

BSE SENSEX 30,322
S&P CNX 9,445

Motilal Oswal values your support in the Asiamoney Brokers Poll 2017 for India Research, Sales and Trading team. We request your ballot.



| | |
|-----------------------|--------------|
| Bloomberg | VEDL IN |
| Equity Shares (m) | 3,717 |
| M.Cap.(INRb)/(USDb) | 897.0 / 14.0 |
| 52-Week Range (INR) | 278 / 154 |
| 1, 6, 12 Rel. Per (%) | 12/-10/45 |
| Avg Val, INRm | 2891 |
| Free float (%) | 37.1 |

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|-------------|-------|-------|-------|
| Net Sales | 722.3 | 842 | 1,001 |
| EBITDA | 175.5 | 205.6 | 258.9 |
| PAT | 56.3 | 92.1 | 123.2 |
| EPS (INR) | 15.1 | 24.8 | 33.1 |
| Gr. (%) | | 63.7 | 33.7 |
| BV/Sh (INR) | 162.7 | 172.6 | 188.2 |
| RoE (%) | 9.7 | 14.8 | 18.4 |
| RoCE (%) | 12.4 | 14.8 | 17.4 |
| P/E (x) | 18.1 | 11.1 | 8.3 |
| P/BV (x) | 1.7 | 1.6 | 1.5 |

Estimate change



TP change



Rating change



CMP: INR274 TP: INR316 (+15%)

Buy

Many segments were weak; cost pressure in AL

Zinc outlook remains bullish; Maintain Buy

- Cons. EBITDA increased 42% YoY to INR48.7b (est. of INR50.7b), driven by strong growth in zinc, O&G and aluminum (AL). The iron ore, copper (Cu) and power segments, however, reported weak operating performance.
- Adjusting for recovery of past costs (not quantified) in O&G revenue, the EBITDA miss stands at 7-10% due to (1) poor Cu by-product credits, (2) slower growth in commercial production of AL, (3) lower sales quantity of iron ore and pig iron and (4) less volumes at Skopion Zinc due to shut down.
- Margins in Cu (lower TcRC and by-product), AL (cost pressure) and iron ore (widening grade discounts) shrunk significantly in the quarter. We have reduced our estimates for Cu, and maintained for iron ore and AL. Power EBITDA will recover as TSPL has fully recovered from fire-related damages.
- Management maintained guidance for 2mtpa AL production in FY19E, but the guidance for cost of production (CoP) is raised by USD100/t to USD1,600/t for 2HFY18E on expected lines.
- Zinc price outlook remains bullish, which is reflected by the tight concentrate market and very low treatment charge (TC). We are factoring in stronger LME at USD3,200/t (13% higher than current LME). Gamsberg project development too is progressing well, which will start contributing to volumes in FY19E. Rajasthan O&G production too is expected to be 2-3% higher YoY at 165kboepd in FY18E, with potential upside next year.
- Vedanta (VEDL) has a portfolio of high-quality base metals and O&G asset, and is well poised to benefit from the bullish price outlook for zinc. We maintain **Buy** with a target price of INR316.

