"Vedanta Limited Q4FY16 Earnings Conference Call"

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Moderator: Ladies and Gentlemen, Good Day and Welcome to Vedanta Limited Q4FY16 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 for 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: Thank you, operator. Good Evening, Ladies and Gentlemen. This is Ashwin Bajaj, Director of Investor Relations. Thank you for joining us today to discuss our results for the fourth quarter and full year FY2016. On this call, we will refer to the presentation that is available on our website. Some of the information on today's call maybe forward-looking in nature and will be covered by the Disclaimer on Page #1 of the presentation.

From our management team, we have with us our CEO – Tom Albanese; our CFO – D.D. Jalan; and we also have several of our business leaders; we have Abhijit Pati from Aluminum, Mayank Ashar, Sudhir Mathur from Cairn India, Amitabh Gupta from Hindustan Zinc, Kishore Kumar from Iron Ore and Ajay Dixit from the Power business.

With that, let me hand it over to Tom.

Tom Albanese: Thank you, Ashwin and Good Evening, Ladies and Gentlemen. I am pleased to Welcome You to Vedanta Limited's 4th Quarter and Fiscal Year 2016 Earnings Call.

As all of you know, commodity prices have improved materially in the last couple of months and investor sentiment has started to turn cautiously positive on the resources sector. It has been a sector rally where different commodity prices have increased at a varying degree. Markets are still gauging the overall demand and supply scenarios and particularly related to recovery of demand from China. China was able to grow at 6.7% during the first quarter in line with market expectations. I believe the low we witnessed earlier in 2016 should be the trough for the commodity markets and recovery we have seen so far is hopefully is here to stay. Over the course of the year, Vedanta with these markets, we dug in deep through the volatility of last year and ensured that we optimize all our activities to deliver strong free cash flow across the businesses and de-lever despite the low commodity prices. We look forward to FY 2017 as a very exciting year ahead with a ramp-up of our capacities as well as continued focus on cost reduction and prudent capital allocation, which would translate into higher EBITDA and free cash flow.

So now I will review the Fiscal Year 2016 Performance and highlight some of the initiatives and we look forward to the first slide of Safety and Sustainability: So with that I start as always do with safety, it is with the deepest regret that I have to report the loss of one of our colleagues in the last quarter. As an organization, all of us have been highly disappointed. We are committed in our efforts in achieving objectives of Zero Harm, which is an integral part of our strategic priorities. We have been taking quite a number of initiatives, as you heard from me over the past two years, particularly around training our line managers, our risk identification, mitigation controls, implementation of safety performance standards and safety leadership drives towards achieving zero harm.

Moving to the Next Page: Operationally, we have had a strong year with record production at Zinc India, aluminium, power and copper cathodes. We recommenced ramp-up of our capacities at aluminium and Iron ore and during the fourth quarter, we operationalised our entire power portfolio of 9,000 MW. We delivered EBITDA of Rs 15,012 crore with a strong EBITDA margin of 30%. Significant progress has been made on cost and marketing savings, which has enabled us to generate this healthy margin in a volatile market. With strong free cash flows of Rs.11, 572 crore, around 3x higher than last year, we were able to significantly reduce our net debt in Fiscal Year 2016.

At the end of the year, as we always do, evaluate the carrying value of our assets and given the commodity price environment and we did take a non-cash impairment charge of Rs.12,304 crore particularly in Oil & Gas business. Group simplification remains a strategic priority and we are committed to the Cairn-Vedanta merger.

Now, let us look at the score card in the next slide: Let us spend some time to discuss what we committed at the beginning of the year and where we stand currently. I personally feel we were successful in delivering most of the operational targets that we had set up for us two-years ago. This was despite the extremely weak commodity environment than no one had anticipated a year ago. During the year, we received approvals for captive use of power at Jharsuguda for aluminium pot ramp up. We also received environmental clearance for expansion of our alumina refinery at Lanjigarh to 4 mt in phases. We would be ramping up the refinery in FY2017 and further expansion would be linked to the allocation of captive bauxite which we are still working on and we are hopefully working on a positive outcome in this with the support of the government. With our constant efforts, we were able to reduce our aluminium cost of production by 10% to $1572/ ton in Fiscal Year 2016. As committed, the entire power portfolio was operationalized during the year. At Goa, we have ramped up volumes and achieved a production run-rate of 800 mt in March. At Oil & Gas, I am pleased to share that we have successfully completed the world's largest polymer injection at Mangala field. The Mangala EOR has made significant contribution to the overall production from Rajasthan. We laid out a four year target for delivering $1.3 billion of cost savings and marketing synergies in March 2015 and we are on track to deliver those synergies.

On the balance sheet front, with our strong operational performance and working capital initiatives, we were able to reduce net debt by Rs. 6,254 crore to Rs.25,286 crore. Note, these numbers are before special dividend from Hindustan Zinc which was paid in April 2016.

On the corporate structure front, we have announced Cairn India merger in June 2015 and we are committed to that.

We will move on to the slide shown a ramp up of Aluminium, Power and Iron Ore: On this chart, I would like to give you a picture of the strong ramp-ups at Iron Ore, Aluminium and Power.

These bars show production in Copper equivalent terms. As we ramp up our capacities at these three well-invested businesses, we expect to deliver approximately (+60%) Copper equivalent growth from these businesses in FY2017.

While of course we do not provide guidance on EBITDA due to its dependence on commodity prices, we have taken expected Fiscal Year 2017 production at spot commodity prices and our fourth quarter cost of production which resulted in EBITDA growth of over 25%.

The significant near term growth is coming particularly from wholly-owned subsidiaries, so the future earnings and cash flow will be fully fungible at 100% and this will help us achieve our strategic objective of continuing to de-lever our balance sheet.

Zinc India and Cairn India will continue to deliver strong performances as we ramp up the mining capacity to 1.2 mtpa at Zinc and implement various projects at Oil & Gas, of course depending on oil prices. However, as we ramp up Aluminium, Power and Iron Ore, we expect group earnings will be more balanced across all our businesses, enhancing our diversification across commodities and better positioning Vedanta to navigate through the current market volatility. As we said before, all this growth is coming at a very low CAPEX as you can see on the slide.

Move on to the Regulatory Changes: As all of you have been watching the development agenda of Indian Government is complimented with steady reforms. We are seeing auctioning of mineral resources over the quarter commencing following the MMDRA Act and the government is keen on future mineral auctions. The announcements in the recent budget had some positives for the sector.

Oil cess has been fixed as Rs.4,500/ton and has been changed to 20% ad valorem. Although this rate has been much higher than we would have anticipated given the low oil price environment, it is better than the fixed charge. We continue to work with the government hopefully we will see some downward movement on that overall percentage of ad valorem cess.

