structural including fixed cost and that gives me great comfort in assuming that a lot of these cost reductions are going to be sustained even if the margins goes up or goes down further. I think Tom as you said rightly for me, I have been involved in a lot of cost reduction programs over the last 10-years. So from what I have seen what the team is working on the action plans, I am quite confident that the cost reductions which we are realizing a lot of those are going to sustain and actually we are going to accelerate the momentum of the cost reductions going into the months to come.

Tom Albanese: Thank you, Samir. I just want to say, Samir, you have been involved with managing operating improvement programs over 150 operations in over 40-countries as some of the strategic supply chain management thing that we have got to apply and I think you will be adding some quick wins for that. So I look forward to that.

Moderator: Thank you. The next question is from the line of Ioannis Masvoulas from RBC. Please go ahead.

Ioannis Masvoulas: I have three questions actually; first on India business. Just wanted to figure out what is the level of capex you need to maintain in the current oil output level for the next 3-years? Second question, just on the customer advances you have received over the past few quarters, what sort of interest are you paying? You mentioned that you are looking to continually be paying the intercompany loan which has a balance of $1.8 billion. What sort of repayment are you targeting over the next let us say six months?

Tom Albanese: I think as I understand the question, the first was on level of capex at oil keep production level for the next 3-years, that question I will ask Mayank to tackle that but DD will take the next two, but I would just say that the key requirement of the EOR Project, the polymer injection was to stabilize what would otherwise have been a decline at Mangala and we are on the back end of that capital spending, so that gives us some freedom of moving the capital going forward. But with that Mayank, why do you not tackle the capital question and then DD can handle the next two questions.

Mayank Ashar: As far as capital requirement is concerned, as you correctly pointed out, Mangala EOR Project is done in that whole sustain production from Mangala field. We want to make sure that the capital that we spend we do get a proper return on it in the commodity cycle that we are in. So, we like to break it up into two buckets -- the first bucket is minimum sustaining capital and that is a fairly low number, I would suggest of the order 50 million or thereabouts and beyond that we would like to have a series of projects that can be brought in at different oil prices. So we have been specific in the last call, we did not give explicit guidance but I can certainly say we have a suite of projects from $40 to $60 that we would be looking at, at the right time, be in state of readiness and when we get comfort from stability in the oil markets, we would be ready to execute. So, it is a broad answer to a specific question at this time.

DD Jalan: On the two specific questions, one on customer advances, what sort of interest we are paying and the second is on the repayment terms of $1.8 billion. So coming to the first question regarding the rate of interest on customer advance, these are the advances from customers against the supply of material in the future period over next couple of years' time. So these are eventually in terms of discounts and those discounts will be equating to somewhere around 200 to 250 basis points above LIBOR at very attractive rates. The second point regarding the repayment term of balance $1.8 billion of intercompany loan. That is what I answered in one of the questions. Basically we plan to repay this loan within next three to four months' time to align with the repayment liability of Vedanta plc coming maturities.

Moderator: Thank you. The next question is from the line of Nitesh Jain from Axis Capital. Please go ahead.

Nitesh Jain: Mr. Jalan, I am referring to the footnote to the standalone results wherein you have mentioned that the company has invested around Rs.3400 crore in CCD in Malco Energy Limited and a further amount of Rs.2600 crore post the December period. So my question is for what purpose we have invested this money and what Malco Energy is going to do with this amount?

DD Jalan: This is the way of upstreaming the funds to repay the intercompany loan. So we have used the vehicle of Malco Energy Limited to upstream the fund.

Nitesh Jain: So basically, then Malco is in turn giving money to the Twin Star Mauritius Holding which is in turn repaying the debt, is this the way?

DD Jalan: Absolutely right, there are few more subsidiaries involved. So through them this transaction has been done.

Moderator: Thank you. The next question is from the line of Harsh Agarwal from Deutsche Bank. Please go ahead.