Quarterly Performance (Consolidated) – INR million

| Y/E March | FY17 | | | | FY18 | | | | FY17 | FY18E | FY18 vs Est. |
|----------------------|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE % |
| Net Sales | 144,371 | 158,596 | 194,171 | 225,113 | 182,850 | 203,365 | 223,263 | 232,961 | 722,250 | 842,439 | 181,109 1 |
| Change (YoY %) | -15.2 | -4.2 | 30.5 | 40.9 | 26.7 | 28.2 | 15.0 | 3.5 | 12.4 | 16.6 | 25.4 |
| EBITDA | 34,396 | 46,674 | 59,964 | 73,501 | 48,740 | 60,444 | 73,332 | 75,441 | 213,319 | 257,958 | 50,709 -4 |
| Change (YoY %) | -24.2 | 20.9 | 106.4 | 111.7 | 41.7 | 29.5 | 22.3 | 2.6 | 40.8 | 20.9 | 47.4 |
| As % of Net Sales | 23.8 | 29.4 | 30.9 | 32.7 | 26.7 | 29.7 | 32.8 | 32.4 | 29.5 | 30.6 | 28.0 |
| Finance cost | 13,931 | 14,503 | 15,082 | 15,035 | 15,920 | 15,108 | 14,812 | 13,923 | 58,550 | 59,764 | 15,404 3 |
| DD&A | 14,920 | 15,289 | 15,203 | 16,037 | 13,860 | 16,427 | 16,762 | 17,768 | 62,915 | 64,816 | 16,091 -14 |
| Other Income | 10,935 | 12,521 | 9,160 | 9,208 | 10,550 | 10,677 | 10,421 | 11,360 | 45,806 | 43,008 | 9,200 15 |
| PBT (before EO item) | 16,480 | 29,403 | 38,840 | 51,637 | 29,510 | 39,587 | 52,179 | 55,110 | 137,660 | 176,386 | 28,413 4 |
| EO exp. (income) | 0 | 0 | 0 | 1,144 | 0 | | | | 1,144 | 0 | |
| PBT (after EO item) | 16,480 | 29,403 | 38,840 | 50,493 | 29,510 | 39,587 | 52,179 | 55,110 | 136,516 | 176,386 | 28,413 4 |
| Total Tax | 4,914 | 6,623 | 8,968 | 20,604 | 6,810 | 10,865 | 14,321 | 15,126 | 37,783 | 47,123 | 7,798 -13 |
| % Tax | 29.8 | 22.5 | 23.1 | 40.8 | 23.1 | 27.4 | 27.4 | 27.4 | 27.7 | 26.7 | 27.4 |
| Reported PAT | 11,567 | 22,780 | 29,872 | 29,889 | 22,700 | 28,721 | 37,858 | 39,984 | 98,733 | 129,263 | 20,614 10 |
| Profit from Asso. | 0 | 2 | -20 | -8 | 0 | 10 | 5 | 15 | -27 | 30 | 20 |
| Minority interest | 5,417 | 10,261 | 11,188 | 15,775 | 7,450 | 8,482 | 10,892 | 10,360 | 43,584 | 37,184 | 7,282 2 |
| Adjusted PAT | 6,150 | 12,521 | 18,663 | 15,249 | 15,250 | 20,250 | 26,970 | 29,639 | 56,266 | 92,109 | 13,352 14 |
| Change (YoY %) | -56.4 | 50.1 | -1,124.9 | 34.8 | 148.0 | 61.7 | 44.5 | 94.4 | -73.8 | 63.7 | 117.1 |

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Exhibit 1: EBITDA by businesses – INR m

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| EBITDA | 34,396 | 46,674 | 59,964 | 73,501 | 48,740 | 60,444 | 73,332 | 75,441 | 213,319 | 257,958 | 321,203 | 342,764 |
| Copper | 4,379 | 3,779 | 4,479 | 4,312 | 2,130 | 3,242 | 3,067 | 3,563 | 16,926 | 12,002 | 17,372 | 17,754 |
| Aluminum | 2,660 | 4,200 | 6,520 | 9,900 | 5,280 | 8,378 | 9,159 | 10,173 | 23,057 | 32,991 | 44,357 | 47,496 |
| Iron ore | 3,730 | 1,050 | 4,710 | 3,870 | 400 | 783 | 3,660 | 2,044 | 13,224 | 6,886 | 9,061 | 7,587 |
| Power | 3,870 | 3,641 | 4,452 | 4,565 | 1,040 | 5,023 | 5,033 | 4,978 | 16,425 | 16,074 | 17,192 | 16,697 |
| Zinc-India | 11,309 | 20,767 | 27,834 | 37,480 | 23,840 | 27,986 | 36,464 | 37,964 | 95,302 | 126,255 | 149,821 | 153,355 |
| Zinc-International | 2,490 | 3,390 | 2,020 | 1,380 | 3,210 | 3,029 | 3,343 | 4,318 | 9,261 | 13,900 | 19,466 | 31,547 |
| Oil&Gas | 7,937 | 10,391 | 10,837 | 11,210 | 13,850 | 12,004 | 12,605 | 12,400 | 40,132 | 50,860 | 63,934 | 68,330 |
| Others | -1,978 | -545 | -887 | 784 | -1,010 | | | | -1,008 | -1,010 | 0 | 0 |

Source: MOSL, Company

Copper: EBITDA halves QoQ on lower production and margins

- Copper production was lower as maintenance shutdown was advanced to balance the disruption in the concentrate market.
- Tc/Rcs declined from US\$/lb 23.8 QoQ to US\$/lb 20.8.
- Conversion cost doubled QoQ to US\$/lb 8.4 due to lower volumes, higher input prices and lower acid realization.