Import duty on Aluminium increased from 5% to 7.5%, and as we speak the Directorate General of Safeguards has also recommended an imposition of 5% safeguard duty on the imports of Aluminium. These gains however were partly offset with a Clean Energy Cess on Coal that has increased from Rs.200 to Rs.400/ton. Through a series of two actions, export duty on low grade iron ore has been completely removed. We have had good progress on regulatory approvals, particularly at Aluminium with the receipt of approval to use the IPP at Jharsuguda for captive purposes, and the receipt of environmental clearance for expansion of our Alumina refinery from 1 mt to 4 mt.

If we move to the next slide, this slide reiterates our strategic priorities remain unchanged with production growth in a disciplined manner, asset optimisation, de-levering and commitment to Cairn India and Vedanta Limited merger. At the same time, we remain focused on preserving our “Licence to Operate” everywhere we do business and adding resources as we deplete them. We have set up a dedicated exploration cell to look after growth opportunities and keep adding to our existing resource base. We have also set out our focus areas against these priorities for the next year.

With that I would like to now hand it over to our CFO – Mr. D.D. Jalan for the Finance section. Over to you, D.D.

D.D. Jalan: Thank you, Tom, and Good Evening to You, Ladies and Gentlemen. Financial Year '16 was a challenging year for the commodity players due to uncertain and soft commodity prices. Against this backdrop, we have delivered a strong set of results -- thanks to combination of our high quality diversified portfolio of assets and operational and commercial excellence.

During the Fiscal Year 2016, we delivered an EBITDA of Rs.15,000 crore with a robust 30% margin and a record free cash flow post CAPEX of over Rs.11,500 crore through a relentless focus on cost optimization, strong operating performance and working capital initiatives. The resultant reduction in net debt is around Rs 6,250 crore, bringing down the net debt to Rs.25,000 crore level.

Moving to the next page: As we can see on the right hand side of this chart, we have saved over Rs 2,500 crore during the year through higher volumes, cost savings and marketing initiatives which were in our control. This helped us to partially offset the adverse impact of about Rs.11,000 crore on account of uncontrollable factors, mainly lower commodity prices and regulatory headwinds which is over 50% of last year's EBITDA. We will focus a bit more on our cost savings in the next slide.

Moving to Slide #12: At our Capital Markets Day in March 2015, we launched our cost and marketing saving initiative program which outlined target savings of $1.3 billion over 4-years. During FY'16, we made significant progress on these initiatives and realized savings of about $250 million. In Q4 FY'16, savings were $20 million lower than expected due to lower volumes at Hindustan Zinc and Iron Ore. We continue to remain focused on these initiatives and we are targeting to achieve savings of about $250-$300 million on the same base line in FY'17.

Moving to Slide #13: In Q4 2016, we carried out a revaluation of our Copper, Aluminium & Iron Ore fixed assets to reflect current market value for these assets and it resulted in increase asset value by Rs.5,400 crore. As a result of this and capitalization of part of Aluminium and Power assets, depreciation was higher on Q-o-Q basis which partially offset by lower depreciation at the Oil & Gas business on an increase in proved and developed reserves. However, depreciation in Q4 of FY'15 was lower on account of change in useful life of assets. Depreciation in FY'17 will be higher on account of gradual capitalization of Aluminium and Power assets and will result into around 20% increase in depreciation Y-o-Y basis. Finance cost Q-o-Q was higher on account of capitalization of assets partially offset by low cost refinancing. The blended cost of borrowing for FY'16 is 7.9% compared to 8.2% in FY'15.

Other income movement between periods is largely due to timing differences in maturity of our investments, given that we recognize income only in the month of maturity. The underlying portfolio of investment resulted in a post-tax return of 7.2%. Tax was lower in Q4 2016 largely on account of substantial liquidation of investments for payment of special dividend at HZL. The corresponding realized profits were offset by carried forward tax losses and lower deferred tax expenses in Cairn India due to lower exploration development spend, significantly lowering the tax during the quarter and full year. Tax rate for FY'16 without exceptional item is 8%, which is likely to be around MAT rate in the subsequent financial year that is FY'17.

Moving to Slide #14: In Q4 of '16, we took non-cash impairment charge of Rs.12,304 crore, out of this, Rs. 10,074 crore was incurred on account of impairment of goodwill created on acquisition of Cairn India and Rs.284 crore due to write off of exploratory assets in the Oil & Gas segment, triggered by further fall in oil prices during the year. Further, in light of the declining Iron Ore prices, both the acquisition goodwill and carrying value of the exploratory assets in West Africa have been impaired to the extent of Rs.1,490 crore. In addition to above, non-cash charge of Rs.456 crore was taken for unused fixed assets and goodwill at Copper Mines of Tasmania and Bellary plant in Karnataka. I would like to emphasize that this impairment charge does not affect our operating earning capacity.

Moving to Slide #15: As we can see on this chart, we generated record free cash flow post-CAPEX of Rs.11,572 crore during the year on account of strong operating performance, disciplined CAPEX approach and efficient working capital initiatives. This resulted in net debt reduction of Rs.6,254 crore. Out of Rs.5,402 crore working capital initiatives as you see from the chart, approximately 50% is sustainable in medium-term and balance may unwind in FY'17.

Moving to Slide #16: Total CAPEX spend for the year was $0.6 billion against revised full year target of $0.7 billion and original plan of $2 billion. We were able to achieve this further reduction by creating flexibility around our Oil & Gas business CAPEX program. Total CAPEX for FY'17 is expected to be around $1 billion, which comprises of $200 million on Gamsberg project, the cost of Gamsberg project is reduced from $600 million to $400 million, $300 million for Hindustan Zinc underground mining project, $100 million for Oil & Gas business with optionality for growth projects. We will spend $350 million on our Aluminium &Power assets during the year to fully commission that. As you know, our Aluminium and Power are well invested assets and requiring very marginal incremental CAPEX to ramp up the capacity. I would like to emphasize that we continue to optimize CAPEX and retain flexibility on our CAPEX program.

Moving to Slide #17: We have made good progress with regards to increasing maturity profile of our borrowings. During FY'16, we raised $2 billion of fresh term debt with tenors ranging from 5-years to 14-years, successfully leveraging our relationship with the bank. During the year, we also repaid $0.8 billion of our inter-company loan taken from Vedanta Plc and further repaid $0.9 billion in April '16, leaving $1 billion to be repaid during FY'17.

As you will see from the current year maturity, which is $3.3 billion and that includes the $1 billion of intercompany loan. We have already refinanced $200 million in April '16 and intend to meet balance maturities during the year through various sources, i.e., committed term loan of

$0.5 billion, $0.2 billion of cash and liquid instruments, rollover of part of short-term debt and balance through term facilities which are in process of being tied up. We also intend to convert part of our short-term debt into long-term during the year to extend our maturity profile further. With successful negotiation of spreads and base rate cuts, we were able to lower our cost of borrowing on our INR debt portfolio by 30 basis points. The liquidity for the group remains strong with $7.9 billion of cash and cash equivalents along with $0.5billion undrawn committed lines of credit. As you will see from this slide, that our net debt to EBITDA ratio stands at healthy 1.7x which is better than our peers. Even on an attributable basis, net debt to EBITDA ratio is at 3.7x lower than the peer median.