Harsh Agarwal: I had three questions at my end: One was on the oil business, can you please remind us assuming your discounts and cess stay at current levels, what is the EBITDA breakeven price for oil at the Cairn India business? The second question for Mr. Jalan was Rs.4800 crore of unused facilities you have at Vedanta Limited level, what is the maturity period for that, and is there any restriction on how you can use it? The third question was very housekeeping. Just to confirm, the Rs.1900 crore of dividend that was paid out in this quarter, this was paid by Vedanta Limited, right?

Tom Albanese: Mayank, if you want help, Sudhir Mathur, CFO, on the first one, go ahead with that. I would just point out on that there is rather than a single breakeven for the field, we have got several fields with lots of different wells in the fields, so we undertake regular breakeven analysis on a well-by-well, field-by-field basis and if some is going to generate negative cash flow on a well, we are ambivalent about whether it is running or shut down. But with that maybe, Mayank, on that question, and then two questions over to you, DD.

Mayank Ashar: At a very broad level, at current levels, the government burdens and the current pricing is on, we are looking at low to mid 20s and as Tom correctly pointed out there is a full range of well-by-well analysis on that and the situation is somewhat slightly fluid, in the sense that as you know we sell crude at a formula based pricing and they are slightly market based and even in the short term we try to enhance it through our Bhogat Terminal but around low-to-mid 20s is a broad average to keep in mind.

Harsh Agarwal: Sorry, Mayank, just to be clear, this low-to-mid-20s is the Brent breakeven or…?

Mayank Ashar: Yes, that is right. Then from that you have to deduct the crude discount that we see and also all the government levies of cost and so on.

Tom Albanese: That makes a presumption that the government does not change the current Rs.4500/ton of oil which translates to about $10/barrel cess and certainly the government has been engaged and I know that The Petroleum Ministry is supportive of reduction in that cess and ad valorem will basically rise and fall with the recoverable price to product which should be consistent with normal practice. Now, it will be about the relief on the risk of shutting in the field that we see substantially lower oil price.

Harsh Agarwal: What has been talked in the media is reduction of the order $6/barrel if it goes ad valorem 5% to 8%?

Tom Albanese: We do not have to shut down the field and we would hope the government supports us in that.

Harsh Agarwal: The clarity on cess would likely come with the budget, is that fair to assume?

Mayank Ashar: We would hope sooner than that, but certainly not later than that.

DD Jalan: Coming back to your two questions relating to finance is one is regarding Rs.4,800 crore of unused facilities, this is a combination of some of the sanctioned loans and not drawn and secondly, some of the working capital facilities which are sanctioned in each other companies and which are unused. So typically the working capital facilities are yearly facilities which gets rolled over every year and some of the sanctions loans are they do not have any sunset it can be drawn as and when it is required. So, we are pretty comfortable on this limit. Second point was regarding the Rs.1900 crore of dividend. So this dividend was declared by Hindustan Zinc Limited, so it is in the sundry.

Harsh Agarwal: Mr. Jalan, the Rs.4,800 crore, how much of that can you theoretically use to repay the intercompany loan?

DD Jalan: Theoretically when we are talking about large portion of that can be used for repayment of intercompany loan.

Moderator: Thank you. The next question is from the line of Sanjay Jain from Motilal Oswal. Please go ahead.

Sanjay Jain: My one question is on the Copper business. I was quite positively surprised with the strong EBIT number in the standalone business. What I want to understand is, is this going to be sustainable or there are some one-off in this?

Tom Albanese: Government says it is sustainable response, again, operations performed pretty well even despite the shutdowns and I would look to the next period that is more on line ton, we had a pretty good TC/RCs which are going to continue for the next few months before these current term contracts come through. I think sulfuric acid pricing has been okay. We have had some challenges with our power sales in MALCO and our IPP. That has held back that part of the business over the course of the quarter. We hope to see those improve going forward. I think DD, you want to talk about some one-off there.

DD Jalan: Sanjay, in this quarter there is income recognize of around Rs.200 crore on account of target plus which is this case is pending in the court for a number of years and fortunately the Supreme Court has decided in our favor. So we have recognized that income. I think maybe the cash flow we are expecting within this quarter or within few months of time.