Exhibit 2: Copper Segment – INR million

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Copper LME (\$/ton) | 4,729 | 4,771 | 5,277 | 5,831 | 5,658 | 5,480 | 5,480 | 5,475 | 5,152 | 5,523 | 5,464 | 5,455 |
| Tc/rc Reported (US\$/lb) | 22.9 | 20.5 | 22.2 | 23.8 | 20.8 | 21.0 | 21.0 | 21.0 | 22.4 | 21.0 | 21.0 | 21.0 |
| Cons. EBITDA | 4,379 | 3,779 | 4,479 | 4,312 | 2,130 | 3,242 | 3,067 | 3,563 | 16,926 | 12,002 | 17,372 | 17,754 |
| Standalone | | | | | | | | | | | | |
| Net Sales | 40,134 | 42,011 | 47,527 | 57,658 | 44,400 | 47,029 | 45,270 | 52,707 | 187,331 | 189,406 | 201,652 | 209,124 |
| Production (kt) | 100 | 97 | 102 | 103 | 90 | 96 | 91 | 104 | 402 | 381 | 399 | 408 |
| Sales (kt) | 98 | 96 | 101 | 104 | 89 | 96 | 91 | 104 | 399 | 380 | 399 | 408 |
| NSR (USD/t) | 6,123 | 6,537 | 6,980 | 8,278 | 7,739 | 7,479 | 7,537 | 7,621 | 7,236 | 7,607 | 7,548 | 7,539 |
| Premium | 1,394 | 1,766 | 1,703 | 2,447 | 2,081 | 1,999 | 2,057 | 2,146 | 2,084 | 2,084 | 2,084 | 2,084 |
| EBITDA | 4,776 | 3,664 | 4,372 | 4,509 | 2,290 | 3,360 | 3,185 | 3,640 | 17,321 | 12,475 | 17,955 | 18,360 |
| EBITDA/t - INR | 48,736 | 38,170 | 43,285 | 43,352 | 25,731 | 35,000 | 35,000 | 35,000 | 43,411 | 32,829 | 45,000 | 45,000 |

Source: MOSL, Company

Aluminum – increase in input cost leads to margin contraction

- Aluminum production (including trail) was flat QoQ at 352kt as ramp-up at Korba-II was offset by impact of pot outage at Jharsuguda-I smelter. Of the 228 pots impacted by the outage, 38 pots have restarted and full ramp-up is guided by Q3 FY18.
- Sales (including trail) declined 9% QoQ to 338kt as Q4 is a seasonally strong quarter.
- Reported realization increased USD88/t QoQ but EBITDA declined USD224/t QoQ to USD258/t on sharp increase in input cost and impact related to outage. EBITDA was down 47% QoQ to INR5.3b (12% below estimate).
- Alumina cost increased USD106/t of aluminum QoQ as it sources alumina on index (~19% LME) which increased on higher LME. Power cost increased by USD61/t of aluminum QoQ due to increase in coal cost and lower volumes. Other hot metal cost increased USD69/t of aluminum QoQ on increase in carbon product input prices.
- It has secured additional ~2mt linkage in the recent coal auction, taking the total linkage volume now to ~8mt.

- Progress on smelter ramp-up
 - Jharsuguda-II 1st line – Operating pots have increased from 81 in 4QFY16 to 187 in 1QFY18.
 - Jharsuguda-II 3rd line – Operating pots have increased from 139 in 4QFY16 to 152 in 1QFY18.
- Outlook – aluminum guidance maintained at 1.5-1.6mt (ex-trial). Alumina production is guided at 1.5-1.6mt, up from 1.2mt in FY17, thus maintaining sourcing of ~50% captive alumina. CoP was increased from USD1,475-1,500/t to USD1,575-1,600/t. CoP in Q2 is guided at USD1,700/t as against USD1,727/t in 1Q.