In Summary, we believe that our focus on generating strong free cash flows driven by disciplined CAPEX spend, improvement in volumes, minimizing costs and further group simplification are the fundamental financial pillars around which we will continue to strengthen our balance sheet, give returns to shareholders and de-lever. Thank you.

With this let me hand back to Tom.

Tom Albanese: Thanks, D.D.. Ladies and Gentlemen, let me now take you through the Operational Performance for Fiscal Year 2016. I will start with Oil & Gas. Again, many of you would have sat in the Cairn Call last Friday, so you might have heard this already. But I am pleased to share that the world's largest polymer injection program at the Mangala field has been completed successfully, and will contribute an average of 32,000 boe/d in the fourth quarter. As shown in the upper chart in this page, increased oil production and stabilizing water cut from the Mangala field are pointing towards the desired results of the polymer flood. Production from Mangala EOR has ensured that we clock stable production from Rajasthan.

I am also glad to report that we were able to maintain our blended cost of US$6.5/barrel including EOR which is well below our original estimates. Gas production for the year was 27 mmscfd, well above our guidance of 25 mmscfd. The lower chart shows that as a result of the successful and recent application of hydro frac technology the expected ultimate recovery of the RDG field has been upgraded by over 25%. With improved efficiency we were able to reduce our frac time and cost by about 50%.

Among projects, 20 well infill program has been successfully completed at Aishwariya, which will help also arrest the natural decline of the field. We also retain growth optionality at Bhagyam EOR and Aishwariya, Barmer Hill projects depending on recovery in oil prices. In Fiscal Year 2017, we expect production to remain broadly flat at Fiscal Year 2016 level. We have routine maintenance planned in the second quarter of Fiscal Year 2016 and we have reduced our overall capital cost to $100 million for the year; however, we retain the lever to increase CAPEX if of course we see the oil prices continue to improve during the year.

So now turn to the next page: Before we talk about individual Zinc businesses, I would like to talk about the Zinc market. In this we have been saying for quite some time now that Zinc has probably got the most attractive fundamentals across the LME commodity complex. Lately, the markets will follow this and become more optimistic around zinc certainly after the closure of Century and our own Lisheen mines.

We retain the best position in the zinc cost curve as shown in the chart; we are a first quartile producer in Zinc India, though we moved to third quartile at Zinc International for the quarter. Rampura Agucha is the world's largest zinc mine in terms of production.

Refined zinc has witnessed continuous deficit in the last few years and in 2015 global zinc concentrate market has continued to go into deficit. Market believes this deficit is going to increase further in 2016, which underpins our story of zinc having strong fundamentals. Again, in the last chart, we are showing the LME and SHFE warehouse has been at a multi-year low. Again, the consensus forecast for zinc also share optimism of the zinc outlook in the next two years. For those of you who have been bearish on the commodities, even those who are bearish on the general commodity complex, would be in general bullish towards the Zinc market and Zinc prospects. We have also seen falling Zinc TC/RCs which is further evidence of the tightness in the zinc concentrate market.

Coming to Zinc India: Our mined metal production for the year was in line with the guidance. We had record integrated production of zinc, lead and silver. Our Zinc cost of production has improved by 7% due to operational efficiencies and lower input commodity prices, primarily energy-related.

Hindustan Zinc has paid a special dividend of Rs.12,205 crore including the dividend withholding tax, and that is the highest dividend paid by any private company in India. As the second largest shareholder of Hindustan Zinc, the Government of India has also been very appreciative of this move.

For Projects, Rampura Agucha underground shaft has been sunk to 860-metres of the ultimate depth of 950-meters. At Rampura open cast, we are pursuing a cut #5 which will extend the open pit life for a few years while we complete the transition to underground mining. For SK and Kayad mines, those mine expansions are running ahead of schedule, and we foresee increased contribution from these two mines in Fiscal Year 2017.

We expect Zinc India production to be marginally higher in Fiscal Year 2017; however, a lot of that production will be back loaded as we see the second half production would be double of first half. Within that first half, first quarter is expected to be much lower than second quarter. Again, a lot of this has to do with the phasing of mining activities within Rampura Agucha open pit while the underground continue its increase over the entire year. Zinc cost of production will follow similar trends, inversely of course correlated to volumes.

As we look ahead, production will stay lower from open cast mining as you see from the trend in the bottom right hand chart; however overall Fiscal Year 2017 open pit proportion would be higher than the lows of the fourth quarter although there may be quarterly variations.

In Fiscal Year 2016, we produced 422 tonnes of silver, ever highest in a year and Silver production will continue to stay strong in Fiscal Year 2017 due to higher contributions from the SK mine. We are a top-20 silver producer globally last year, and at 500 tons we will be in the top 15.

Moving to Zinc International: Fiscal Year 2016 production was lower primarily due to shutdowns at Skorpion and closure of the Lisheen mine as per our plan. The cost of production was also higher at Skorpion. Our mining and milling activities at Lisheen mine ceased in third quarter as we had previously declared. Our priority is not just the physical closure of the mine, but also the aftercare of the site to ensure that it is a long-term success. We made a commitment to our shareholders and stakeholders to leave the site in a safe condition that will allow productive use of the land, and a detailed and pre-funded closure, restoration and aftercare management plan is already successfully underway.

We have made quite a bit of progress as we have been flagging over the past year in reducing Gamsberg capital, where we have reduced the project mining CAPEX by about $200 million primarily through re-engineering and renegotiation of contracts taking advantage of the current commodity environment. Gamsberg is really the only major active new mining project in South Africa, which has given us some considerable leverage when discussing terms with contractors. We expect first ore production from Gamsberg in the calendar year 2018, and the ramp-up time of the project has been reduced to 9–12 months to achieve nameplate capacity. Note that we have added $200 million to our capital guidance for this year to bring the production in sooner from Gamsberg. These modifications have boosted the expected returns from the project, and we are excited about Gamsberg particularly given the strong fundamentals for Zinc.

Let us talk about Aluminium. We have made significant improvement in the cost of this business over the past two quarters. Despite the falling LME, we are able to maintain approximately $100/t EBITDA margin in the second quarter and third quarter of this year. As we stated several months ago, there was a lag effect of reduced alumina prices that was realised in the fourth quarter, so this quarter we were able to achieve $223 margin per tonne of Aluminum. We would see some continued benefit of this lag even in the current quarter.