Sanjay Jain: Just one clarification; what was this Rs.200 crore what did you used?

DD Jalan: Target plus benefit, this was a scheme which was launched by the government in 2007-08. So that window was available for about a year and we were qualifying in that year. Unfortunately, government in the next budget they changed the law retrospectively. So the Supreme Court decided that these changes in the law cannot be made from retrospective effect. So, along with us there were two-three other industry players. So all of their claims have been resorted to and the claim has become live now.

Sanjay Jain: So this Rs.200 crore is non-recurring? Thanks so much.

Moderator: Thank you. The next question is from the line of Neil Gupte from JP Morgan. Please go ahead.

Neil Gupte: Just wanted to check on what we can expect in terms of what you are looking at in terms of the Alumina refinery ramp up?

Tom Albanese: I will comment on that and then Abhijit, you can go through the detail. We have the approvals in place now to ramp up the Alumina refinery. But as we mentioned, right now, we can buy Alumina of the global market cheaper than we can produce ourselves. So my own view is that we have to first of all reduce our fixed costs at Lanjigarh and then second, we have to find a more competitive source of Odisha Bauxite, it will be helped with some of the laterite coming in early in fiscal 2017 but we do need larger bauxite resources to incentivize us to first ramp up the existing facility which was limited at a million tonne, it can easily ramp up to 1.6 million tonnes and debottleneck it to 2 million tonnes and then after that we would depending on where we are on bauxite availability, we would like to proceed with construction of the facilities to bring into 4 million tonnes, probably in two phases, so we can actually manage the capital cost and as we watch the overall progress on the bauxite available in Odisha, but Abhijit, is there anything else I missed?

Abhijit Pati: No, I think Tom, you have answered everything because cost reduction drive is on for Lanjigarh refinery and we will not definitely look into any further expansion unless and otherwise that cost is at import parity or lower than that. So we have been working now on this cost reduction, things are positive, things are falling in place. So we will watch and see that if the cost is coming to at least import-parity level or lower than that we will certainly expand. The first phase of increasing the capacity will be definitely 1.5 or 1.6 level which is already there in debottlenecking process and beyond that we have to watch and evaluate and then we take a call.

Moderator: Thank you. The next question is from the line of Dhawal Doshi from Phillip Capital. Please go ahead.

Dhawal Doshi: Just a question on the Copper business. What are the contracted TC/RCs for this year and is it roughly 19% decline that we have seen sequentially?

Tom Albanese: Our TC/RCs this quarter have not been that much from prior quarters. Ashwin, if you got some details to revive that. I think in terms of the next reporting period, we are watching some of the agreements that are being reached between miners and smelters. They appear to be running right now about 10% last year-on-year. As we look at what our terms would be we would probably expect that we see the same type of 7-8% year-on-year effects. Of course, what we will be attempting to do is to continue to bring in a higher percentage of the more complex constraints which do receive some Tc/Rc premium from what a clean constraint would be.

Ashwin Bajaj: Dhawal**,** in terms of specific numbers the Tc/Rc for this quarter was 23.5 cents per pound compared to 25.2 in the last quarter.

Dhawal Doshi: Second question on the laterite. I know a bit small but we were to start up in the second half of this fiscal. So what has led to the delay and what is the timeline that we are looking at now?

Tom Albanese: Abhijit, you want to talk about where you see that now and what has caused any delays?

Abhijit Pati: I think the major reason for this delay is on account of as you know that laterite has been defined by the state as a minor metal. So that notification has come. State is further formulating certain amount of rule for classifying it as a minor metal which we are expecting that this should be over by month-end, and once it is done then the Letter of Intent for the NLEP processing will be done to our laterite. So basic delay is on account of that on account of reclassification as a minor metal by the state government. What we are expecting in the fiscal year of '17 may be Q1 should be the time target to get the laterite into the system.