Exhibit 3: Aluminum Segment – INR million

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Aluminum (USD/t) | 1,570 | 1,619 | 1,710 | 1,851 | 1,909 | 1,825 | 1,825 | 1,825 | 1,687 | 1,846 | 1,825 | 1,825 |
| Alumina (USD/t) | 257 | 266 | 277 | 345 | 300 | 300 | 300 | 300 | 286 | 300 | 300 | 300 |
| USD/INR | 66.9 | 66.9 | 67.4 | 67.0 | 64.5 | 65.5 | 66.0 | 66.5 | 67.1 | 65.6 | 67.0 | 68.0 |
| Revenue | 27,579 | 32,877 | 38,579 | 46,516 | 45,500 | 52,757 | 57,548 | 63,878 | 145,551 | 219,683 | 290,841 | 323,953 |
| Production (kt) ex trial | 228 | 254 | 283 | 307 | 318 | 374 | 404 | 444 | 1,072 | 1,540 | 2,001 | 2,192 |
| Jharsuguda | 147 | 161 | 180 | 196 | 193 | 230 | 260 | 300 | 684 | 983 | 1,425 | 1,616 |
| Balco | 81 | 93 | 103 | 111 | 125 | 144 | 144 | 144 | 388 | 557 | 576 | 576 |
| Trial | 16 | 41 | 36 | 46 | 34 | | | | 139 | 34 | | |
| Sales (kt) incl. trial | 232 | 284 | 322 | 371 | 338 | 374 | 404 | 444 | 1,209 | 1,560 | 2,001 | 2,192 |
| NSR (USD/t) | 1,808 | 1,934 | 2,024 | 2,262 | 2,219 | 2,154 | 2,158 | 2,163 | 2,025 | 2,174 | 2,169 | 2,173 |
| Premium over LME (%) | 15.2 | 19.4 | 18.4 | 22.2 | 16.3 | 18.0 | 18.3 | 18.5 | 20.0 | 17.8 | 18.9 | 19.1 |
| EBITDA | 2,660 | 4,200 | 6,520 | 9,900 | 5,280 | 8,378 | 9,159 | 10,173 | 23,280 | 32,991 | 44,357 | 47,496 |
| EBITDA/t | 174 | 247 | 342 | 481 | 258 | 342 | 344 | 345 | 324 | 326 | 331 | 319 |
| CoP (USD/ton) -Reported | | | | | | | | | | | | |
| Jharsuguda | 1,459 | 1,412 | 1,388 | 1,493 | 1,692 | | | | 1,438 | 1,692 | | |
| Balco | 1,504 | 1,545 | 1,499 | 1,489 | 1,780 | | | | 1,509 | 1,780 | | |
| Alumina | 292 | 260 | 265 | 290 | 312 | 300 | 300 | 300 | 277 | 303 | 300 | 300 |

Source: MOSL, Company

Iron ore – Lower prices and higher benchmark discount impact performance

- EBITDA was muted at just INR400m, down from ~INR3.7-3.9b QoQ/YoY due to lower volumes, lower benchmark prices and higher discounts.
- Sales volumes at 2.3mt were down from 3mt/2.6mt in 4QFY17/ 1QFY17, respectively.
- Guidance remains at 5.5mt for Goa and 2.3mt for Karnataka, in line with the approved limit.
- It is working on beneficiating and blending to improve the Fe grade from ~56% to ~57% (cannot go beyond as above 58% there is a 30% export duty) and reducing the alumina content in the ore. This would reduce the discount it currently gets on the benchmark.

Exhibit 4: Iron ore Segment – INR million

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|-----------------------------|--------------|--------------|---------------|---------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| 62% benchmark (USD/dmt) | 56 | 58 | 71 | 70 | 56 | 56 | 65 | 65 | 64 | 61 | 65 | 56 |
| Sales Qty ('000 dmt) | 2,600 | 800 | 3,700 | 3,000 | 2,300 | 350 | 3,450 | 1,650 | 10,100 | 7,750 | 7,800 | 7,800 |
| Goa | 2,150 | 300 | 2,650 | 2,300 | 1,900 | | 2,650 | 950 | 7,400 | 5,500 | 5,500 | 5,500 |
| Karnataka | 450 | 500 | 1,050 | 700 | 400 | 350 | 800 | 700 | 2,700 | 2,250 | 2,300 | 2,300 |
| Pig iron | 169 | 201 | 141 | 182 | 134 | 201 | 154 | 213 | 693 | 702 | 668 | 738 |
| Net Sales | 9,700 | 4,900 | 14,050 | 12,640 | 6,870 | 5,651 | 10,863 | 8,573 | 41,290 | 31,957 | 32,893 | 33,095 |
| EBITDA | 3,730 | 1,050 | 4,710 | 3,870 | 400 | 783 | 3,660 | 2,044 | 13,360 | 6,886 | 9,061 | 7,587 |

Source: MOSL, Company

Power – EBITDA declines due to outage at Talwandi

- Segment EBITDA declined to INR1b from INR4.6b/INR3.9b in 4QFY17/1QFY17, respectively, on expected lines due to shutdown at Talwandi Saboo. The plant was out of operation for two months since April 2017 due to fire at coal conveyor. The plant restarted in June and is running at an availability of ~90%.
- The Malco 100MW power plant has been put under care and maintenance due to weak merchant power market.