I am pleased to announce that on the back of approvals I previously discussed and efficient costs, we have started to ramp up our latent capacity in both of our facilities in Aluminium. The pots at Jharsuguda and BALCO have started ramping-up as we speak. We currently have 124 pots at Jharsuguda new line and 94 pots at BALCO new line as against 80 pots at each Jharsuguda and BALCO at the end of Fiscal Year 2016. The first line at Jharsuguda will ramp up by the end of the second quarter followed by the second and third lines. BALCO would ramp up over the next 3 to-6 months. We continue to optimize our cost of production and we expect sub-$1400/ton cost in Fiscal Year 2017. Given the recent global increase and seaborne alumina prices, we do intend to increase Alumina production at Lanjigarh to about 1.4 mt in Fiscal Year 2017. We like to see our laterite mines in Odisha intend to commence production from the third quarter of this year.

Finally, I am pleased to report that Vedanta Limited's Aluminium & Power business in Jharsuguda has recently been recognized as India's first Aluminium plant to be certified with ISO 55001:2014

Moving on to Power: I am pleased that our entire 9000 MW Power portfolio is now fully operational. At TSPL, all the units are running efficiently and we expect that all 3 units running at an availability of 80% in Fiscal Year 2017. We expect to have a margin of about Re.1/unit from TSPL. PLF at the 2400 MW Jharsuguda power plant continued to be low on account of low demand; however, we expect that to increase as we bring more of our own power generated demand and as we ramped up the pots in the second and third lines at Jharsuguda. So overall we expect the Power segment to deliver higher volumes in Fiscal Year 2017 as the 3rd unit of TSPL is capitalised and that plant delivers at its full potential.

Now, let us talk about Iron Ore: Let me take you through the inherent strength of our Iron Ore business to start. On the right hand side of the page, we have an average C1 cash cost, that is lower than those of the world's four biggest iron ore miners who are running at about $1400/ton. Our Goa operation has positioned better than leading Iron Ore producers of the world as we have significantly lowered our costs compared to where we would have been 3-years ago before the mining ban. However, as you know, post royalty and other levies, our costs would have been higher as these are very high compared to that. Royalties in India are higher than they are in Brazil or in Australia where our global major Iron Ore producers would be sitting. Also, note of course our product is a lower grade at about 57%, so we get a lower FOB net back. So we have to have lower cost. But certainly in these markets we are seeing a reasonably healthy margin where we turn we do produce and sell. You can see this bottom of page Iron Ore prices which have improved significantly in the last two months. 56-57% FOB which is our grade for Goa Iron Ore increased by 98% from the lows of the fourth quarter Fiscal Year 2016.

Moving on to Business Performance: Significant progress has been made in terms of production and sales in Goa as the business commenced operations after the ban. We achieved run rate of about 800,000 tons per month in March. We can produce 5.5 mt of allocated captive capacity in the next few months given this run rate. It would certainly be our hope that we work with the Goa government and the Supreme Court first of all removed any cap but we would like to see in the meantime if others are not producing in the district, we would like a larger allocation in the current 20 mt. Sales from Karnataka stands 3.1mt for Fiscal Year 2016, higher from the limit of 2.3 mt as our sales this year were supported by opening inventory from last year.

We limited our guidance for Fiscal Year 2017 to the mining limits imposed by the states as however as I said, we will continue to work the respective state governments to take a larger portion of existing caps and hopefully we will see some increase or possibly some lifting of existing caps both in Goa and Karnataka.

Our Pig Iron business is also doing well, and although we have seen some softer Pig Iron prices we are currently generating $50/ton from that business. We are excited about Iron Ore and Pig

Iron for Fiscal Year 2017 and expect this business to be a much strong EBITDA contributor once again.

Moving to Copper India: We have had a whole string of record productions in Copper India last year including record production of copper cathodes for the year. Our smelter recovery rate has been increasing for the last few years, and was at 98.4% in Fiscal Year 2016. TC/RCs have been strong for the year and we expect it to remain in line with Asian TC/RCs for Fiscal Year 2017.

Our net cost of conversion at Sterlite Copper improved 24% in the year to USc3.2/pound, driven by higher asset realizations. As shown in the graph, there is a high correlation between asset realization and the net cost of conversion.

So if I can summarize now with the final slide, to state we will continue to focus on the disciplined ramp-up of capacities at Aluminium, Power and Iron Ore in this next Fiscal Year. These additional capacities would generate strong EBITDA and free cash flow margins on their own right this will enable deleveraging. Resource sector has improved significantly from the lows of fourth quarter; although we remain committed to keeping our lower cost even lower. We retain further growth optionalities like the additional 400,000 copper smelter at Copper India, which we still requires approvals, Lanjigarh refinery expansion which requires some local bauxite and other growth projects at Cairn India. We have a strong financial profile and this will be further strengthened with our business priorities and increased production.

So with that, we will now be happy to take questions. As we had in prior years, we have, as you know, a number of our executives from all our businesses joining us today and operator, I will start with the questions maybe give my first answer and then create the context and then pass it on to the respective business leaders also in the business

Moderator: Ladies and Gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Ruchit Mehta from SBI Mutual Fund. Please go ahead.

Ruchit Mehta: A couple of questions; firstly, on the Aluminum side. You have got a fabulous cost saving element that has come through. Going forward, do you expect current level of cost to hold or would you expect further sort of benefits to go through? My second question is on the balance sheet. You had mentioned that some point in the last two calls that you look at leveraging the Copper business in terms of working capital to fund some of the repayment obligations. So how much as of 31st March would the money on the Copper side would have come through because of this? This impairment exercise that you have taken with Cairn India, it happened via Cairn India's balance sheet or does it also flow through into your balance sheet and does it have any implications for the merger per se?

Tom Albanese: I will start with a couple of points on Aluminum cost savings and turn it over to Abhijit, and then I will ask D.D. to talk about both the balance sheet de-levering and also the impairment. Note of course that the reasons for the impairment at Cairn related to the 2006 IPO while the the reasons for the impairment as Vedanta Limited was related to the 2011 acquisition but D.D. will explain that in more detail. First of all, starting with Aluminum, thank you for the compliments on the aluminium cost reductions. They have been a big focus of the overall business and I think that Abhijit and the team have been working 24x7 on delivering even more. We are going to face a few headwinds, for example, alumina seaborne prices are rising, so we have to mitigate against that but I am confident that he has number of positive efforts that will more than make it up. One thing which pleased me in particular on the overall cost reduction effort I mentioned was that if I look at on month-by-month basis over the course of the year, our savings over that period has the highest number in terms of monthly run rate in March. So what that tells me is that we are still seeing good monthly savings as we move into the first part of 2017. So with that, over to you, Abhijit, with a little more flavor on the cost savings of Aluminum.