Dhawal Doshi: In the Zinc International business, the impact on account of the shut downs?

Tom Albanese: It really has been in that higher unit cost that we have had. So we would say that is about $7 million. That is with the extended shut down period.

Moderator: Thank you. Our next question is from the line of Urvil Bhatt from IIFL. Please go ahead.

Bijal: This is Bijal from IIFL. I have two questions. First on Vedanta SPV debt. If I understand correctly there is around $3.9 billion of debt, of which $1.8 billion is coming from the parent and remaining is third-party debt. What you intend to do is that $1.8 billion of debt will be repaid in four months' time. The question is where will we be raising $1.8 billion -- will it be in the same entity in the SPV and there will be some foreign bank which will be giving us debt or it will be raised in one of the operating entities which we have like standalone business or BALCO or some other entity?

DD Jalan: As I have been talking about this is a combination of various initiatives at the operating company level that is unlocking of working capital, generation of the free cash flow and some of the lines which are already there. With combination of all that the intercompany loan will be repaid.

Bijal: Then what happens to the $2 billion. When we need to pay that debt which is from third party?

DD Jalan: It is basically $300 million per annum spread over the next 4-5 years' period.

Bijal: Second question is on TSPL. What kind of electricity generation you are targeting in FY17 from TSPL on a commercial basis?

Tom Albanese: May be Ajay Dixit who is now heading up the Power vertical you can talk about that on the basis that we are planning to be successful on commissioning of three units by the end of the fiscal year.

Ajay

Dixit: For the next year 2017 I would say two units we have already commissioned, third unit we will commission in March. For the entire year we are expecting 1800 MW as the auxiliary consumption is available, rest is up to the state to demand how much but in any case we are protected on our PPA that if the demand is lower than a particular level then our fixed charges are going to be paid even if they do not consume. So as far as availability of the capacity is concerned, it will be 100%.

Moderator: The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.

Ritesh Shah: Sir, if you could provide some color on the Cairn-Vedanta merger ratio. Any color on Hindustan Zinc, BALCO stake sale?

Tom Albanese: I will try to tackle both of those. First of all on the Cairn-Vedanta merger we have said pretty consistently this is an important strategic perspective of both simplifying the business, improving the overall capital structure of the business and for them we do believe that there is a re-rating opportunity that will benefit both Vedanta and Cairn shareholders with that. We are mindful of the fact that the markets have moved for a variety of reasons since July of last year and that is something that is noticeable by us. But again, we are working in a very regulated environment both in the context of SEBI and other Indian regulations and also the UK LA regulation. In terms of what is on the table what we can talk about is what the board has approved, and the board had approved that the merger ratio which had been effectively announced and decided upon back in July of last year. But we are cognizant of the market movements since then. In the case of Hindustan Zinc and what the government's plans are with that, we first of all noted the court advised to the Government of India that may be not be in a rush to sell it. I would say from my own personal perspective, this is really the decision of the Government of India and whatever happens we are happy to have the Government of India as a continued participant in Hindustan Zinc business. They have been a great partner, they have been supportive of Sunil and the strategy of Hindustan Zinc. But if the Government of India chooses to sell and we are buying or somebody else buys it we will certainly welcome it and we would see that as an opportunity to continue the process of simplifying the business, but again first and foremost that is really in the hands of the Government of India. Without going into anything that would be known public, but you can feel free to comment on your working relationship with the Government of India.

Ritesh Shah: Just a follow up question. Would the board be willing to relook the merger ratio given the stock prices have moved in a very divergent fashion or we will stick with our view that the intrinsic values are in the business and the ratio would remain the same?

Tom Albanese: I do not want to speculate on something the board may or may not do and again the regulations are very specific in terms of what I can or cannot say.

Ritesh Shah: Secondly, one just operational question. On Alumina procurement side what is the percentage of buy versus make the ratio that we are looking at given the differential in pricing?