Exhibit 5: Power Segment – INR million

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|----------------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales (m kwh) | 3,009 | 3,047 | 3,454 | 3,458 | 1,275 | 1,834 | 1,743 | 1,737 | 6,629 | 6,589 | 7,139 | 7,139 |
| S/A Jha. 600 MW | 892 | 605 | 879 | 952 | 564 | 887 | 887 | 887 | 3,328 | 3,225 | 3,548 | 3,548 |
| Subs | 2,117 | 2,442 | 2,575 | 2,506 | 711 | 947 | 856 | 850 | 3,301 | 3,365 | 3,591 | |
| Balco 600MW | 607 | 549 | 660 | 793 | 551 | 733 | 733 | 733 | 2,609 | 2,751 | 2,933 | 2,933 |
| MALCO | 90 | 56 | 56 | 56 | 4 | 56 | 56 | 56 | 258 | 172 | 224 | 224 |
| HZL Wind Power | 148 | 158 | 67 | 61 | 156 | 158 | 67 | 61 | 434 | 442 | 434 | 434 |
| TSPL | 1,272 | 1,679 | 1,792 | 1,596 | 563 | | | | 6,902 | 9,092 | 9,092 | 8,994 |
| TSPL PAF (%) | 72 | 77 | 77 | 85 | 20 | | | | 79 | 80 | 80 | 80 |
| Revenue | 11,833 | 13,839 | 15,323 | 15,085 | 7,330 | 16,176 | 16,101 | 16,092 | 56,080 | 55,699 | 61,599 | 61,105 |
| Standalone | 2,045 | 1,483 | 2,163 | 2,329 | 1,350 | 2,167 | 2,165 | 2,160 | 8,019 | 7,841 | 8,633 | 8,636 |
| (INR/kwh) | 2.3 | 2.5 | 2.5 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | | | | |
| EBITDA | 3,870 | 3,641 | 4,452 | 4,565 | 1,040 | 5,023 | 5,033 | 4,978 | 16,527 | 16,074 | 17,192 | 16,697 |
| Standalone | 525 | 33 | 660 | 433 | 277 | 382 | 465 | 415 | 1,609 | 1,539 | 1,701 | 1,702 |
| (INR/kwh) | 0.6 | 0.1 | 0.8 | 0.5 | 0.5 | 0.4 | 0.5 | 0.5 | | | | |
| Subs | 3,345 | 3,608 | 3,791 | 4,132 | 764 | 4,641 | 4,568 | 4,563 | 14,816 | 14,536 | 15,491 | 14,995 |

Source: MOSL, Company

Zinc India – Price outlook remains bullish

- Zinc India EBITDA increased 111% YoY to INR23.8b (in-line) in 1QFY18, driven by 85% growth in mine production to 233kt and a 35% increase in LME for zinc.
- Zinc volumes were up +90% YoY to 194kt.
- Cost of production increased 2% YoY (+18% QoQ) to INR62,698/t due to rising commodity prices and mine mix (higher stripping ratio in open cast mines) and lower average grade.
- Mine development is progressing well at 8,828 meters (+82% YoY, +28% QoQ).
- Vertical shaft at RA in on track to start production by 2HFY19. SK mine vertical shaft and expansion of mill to 5.8mtpa too will be completed in 1HFY19E. Zawar mine expansion to 2.7mtpa too will be completed.
- Targeting aggressive production expansion beyond FY20E (mine 1.5mtpa).

Exhibit 6: Zinc India segment – INR million

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Zinc refined (kt) | 120 | 148 | 211 | 217 | 190 | 189 | 203 | 209 | 696 | 791 | 809 | 826 |
| Lead refined (kt) | 23 | 32 | 36 | 47 | 34 | 37 | 39 | 41 | 138 | 151 | 169 | 173 |
| Silver (tonnes) | 88 | 107 | 117 | 135 | 110 | 112 | 120 | 124 | 447 | 465 | 516 | 527 |
| Zinc LME (USD/t) | 1,918 | 2,252 | 2,518 | 2,777 | 2,589 | 2,800 | 3,200 | 3,200 | 2,366 | 2,947 | 3,200 | 3,200 |
| Net Sales | 25,306 | 35,257 | 49,799 | 62,602 | 45,760 | 50,031 | 61,062 | 63,536 | 172,964 | 220,389 | 252,369 | 260,812 |
| Change (YoY %) | -30.3 | -12.6 | 45.2 | 99.9 | 80.8 | 41.9 | 22.6 | 1.5 | 21.6 | 27.4 | 14.5 | 3.3 |
| EBITDA | 11,309 | 20,767 | 27,834 | 37,480 | 23,840 | 27,986 | 36,464 | 37,964 | 97,390 | 126,255 | 149,821 | 153,355 |
| Change (YoY %) | -42.5 | 2.6 | 88.3 | 186.5 | 110.8 | 34.8 | 31.0 | 1.3 | 43.7 | 29.6 | 18.7 | 2.4 |
| As % of Net Sales | 44.7 | 58.9 | 55.9 | 59.9 | 52.1 | 55.9 | 59.7 | 59.8 | 56.3 | 57.3 | 59.4 | 58.8 |