Abhijit Pati: Our focus for the cost saving continues and in fact today if you really see the numbers which has been presented of around $1572/ton level in FY'16, I think we continue to drive this cost saving from different efficiency improvement, along with whatever the procurement efficiency and other commercial efficiencies are concerned. We have a very good aggressive ramp up is also planned. We intend to go down to a level of around $1300/ton from a present level of $1572/ton in the next year. So, there is a significant amount of actions which have been initiated in all form to not only contain the cost, further reduce to its level.

D.D. Jalan: As you will see from Slide #16 which is there in the 'Investor Presentation' there is Rs.5,400 crore worth of working capital initiatives what we were put in place during the year and of that 50% is almost coming from Copper business. Coming to question #2 regarding impairment, as you know that impairment depends on the fair valuation of assets lying in the balance sheet of individual companies, so the carrying value of the asset would be different in Cairn India and carrying value of the asset will be different in Vedanta. But eventually the model of arriving at the fair valuation is same set of assumptions, so it is traveling through Cairn and Vedanta but the amounts will be different.

Tom Albanese: So to be clear, the same oil price that was used in the Cairn impairment discussed by Sudhir Mathur last week would have been employed in Vedanta Limited.

Ruchit Mehta: Any implication for the merger because I think at the time of merger announcement there were certain assumptions used to value Cairn and value Vedanta and I am guessing that at the back of it there would have been assumption for oil. So if you have done this exercise to adjust the carrying value does this have to flow in to the merger assumptions that you would have taken?

D.D. Jalan: So Rajat I think this exercise has been done to arrive at a fair valuation of the asset and this is eventually for the accounting purposes and as and when the Board will like to see the overall valuation I think they will have an option to look at their assumption model at that point of time. But as of now today this is an exercise for arriving at the fair valuation of the asset.

Moderator: Thank you. Our next question is from the line of Ravi Shankar from Credit Suisse. Please proceed.

Ravi Shankar: Congratulations on the good set of numbers. Two questions, one is, seeking more comfort on the 3.3 billion payment that is coming up, so clearly if we were to remove the 1.3 of the working capital and $1 billion that is already undrawn you would still be left with a significant requirement of refinancing and what is the comfort level we have there? And secondly on alumina refinery, so last year we had the second stream shutting down, now we are looking at ramping up from 0.8 to 1.4 million ton, so could you tell me how do the current economics stack up in terms of imported alumina and that which is refined in-house?

Tom Albanese: Maybe I will start with the alumina refinery question and ask Abhijit to add on it and then I may ask D.D. to come back on the 3.3 billion repayment number. You may recall about two quarters ago when we suspended the production from the second line at Lanjigarh we were seeing a rapid decline in the seaborne pricing for alumina for a variety of fundamental supply-demand reasons, getting as low as $200 per ton CIF. And that was then, it was actually cheaper for us to buy alumina of the market than it was to produce it ourselves, so we ramped down accordingly. But subsequently we saw some reversion of that decline back up to about $250 per ton at seaborne price, so if you think the cost of delivering it to get FOB upside to that that purchased alumina is now marginally more expensive than produced alumina from the Lanjigarh second line. So that has compelled us to begin the ramp up process for the second digestion unit at Lanjigarh to take advantage of the fact that we can produce it cheaper ourselves than we can buy it. One thing I just want to say as we ramp up the second digestion line. In the past we had been tendered with a 1 million ton per year environmental limit, so we are only able to run that second digestion line on a partial capacity basis, so it was like running with our arm tied behind our back. So now with the environmental restriction lifted we can run that second digestion line at the same capacity as the first digestion line, so we would expect our unit cost would be proportionately better as a consequence of that.

Tom Albanese: Abhijit, I was just talking about the ramp up of the second line at Lanjigarh, if there is anything you want to add to that?

Abhijit Pati: Firstly, I have heard you just couple of second, so yes it is there because the second line we are also ramping up, second stream precisely and it is already on ramp up now and we intent to definitely achieve the equivalent capacity of roughly about 1.5 million ton by July, that is the level which it should go up with an equivalent capacity of 1.5 million tons, that is the plan for ramp up actually.

Tom Albanese: I just want to add on that is that originally the Lanjigarh refinery was developed for 2 million tons a year, but because we are using a lower grade bauxite there are parts that debottlenecked to about 1.5 million tons. So certainly as we ramp up to 1.5 Abhijit and team are going to be encouraged to conduct an ongoing debottlenecking, yes we would like to take that up to 2 million tons before we proceed with the expansion project. So with that D.D. maybe you can talk about the balance sheet.

D.D. Jalan: So Ravi, if we just try to look at out of 3.3 billion, 1.3 billion is the short-term loans which are getting rolled over from time to time and these are of the nature which will get rolled over. And out of the balance 2 billion if you look at 200 million has already been refinanced in April, 0.5 billion is committed term loan line which is to be drawn and then there is some cash sitting, so thereby leaving a gap of about $1 billion which we are negotiating with various banks and as I talked to you that in the last year which was more turbulent year there we already raised $2 billion worth of fresh loan. So with the relationship and with the credit and with the quality of asset what we enjoy we do not expect any impediments in raising this additional resource.

Ravi Shankar: Understood, because my question was in the context of metal companies specifically finding it more difficult to raise money in an Indian environment. So you are saying you are not seeing any signs of that yet?

D.D. Jalan: Yes, and I think if you just try to look at what I shared in my presentation that our credit metrics is very robust and strong compared to other peer group in the country, so that is why I think maybe we are not facing that heat what you would have been seeing being faced by other metal and mining companies in the country.

Moderator: Thank you. Our next question is from the line of Inderjeet Agarwal from Goldman Sachs. Please proceed.

Naveen: Sir, this is Naveen here. Sir, on the Cairn-Vedanta merger, the merger was announced in June last year and at the current offer ratio of 1:1 and a Rs.10 preference share clearly there is diversion between the price of Vedanta and Cairn. Is there any timeline that you can guide when you would either relook at the merger ratio or the next step forward because it seems pretty open-ended in terms of timeline right now? Thank you.

Tom Albanese: Naveen, thanks for that. Again, from my perspective and certainly the Board's perspective the Cairn-Vedanta merger continues to be important and I think of value for both sets of shareholders. And certainly if we look at what has happened just over the past couple of months, just the benefit of diversified portfolio really does show the benefits where different businesses at different times are actually providing a lot of strength for the other businesses. And again, I do think that was one of a compelling reasons from a Cairn India shareholder and certainly from a Vedanta Limited shareholder and improved efficiency of capital structure continues to be the case. So this is something we want to continue to proceed with and we want to see it ultimately complete in due course. The Boards of both Vedanta and Cairn as you would imagine are aware of the market conditions and what the market exchange ratios are compared to what had been approved back in June, but we cannot speculate at this time what the Boards would do. I just want for you from our perspective it is something that is fully live and something that we want to get done.