Tom Albanese: I will ask Abhijit to basically talk about what we are buying versus what we are making at present at the current constraint production capacity at Lanjigarh. May be also you can talk Abhijit about how generally we are buying this on pretty much stock market basis we are getting benefits of this downturn. Although I understand that Aluminum prices have had a little bit move up over the past two weeks. Abjijit, with you.

Abhijit Pati: On to the spot buying so far as Alumina is concerned we are buying at a rate where our cost of production is at the tune of around $265. We have specifically two sources for the import which is RTA and Hydro where the corresponding numbers for the COP at Alumina level at Lanjigarh level total COP stands at 296 and 265 level now. I am talking about delivered at Jharsuguda. As far as our domestic the suppliers are concerned we have been buying from a number of sources and it is also in the tune of on an average ranging from 250 to as high as around 287 level. So that is the buying. You can say roughly around 40% is the import which we are receiving today for feeding both the Jharsuguda as well as the BALCO and the rest is buying the bauxite from domestically and converting into Alumina and supplying.

Tom Albanese: I would add to that Abhijit, as we said earlier that in the third quarter we were still on the trajectory downward in our overall procurement cost and we had inventory effects which were to mean that we were basically we had to eat through higher cost stocks before we could get the benefit of the lower cost stock. So I would expect to see an improvement in fourth quarter versus third quarter and we would also say that some of the numbers you reported there in terms of the cost of some of that Alumina is on delivered price based rather than purchase FOB cost basis.

Moderator: Our next question is from Bhavin Chheda from Enam Holdings. Please go ahead.

Bhavin Chheda: You give Aluminium FY16 the production will be around 0.9 million. Any target for FY17 production run rate?

Tom Albanese: In an earlier question I said that we received this order recently. We have to basically look at the pace of the pot line improvements and how many pots we put on per day, what is the sequence, what we do at Jharsuguda, what we do in timing of BALCO, different Aluminum prices will have different paces particularly at BALCO. So I think it is probably premature to give you a specific number at this stage but may be Abhijit if you can talk about the thinking that is going to go into when we do get to a point of providing guidance for 2017.

Abhijit Pati: Tom, you are right because we have been evaluating a number of propositions both the run rate as well as the options of how many pot lines. Though we have got relieved about this permission, but the number wise if you see today this year virtually we will be concluding around 0.9 million tons. But what we are looking to start at least 312kt of a line at least in Jharsuguda from 1st April, that is what we have been talking to ramp up and followed by after evaluating the balance spot line will be taken into consideration. So that is the ballpark number you can think about 0.9 and then 312kt of one line at least to start from 1st April and then we have to evaluate and get back to you.

Bhavin Chheda: This 2400 MW that three lines approval you have got, how much is the cross subsidy you would have saved otherwise?

Abhijit Pati: Cross subsidy element is in the tune of around Rs.1.27 as you know which is specified by the state government. If I take a ballpark number for running all the three units converting into aluminium and if we do not pay the cross subsidy we save roughly around Rs.1800 crore annual impact.

Moderator: Our next question is from the line of Saumil Mehta from IDFC Securities. Please go ahead.

Saumil Mehta: First on the clarification; the Rs.200 crore income in the Copper division that is a part of the reported EBITDA in Copper includes that income?

DD Jalan: Yes, that is right.

Saumil Mehta: My second question is with respect to the net debt movement in Zinc International. Q-o-Q the net cash has come down by around Rs.400 crore. Just want to understand was there any huge capex in that business because the reported EBITDA loss was not that significant?

DD Jalan: As you know that Lisheen mines is on the verge of closure then whatever closure liabilities were there, those closure liabilities were settled down, and for that there was separate cash which was kept to meet up with that those are the liabilities. This is very usual and in line with our expectation.

Tom Albanese: That was in a separate respective bucket anyway. That was basically accrued over the course of the operating life of Lisheen.

Moderator: We will take our next question from the line of Anshuman Atri from Haitong Securities. Please go ahead.

Anshuman Atri: My question is regarding Coal Sourcing. Once we have these three units operational how is it going to change from the current levels of mostly through linkage?