Source: MOSL, Company

Zinc International – EBITDA boosted on higher sales volumes

- EBITDA increased ~130% QoQ to INR3.2b on sharp increase in sales volume at BMM. Sales volume grew 61% QoQ to 45kt.
- Production was however down 22% QoQ to 32kt due to shutdown at Skorpion in June.
- CoP increased USD251/t QoQ to USD1,690/t on lower production at Skorpion.
- Guidance was maintained at 160kt production for FY18. CoP is guided at USD1,500/t, lower than the 1Q run-rate.
- Gamsberg is progressing well for production from Phase-1 starting by mid-CY18. It will achieve full production run-rate of 250kt in 12-18 months. The Phase-2 production is under early evaluation stage, which can deliver additional volumes of ~150kt.

Exhibit 7: Zinc International segment – INR million

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Zinc - USD/t | 1,918 | 2,252 | 2,518 | 2,777 | 2,589 | 2,800 | 3,200 | 3,200 | 2,366 | 2,947 | 3,200 | 3,200 |
| Lead - USD/t | 1,719 | 1,870 | 2,150 | 2,276 | 2,159 | 2,250 | 2,250 | 2,250 | 2,004 | 2,227 | 2,250 | 2,273 |
| Production (kt) | 43 | 39 | 32 | 41 | 32 | 39 | 32 | 41 | 155 | 143 | 182 | 290 |
| Black Mountain | 19 | 16 | 15 | 20 | 18 | 16 | 15 | 20 | 70 | 69 | 70 | 70 |
| Skorpion | 24 | 23 | 17 | 21 | 14 | 23 | 17 | 21 | 85 | 74 | 82 | 80 |
| Gamsberg | | | | | | | | | | | 30 | 140 |
| Sales (kt) | 34 | 44 | 34 | 28 | 45 | 39 | 32 | 41 | 140 | 156 | 182 | 290 |
| Black Mountain | | | | | | 16 | 15 | 20 | | 51 | 70 | 70 |
| Skorpion | | | | | | 23 | 17 | 21 | | 60 | 82 | 80 |
| Gamsberg | | | | | | | | | | | 30 | 140 |
| Revenue | 4,530 | 6,850 | 5,870 | 5,040 | 8,010 | 7,068 | 6,687 | 8,635 | 22,290 | 30,400 | 38,932 | 63,094 |
| NSR (USD/t) | 1,992 | 2,326 | 2,561 | 2,688 | 2,761 | 2,800 | 3,200 | 3,200 | 2,374 | 2,974 | 3,200 | 3,200 |
| Expenditure | 2,040 | 3,460 | 3,850 | 3,660 | 4,800 | 4,039 | 3,343 | 4,318 | 13,010 | 16,500 | 19,466 | 31,547 |
| CoP (USD/ton) - reported | 1,226 | 1,446 | 1,615 | 1,439 | 1,690 | 1,500 | 1,500 | 1,500 | 1,432 | 1,548 | 1,500 | 1,500 |
| EBITDA | 2,490 | 3,390 | 2,020 | 1,380 | 3,210 | 3,029 | 3,343 | 4,318 | 9,280 | 13,900 | 19,466 | 31,547 |

Source: MOSL, Company

Oil & Gas – Rajasthan production expected at 165kbpd in FY18

- The segment surprised positively as EBITDA grew 24% QoQ to INR13.8b (est. ~INR11b) on higher production and certain one-offs related to past recoveries.
- Rajasthan gross production increased 1.3% QoQ to 159kbpd. Total working interest production increased by 1.3% QoQ to 119kbpd.
- The discount to Brent crude was at 9.5%, similar QoQ.
- Rajasthan blended cost (including EoR) declined 1.2% QoQ to USD6.2/boe.

- Rajasthan production expected at 165 kboepd with further potential upside from growth projects.
- Capex guidance is unchanged at USD250m.