Naveen: Is there any timeline that you can guide by which you would like to conclude the transaction?

Tom Albanese: We want to conclude the transaction.

Moderator: Thank you. Our next question is from the line of Bhavin Cheddha from Enam Holdings. Please proceed.

Bhavin Cheddha: Couple of questions, if you can update us on the bauxite availability or bauxite source and we have been reading that few of the bauxite mines are also getting auctioned, so if you can throw some update on bauxite. And second one was, what was the current coal linkage available and how much of this is expiring in FY17 and FY18 in terms of coal linkage volumes?

Tom Albanese: Thank you. I will make a couple of general comments but I think it would be best for Abhijit to talk about bauxite, the state on the ground and what we expect. And then Ajay Dixit who you have all introduced in the past is our head of the Power vertical, will talk about where we are with our coal linkages as we proceed into 2017. So first of all I do want to say that if there is anything that on a regulatory side that we probably made least progress on it is on bauxite, I do think that this is something we do want to see closure on and certainly it is in the best interest of I think Orissa, best interest of the local communities and so best interest for Government of India for the Indian aluminum sector to have its own indigenous supply of the feedstock and particularly relevant, even one of the world's greatest bauxite provinces sitting right here in India and is not being captured for the benefit of the Indians or the Indian economy. So with that, that is enough rhetoric, Abhijeet maybe you could talk more specifics about what is going-on on the ground.

Abhijit Pati: On ground we have, as communicated earlier we have been working on first as a laterite deposits, I think laterite deposits is moving, we intend to get the material on ground and to the refinery sometimes in Q3 of this fiscal year. So all drilling and other activities are in full swing, we are able to complete the first phase of the drilling activity, there are couple of other regulatory permissions that are required which is also going as per the plan. So we intent to get it into like Q3 of this year. So far as the bauxites are concerned, there is movement as indicated earlier that we have been working with two major deposits, Kodingmali is one of the deposits and Karlapet**,** these are basically worked out in the OMC , because that is the model we intend to move. So at least advancement has taken place so far as the **Kodingmali** is concerned because as you know these particular mines have got good sufficient deposits and we intent to get some OMC bauxite sometime in Q4 of this fiscal year. So that is the overall part. So far as the bauxite auction is concerned, though auction has been declared, there is one Badala mine which is in the Koraput near to our refinery around 170 kilometers, but unfortunately it is at a much lower stage of exploration. As you know that we need to get any bauxite deposit for the auction we need to get into a achievable level, otherwise we need to have an composite permission of ML and CL. So as of today the Orissa Government has not really in a position notified a single bauxite mine for the auction, so we have been still working with them, as soon as notification comes in we will try to work out the feasibility of auctioning this mine for us if it will makes any techno and economical feasibility for us. That is the status as of now.

Tom Albanese: Thank you, Abhijeet. So Ajay I think you are on the line, if you can give us a sense of how we are seeing the linkages as we proceed into 2017?

Ajay Dixit: As far as coal linkages are concerned I would say for the IPPs we are fully secured and the last guideline which was there for projects to come up by 31st of March, all our units are before 31st of March, so the coal linkages of IPP asset. In case of CPP, in any case going further down there was only limited linkage which was to continue and now even recently there has been an announcement for ad-hoc coal for CPP as well as special linkage auctions for the CPP against which we are also securing our coal quantity which is enough. But I would say the increased production has eased the availability and we do not have any issue of securing the coal in a competitive way both domestically as well as from imports.

Bhavin Cheddha: Would you like to give the coal linkage number what you have, I think your presentation says 36 million of coal would be required next year, how much would be linkage component on that?

Ajay Dixit: I would say roughly out of 36 million it is better to go more plant wise because it is realized on normalized gross calorific value. So our TSPL which is IPP it is fully secured. So the entire coal for TSPL plant is linkage secured. We have for BALCO 1200 megawatt, so the last unit as soon as the commissioning is done, COD is obtained we have now tied up and given to the government and this permission has been obtained. So we will start floating, so IPP in case of BALCO is secured, in case of MALCO the IPP we are more relying on the imported coal which is also done. In Hindustan Zinc, majority is import and about 40% is domestic which is on the captive consumption linkage, that is fully secured. And we are ramping up on the aluminum side our 1200 megawatt in Jharsuguda these linkages were there till August 2016 which has now been extended as well as we also have an additional ad-hoc coal starting from this year till March 2017, so that is secure. And for 2400 megawatt additionally which we have converted, out of that 1800 megawatt,. there was no linkage and these are all tied up on the auction linkages and this we are having already one set is already arranged with 50% import and 50% on the linkage. So on an average, overall we have about 25% as an import on the total portfolio, we have about tied up linkage of IPP close to about roughly 40% which are the tied up IPP and this leaves about hardly insignificant amount which is close to 20% on the linkage option which we are going on auction to auction basis.

Moderator: Thank you. Our next question is from the line of Abhishek Poddar from Kotak Securities. Please proceed.

Abhishek Poddar: Sir regarding the aluminum ramp up that you had discussed the plan, is it contingent on certain aluminum price assumptions or aluminum market not deteriorating from these levels or it is kind of firmed and you will definitely ramp up these capacities in FY17?

Tom Albanese: On that particular question I think Abhijit can cover it, but I would just say that as we talked about this cost of 1400 lower hot metal that we have a lot of room in its current market. Even if you go to the lowest, there aluminum prices would have been over the past six months were still in a positive margin territory. But Abhijeet, anything else you want to say on that?

Abhijit Pati: No, I think our cost considerations are very clear because even at 1400 of the LME we have positive margin available for the ramp up, so we are absolutely determined to move ahead as per the plan for ramp up is concerned. So there is no hurdle further for this from any side both from regulatory as well as any other consideration side, so it is clear that we are moving ahead.

Abhishek Poddar: Sir, second is regarding the cost of production in Jharsuguda remaining smelters, will it be slightly different given your coal sourcing mix and bauxite sourcing mix will be different compared to the current cost?

Abhijit Pati: As I indicated to you that their cost of production even for the Jharsuguda will continue to be different compared to what we are producing in BALCO. So as of today I think VAL was having around 1550 is the last year actual hot metal cost which will certainly go down to a level of around 1250 level, so that is the cost churning which will happen with all the benefit, whatever control and other benefits including other efficiency improvement which is design for.

Abhishek Poddar: Did you say 1250?

Abhijit Pati: Yes, 1250 will be the next year stabilized base cost comparable to the figure of 1515 in the last year, I am talking about hot metal cost.

Abhishek Poddar: And sir if you can broadly say how that $250 decline would happen, major elements?

Abhijit Pati: SO there will be a reduction both in alumina because as I indicated earlier that we will certainly get into some sort of the marginal support of laterite in this fiscal year. So my alumina will go down because last year as against around $650 we will get down to around $500 level. Power will also improve because we have an efficiency combined with cost of the power so that will also be around $480 - $490 and all other improvements will also exhibit to a tune of other fixed cost areas. So everywhere there will be improvement to go down to a cost of around 1250 levels.