Tom Albanese: May be Ajay, you can handle that but just to remind you that these are the three units of Jharsuguda you are asking about. They will move from IPP to CPP. So Ajay over to you.

Ajay Dixit: Our intention is on the three-fold strategy as we move forward. One is imports. In any case as we see the prices in imports we have had a better realization as you see in the result this is number 1. Number 2, we will still participate on the special auction of linkages. Very soon we will be having a dedicated auction for CPP linkages and that qualifies us to participate in that because of this being CPP. Third is in any case now being CPP we are also qualified to participate in mine and as you can see the response of acquiring mines, the prices are going continuously in downtrend, we also expect to acquire some possibility of getting some mines as per our suiting numbers. So all these three will help us to meet the requirement of coal.

Anshuman Atri: My second question is regarding the Bauxite and Alumina markets. Given the recent happenings in Malaysia, how do you expect it to pan out going forward -- do you still expect Alumina to remain subdued or the Bauxite availability will not be an issue?

Tom Albanese: I think Abhijit may handle that. But before Abhijit I just want to say a little bit about coal procurement in the coming year that from my perspective the Government of India policy is basically favoring continued coal linkages for IPP and then looking to CPP defend for their own period between e-auctions or imports and I do think that it is discriminatory, I do think that this is going to put a burden on not only the aluminium sector but also the cement sector and the steel sector. These are the very roots of what I would say the Made in India strategy. From my perspective I hope the Aluminium, cement and the steel producers actually get some bearing on that because I think in these weak markets there should be consideration by the Government of India for an extension of linkages. Certainly, those who on the call who are influential on what you write, I look forward to you basically using your influence to recognize, this is actually a quite an important point for very important sectors within India. But with that advertising pitch, Abhijit, over to you to talk about Bauxite and Alumina.

Abhijit Pati: The Bauxite part there is a lot of encouraging measures which have been taken by the Government of India. As we know the auction process which is just initiated, there are definitely probabilities and opportunities that they have to intensify in these auctions. There will be many mines which will come in which will also increase the overall production level. Apart from that, international level like Guinea and other if you see the record and statistics everywhere the production levels are up. So we do not foresee much of an issue so far as the availability of the Bauxite is concerned. So far as your first question of the Alumina spot price, yes, we do feel that with the prevailing market scenario, it will continue to perform at the level where it is today. There may be another $5 or $6 or $7 of an upside swing which can happen. But we are confident that at least this scenario may be second quarter of the next fiscal year should be a time line where it continued to behave the way it is behaving today.

Anshuman Atri: One last question is on how receptive is Government of India on various levies it has put up across in terms of Iron Ore and others as well as with the downturn in the commodity prices, are they receptive to downward revision rather than the upward revision they have been doing over the past several years?

Tom Albanese: I have been involved directly in these engagements with other producers and at the ministerial levels for a variety of ministries and I do think that the government is listening and I do think the government recognizes that the commodity sector which is a core sector for Indian industry is actually suffering in this environment. They are also testing proposal to introduce levies without the constituencies, for example, we have basically low grade Iron Ore exports. So steel industry just use the material, so we have not heard there much noise. When we have a talk with the government about increased imported primarily Aluminium, they have been sensitive to the point and sympathetic, but they also go to the Aluminium fabricators and ask what this will mean to their feed stock cost. So they have taken a balanced view and we hope that many of these points are tackled in the upcoming budget in February.

Moderator: We will take our last question from the line of Ravi Shankar from Credit Suisse. Please go ahead.

Ravi Shankar: I just wanted a split of the billion dollar capex that we are planning for the next financial year.

Ashwin Bajaj: Ravi, this is available in the Vedanta plc presentation at the half year results; it is on the Vedanta Plc website.

Moderator: Management, would you like to add any closing comments for the call?

Ashwin Bajaj: Thanks operator and thanks everyone for joining us today. If you have any further questions, please contact us at Investor Relations.

Moderator: Thank you very much. On behalf of Vedanta Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.