Exhibit 8: Oil & Gas segment – INR million

| | Q1 17 | Q2 17 | Q3 17 | Q4 17 | Q1 18 | Q2 18E | Q3 18E | Q4 18E | FY17 | FY18E | FY19E | FY20E |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| Brent crude - USD/bbl | 46.0 | 46.0 | 51.0 | 54.0 | 49.6 | 50.0 | 50.0 | 50.0 | 48.6 | 49.9 | 55.0 | 55.0 |
| Gross volumes - kbpd | | | | | | | | | | | | |
| Rajasthan | 166.9 | 167.7 | 154.3 | 157.3 | 159.4 | 162.1 | 170.2 | 170.2 | 161.6 | 165.4 | 192.5 | 206.8 |
| Ravva | 19.6 | 18.8 | 18.2 | 17.8 | 18.4 | 17.5 | 16.7 | 15.9 | 18.6 | 17.1 | 14.0 | 0.0 |
| Cambay | 10.3 | 9.9 | 9.4 | 9.5 | 9.5 | 9.5 | 9.4 | 9.1 | 9.8 | 9.4 | 8.3 | 7.1 |
| Working interest - kbpd | 125.4 | 125.6 | 115.8 | 117.9 | 119.5 | 121.2 | 126.7 | 126.3 | 121.2 | 123.4 | 141.2 | 147.6 |
| Raj. realn. - USD/bbl | | | 46.2 | 48.9 | 44.9 | 45.3 | 45.3 | 45.3 | | 45.2 | 49.8 | 49.8 |
| Dis. to Brent - % | | | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | | 9.5 | 9.5 | 9.5 |
| Revenue - INR m | 18,850 | 20,390 | 21,494 | 21,310 | 22,750 | 21,662 | 22,743 | 22,378 | 82,040 | 89,533 | 113,564 | 122,951 |
| EBITDA - INR m | 7,940 | 10,390 | 11,679 | 11,210 | 13,850 | 12,004 | 12,605 | 12,400 | 40,130 | 50,860 | 63,934 | 68,330 |

Source: MOSL, Company

Exhibit 9: SOTP valuation – INR billion

| | EBITDA | | | EV | Enterprise Value | | | Volumes (kt/kbpd) | | | Prices (USD/t or bbl) | | |
|-------------------|--------|-------|-------|------------|------------------|-------|-------|----------------------|-------|-------|-----------------------|-------|-------|
| | FY18E | FY19E | FY20E | EBITDA (x) | FY18E | FY19E | FY20E | FY18E | FY19E | FY20E | FY18E | FY19E | FY20E |
| VEDL (ex HZL) | | | | | | | | | | | | | |
| Copper | 12 | 17 | 18 | 6.5 | 78 | 113 | 115 | 381 | 399 | 408 | 5,523 | 5,464 | 5,455 |
| Aluminum | 33 | 44 | 47 | 6.5 | 214 | 288 | 309 | 1,560 | 2,001 | 2,192 | 1,846 | 1,825 | 1,825 |
| Iron ore | 7 | 9 | 8 | 6.5 | 45 | 59 | 49 | 5,500 | 5,500 | 5,500 | 61 | 65 | 56 |
| Power(TSPL) | 13 | 13 | 12 | DCF | 87 | 80 | 76 | PPA | | | | | |
| Power(other) | 3 | 5 | 5 | 6.5 | 20 | 30 | 30 | Merchant and RE | | | | | |
| Zinc-Int | 14 | 19 | 32 | 6.5 | 90 | 127 | 205 | 156 | 182 | 290 | 2,947 | 3,200 | 3,200 |
| Oil&Gas | 51 | 64 | 68 | DCF | 172 | 157 | 143 | 165 | 192 | 207 | 50 | 55 | 55 |
| Sub. Tot. | 133 | 171 | 189 | 5.0 | 706 | 853 | 927 | | | | | | |
| Less: Net Debt | | | | | 539 | 504 | 478 | USD/INR Avg. ---> | | | 65.6 | 67.0 | 68.0 |
| Equity Value | | | | | 168 | 348 | 449 | USD/INR year end --> | | | 67.0 | 68.0 | 68.0 |
| Hind. Zinc | | | | | | | | | | | | | |
| HZL | 126 | 150 | 153 | 6.5 | 821 | 974 | 997 | 791 | 809 | 826 | 2,947 | 3,200 | 3,200 |
| Less: Net Debt | | | | | -221 | -300 | -384 | 151 | 169 | 173 | 2,227 | 2,250 | 2,250 |
| Equity Value | | | | | 1,042 | 1,274 | 1,381 | 465 | 516 | 527 | 41 | 43 | 43 |
| INR/share of HZL | | | | | 247 | 302 | 327 | | | | | | |
| VEDL Equity Value | | | | | | | | | | | | | |
| HZL@64.9% | | | | | 676 | 827 | 896 | | | | | | |
| VEDL (ex HZL) | | | | | 168 | 348 | 449 | | | | | | |
| Tot. Equity Value | | | | | 844 | 1,175 | 1,345 | | | | | | |
| INR/share | | | | | 227 | 316 | 362 | | | | | | |
| DPS | | | | | 7.7 | 10.4 | 11.6 | | | | | | |
| Yield | | | | | 2.8 | 3.8 | 4.2 | | | | | | |