Abhishek Poddar: Sir last question on Talwandi Sabo, we have seen that the availability is quite good for the plant two units were operating in this quarter, despite that the generation has only gone up by 3% to 4%, so any specific reason there why the PLF was low?

Ajay Dixit: See, this plant we have to see more with a respect to what is our Power Purchase Agreement. So our Power Purchase Agreement is we get a fixed capacity charge irrespective of whatever the Punjab wants to demand. So PLF is not let me say a revenue fixing because the tariff margin is capacity charge plus energy and cost is passed through. So depending upon whatever Punjab is asking us to produce, based on that, whatever is our coal expenses it is passed through and that gets billed, otherwise there is a minimum capacity charge that Punjab has to pay.

Abhishek Poddar: Fair enough, but this all is mainly because of the weak demand from Punjab Government?

Ajay Dixit: Yes.

Moderator: Thank you. Our next question is from the line of Dhaval Doshi from Phillip Capital. Please proceed.

Dhaval Doshi: Sir, a couple of questions. First, would it be safe to assume that the recent safeguard duty of 5% that is being levied that will be beneficial only for the BALCO smelter given that VAL smelters are in SEZ we are obliged to export that volume and that cannot come in the domestic market?

Tom Albanese: Abhijit, you can correct me if I am wrong but my understanding is the safeguard duty would benefit both facilities since we do sell metals from Jharsuguda both in import and export market, but Abhijit?

Abhijit Pati: I think that is absolutely right Tom because it will help both BALCO as well as Jharsuguda because Jharsuguda we have a large facility of DTA, so everything will be applicable there of this 4% to 5% of the sales tax.

Dhaval Doshi: So what percentage of volumes can be supplied in a DTA?

Abhijit Pati: Presently it is something around 59% to 60% which is going into the domestic and balance is going to the exports.

Dhaval Doshi: I am sorry, of the VAL 0.5 million ton smelter how much is, 55% to 60% comes in DTA?

Abhijit Pati: No, 0.5 of DTA, if you see the DTA volumes in the DTA volume something around 60% which goes to the domestic and remaining 40% goes to export.

Tom Albanese: Now Abhijit just to be clear though, as we ramp up that percentage has likely changed, alright?

Abhijit Pati: Yes, it will change because the entire ramp up will take place in the SEZ which is an Export-Oriented Unit.

Dhaval Doshi: So the incremental capacity will not get the benefit?

Abhijit Pati: Yes.

Dhaval Doshi: And secondly sir, what is the current regulated equity for TSPL?

Ajay Dixit: What was the question Dhaval?

Dhaval Doshi: Regulated equity for TSPL.

Ajay Dixit: Could you maybe elaborate your question, what exactly you want.

Dhaval Doshi: So we get a fixed capacity charge and for that they will consider the equity contribution based on which we will be getting that capacity charge?

Ajay Dixit: No, no that thing is not based on equity, your capacity charge has number of overall elements and it is against quoted, it was a competitive bidding in which we were required to quote in this manner where obligation of coal and energy pass-through was left with the state electricity board and there was a competitive bidding in which we were to quote fixed price and this. So based on that we came out the lowest. So it was a competitive bidding, so it has not be on the basis of equity what you are saying.

Dhaval Doshi:: Right, but in that fixed price is based on a certain assumption of equity, I will take that offline, that is okay.

D.D. Jalan: So Dhaval, this is not a fixed return base project in which you get 14%, 16% return on your equity, but here as Ajay said that there was a competitive bidding in which out of the total tariff part tariff was variable and part tariff was fixed. So fixed tariff is linked with the capacity and then capacity charges was fixed and that is somewhere around Rs.2 something. So Ajay, maybe off line you can provide that breakdown what is the fixed tariff, capacity charge that what we are going to get.

Ajay Dixit: Yes, we can do it offline.

Moderator: Thank you. Our next question is from the line of Anshuman Atri from Haitong Securities. Please go ahead.

Anshuman Atri: My question is regarding auction, what is the group strategy given that Hindustan Zinc has also indicated that bids for other base metals, so how will the group bid for the incremental auctions, whether there will be some competition within Hindustan Zinc and Vedanta?

Tom Albanese: I will take that question, because I think what we would expect to see is that as we look at where the auctions would occur those are aligned with Hindustan Zinc's business which probably would be done by the Hindustan Zinc's team. And we have separately recently setup a new group called Vedanta exploration where we basically looking at the full range of auctions. So for example where have the recent gold auction that we have participated in Chhattisgarh that was done through Vedanta Exploration.

Anshuman Atri: And the second question is on the iron ore business, so whatever deal we have with the truck operators, is it linked to realization or is it fixed on a fixed charge basis?

Tom Albanese: Sorry, on the first question just to be clear, there have been no intention of Hindustan Zinc competing with Vedanta limited. Sorry, second question please.

Anshuman Atri: It is on the iron ore business, whatever cost or agreement we have with the truck operators, is it linked to realization or is it fixed?

Tom Albanese: It is a fixed cost agreement, Kishore Kumar, CEO of Iron Ore I believe is on the call, maybe you can give few more details on it.

Kishore Kumar: In fact all our transport operators are all based on rupees per ton kilometer basis and therefore it is based on distance as well as tonnage, so that is a mix of both which factors all the variable cost of operations.

Anshuman Atri: So what would be the current EBITDA and any chance of reducing the cost or levy by negotiating with the government?

Kishore Kumar: No, as you are tracking the iron ore business one of the big cost in the business still remains duplicate taxes on the Goa Provident Fund, the second big cost that still remains for us is the cap which has been imposed, so since we are not allowed to operate beyond a certain cap that harms our cost of operation. So both of these have very favorable affidavits filed both by the Government of India as well as the state governments and you can expect over the next couple of months, as the Supreme Court hears these cases we should see some relaxation on both the numbers and therefore that will directly result in cost yields.

Anshuman Atri: And lastly on the copper, given it is from TCRC, any plans to ramp up the project getting approval faster than currently planned?

Tom Albanese: I will take this, again we have a series of core matters and also state approvals that are necessary and certainly we look forward to proceeding with those over the course of the year and provided that the economics of the projects look attractive. My own view is that you are seeing some, first of all Sterlite copper is lowest cost if not the lowest cost copper smelter in the world, that is right there in a seaborne place, it is positioned for the future Indian copper market. So that looks like a good attractive project on a standalone basis once we proceed with the various court and state approvals that are still in way.

Moderator: Thank you. Our next question is from the line of Jigar Mistry from HSBC. Please proceed.

Jigar Mistry: Just one question from my end about the Talwandi Sabo power project, assuming the target for the PAF is 80%, at 80% PAF the capacity charge if I take at Rs.2 this unit can generate an EBITDA of roughly 27 billion INR, is that calculation correct?

Ajay Dixit: At 80% PAF it will be around 1500 crore.

Jigar Mistry: The capacity charge is Rs.2, right?

Ajay Dixit: Rs.1.78.

Moderator: Thank you. Our next question is from the line of Harsh Agarwal from Deutsche Bank. Please proceed.

Harsh Agarwal: I had a couple of questions for Tom and then a couple more for Mr. Jalan. Tom, two questions for you were, one was, you have a fairly substantial power portfolio now, I am just curious to know in the longer term is there a plan to monetize the business either through an IPO or sale of stake in the power business? The second question was just very basic, I am keen to see why the company has not declared a final dividend despite the fourth quarter being pretty solid? These two questions for Tom and then the two questions for Mr. Jalan were, one is, can you just confirm that the 900 million of intercompany loan that was repaid in April from Vedanta Limited to Vedanta PLC, I am assuming this was done out of Hindustan Zinc special divided, if you can just confirm that. And then the second question was, of the 1 billion of committed undrawn likes that you have at the group level, how much of that is sitting at Vedanta Limited on a standalone basis, i.e. Vedanta Limited holdco. Thank you so much.

Tom Albanese: Thank you, Harsh. I will start with this first two questions and turn it over to D.D. First of all on the 9000 megawatt power capacity, it is a substantial business in its own right which is why we set up the vertical last year and why we brought Ajay and I were to say already we have been scoring several runs both in terms of getting things commissioned quicker than otherwise be the case, but also we are just beginning to embark on our operational improvement between all 50 of the generators we have in the Group. So I still see a lot of room for synergies between all the 50 generators' make up the 9000 megawatt. I also see in my own personal view that energy demand in India, if the country continues to grow at current pace will outpace the likely supply of new power plants, so I see this as something an asset is only going to become more valuable over the next three to five years than it is now. So we have no plans to monetize it, our plans right now are to maximize the value of the business. We just had a fully operationalized all of 28 days now, so Ajay has a lot of work to do to really bring it to peak operating capacity. With regard to the dividend, you will recall that in the interim we had quite a strong and robust interim dividend and as we have been saying for the past several quarters we are focusing on de-levering. So as the Board looked at this, somebody was saying okay we have a strong one in the interims we focused on deleveraging, that seems to be what the market is expecting and that is the decision that we took.

D.D. Jalan: So Harsh, coming back to the other part of the question, I think you are absolutely right that 950 million which was up streamed that was out of the dividend what we received largely from dividend what we received from Hindustan Zinc. And out of 1 billion of committed line I think two-third is at Vedanta Limited and one-third is in other subsidiaries.

Moderator: Thank you. Our next question is from the line of Danielle Chigumira from UBS. Please go ahead.

Danielle Chigumira: I have a couple of questions, both relating to the changes as a result of the Budget. So firstly on oil cess**,** you have obviously described that was a positive regulatory change in anticipation that the ad valorem tax gets decreased because otherwise this is not positive. And so you have given the long-term assumption for the oil price, can you tell us what your long-term assumptions are for the ad valorem tax given you have just signed an impairment exercise? And the second is on aluminum, again you have spoken about it being positive and I am trying to get the impact of increase in duty versus the increase in cess, so can you clarify the monetary effect of the additional cess and so how much of the 36 million tons of coal will it cover and what are you assuming for an increase in the best domestic aluminum premium to offset the negative impact from this cess.

Tom Albanese: Danielle I will star with the oil cess, again just quickly, we had Rs.4500 per ton and we are now in a mode of 20% cess and that 20% cess compared to the original one would have been a breakeven is about $45 per barrel net of discount. So as long as the net of discounts net back price is less than $45 a barrel the current ad valorem cess is better that the Rs.4500. Of course as we had made our impairment calculation, valuation, we assuming over multiple years and we are assuming that oil prices rise above $45 on balance for most of the years looking forward and that leads to negative overall cess affect. So that is why we had to have some effect to the impairment calculations as a consequence of that. And we are engaging with the government, the government said that this is something that originally they were looking at a lower cess but they had a variety of reasons, they had put in a 20% and we would hope to see that they would navigate toward 15%, down to less than 10% over the coming fiscal period. But again probably to look at in the context of a wide range of fiscal policy matters for the purpose of our calculation for impairment we assumed 20% cess across the life of the field. On aluminum, I think Abhijit, really the question is what aluminum import duty mitigates the Rs.200 extra ton per coal.

Abhijit Pati: I think the import of that 7.5% increase in import duty have got an impact of roughly around $20 per ton of aluminum, but whatever the clean cess have come in, it does not really offset, in fact there is a net negative into the situation which is impacting around $30. So we can say roughly around $10 of the negative that I mentioned will flow per ton of aluminum.

Tom Albanese: So Abhijit to be clear, if we had had something close to 7.5% import duty that would have roughly mitigated the cess, is that right?

Abhijit Pati: Exactly, so whatever we have as fair cost, you are right, things would have been different, yes.

Tom Albanese: I hope that it answers the question Danielle?

Danielle Chigumira: Yes, thank you.

Moderator: Ladies and Gentlemen, due to time constraints that was our last question. I now hand the conference over to the management for closing comments. Over to you.

Ashwin Bajaj: Thanks, operator. Tom, any closing comments?

Tom Albanese: I just want to just thank everyone for taking the time to attend this call. I think anyone that has been in this business any period of time will know that the last fiscal year was a tumultuous year in terms of market pricing and everyone was struggling in the environment. I think from our perspective we came out of it stronger operationally than at the start of the year. We have a much lower cost base as a consequence of a real good push and success with all aspects of the business. We started the year with many of our businesses nowhere near where they could have been in terms of our capacity utilization and now they are either all running at capacity where we have very clear game plan to get them all at capacity. I think as I go around the business you will high level of energy, high level of focus to keep doing it. If we can be in this environment with strong operational performance and we see some light at the end of the tunnel in terms of market sentiment, it is nothing but uphill for us and as I see a very strong position and I see a lot of optionality. Looking forward to see Gamsberg come in, zinc it has got a great trajectory over the next few years and we have got probably the single best position globally in terms of zinc portfolio and we want to build upon it. So it is a good new story, we have some more deleveraging to do, we have some more simplification to do, but they are all clearly part of our agenda. Thank you, anything you have to say Ashwin?

Ashwin Bajaj: No, thanks Tom. So thanks Ladies and Gentlemen for joining us. Contact us if you have any more questions as usual. Thank you.

Moderator: Thank you very much, members of the management. Ladies and Gentlemen, on behalf of Vedanta Limited that concludes today's conference call. Thank you for joining us and you may now disconnect your lines.