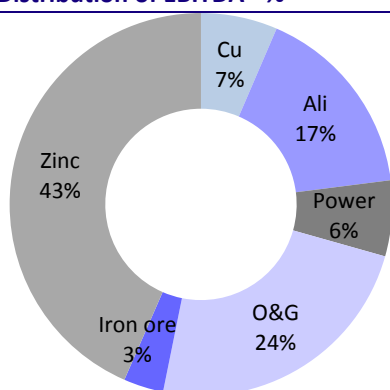
Source: MOSL, Company

Exhibit 10: Assumption and valuation change – INR billion

| | EBITDA | | | EV | Enterprise Value | | | Volumes (kt/kbpd) | | | Prices (USD/t or bbl) | | |
|------------------|--------|-------|-------|------------|------------------|-------|-------|-------------------|-------|-------|-----------------------|-------|-------|
| | FY18E | FY19E | FY20E | EBITDA (x) | FY18E | FY19E | FY20E | FY18E | FY19E | FY20E | FY18E | FY19E | FY20E |
| Previous release | | | | | | | | | | | | | |
| Copper | 16 | 17 | 18 | 6.5 | 104 | 113 | 115 | 377 | 399 | 408 | 5,523 | 5,464 | 5,455 |
| Aluminum | 34 | 44 | 47 | 6.5 | 219 | 288 | 309 | 1,546 | 2,001 | 2,192 | 1,846 | 1,825 | 1,825 |
| Iron ore | 7 | 9 | 8 | 6.5 | 49 | 59 | 50 | 5,500 | 5,500 | 5,500 | 61 | 65 | 56 |
| Power(TSPL) | 13 | 13 | 12 | DCF | 87 | 80 | 76 | PPA | | | | | |
| Power(other) | 3 | 5 | 5 | 6.5 | 21 | 30 | 30 | Merchant and RE | | | | | |
| Zinc-Int | 14 | 19 | 32 | 6.5 | 92 | 127 | 205 | 166 | 182 | 290 | 2,947 | 3,200 | 3,200 |
| Oil&Gas | 48 | 62 | 67 | DCF | 164 | 150 | 137 | 162 | 183 | 197 | 50 | 55 | 55 |
| HZL | 126 | 150 | 153 | 6.5 | 819 | 973 | 996 | 782 | 809 | 826 | 2,947 | 3,200 | 3,200 |
| Total | 261 | 319 | 341 | | 1,555 | 1,819 | 1,917 | | | | | | |
| Changes(%) | | | | | | | | | | | | | |
| Copper | -25 | | | | -25 | | | 1 | | | | | |
| Aluminum | -2 | | | | -2 | | | 1 | | | | | |
| Iron ore | -8 | -1 | -1 | | -8 | -1 | -1 | | | | | | |
| Power(TSPL) | | | | | | | | | | | | | |
| Power(other) | -4 | 0 | 0 | | -4 | 0 | 0 | | | | | | |
| Zinc-Int | -2 | 0 | 0 | | -2 | 0 | 0 | -6 | 0 | 0 | | | |
| Oil&Gas | 7 | 3 | 2 | | 5 | 4 | 5 | 2 | 5 | 5 | -1 | | |
| HZL | 0 | 0 | 0 | | 0 | 0 | 0 | 1 | | | | | |
| Total | -1 | 1 | 0 | | -2 | 0 | 0 | | | | | | |

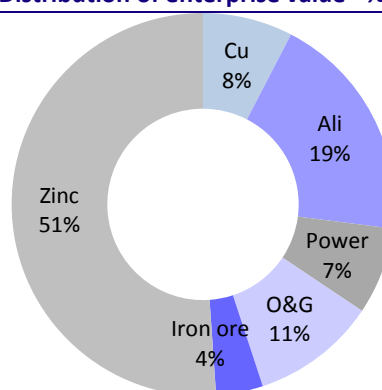
Source: MOSL, Company

Exhibit 11: Distribution of EBITDA - %



Source: MOSL, Company

Exhibit 12: Distribution of enterprise value - %



Source: MOSL, Company

Financials and Valuations

| Income Statement (Consolidated) | | | | | | INR million | | |
|--|---------------|----------------|----------------|-----------------|----------------|----------------|------------------|------------------|
| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
| Net Sales | 25,544 | 725,850 | 749,223 | 642,618 | 722,250 | 842,439 | 1,001,221 | 1,084,799 |
| Total Expenses | 20,737 | 469,210 | 527,841 | 491,102 | 508,931 | 584,482 | 680,018 | 742,035 |
| EBITDA | 4,808 | 256,640 | 221,381 | 151,516 | 213,319 | 257,958 | 321,203 | 342,764 |
| As % of Net Sales | 18.8 | 35.4 | 29.5 | 23.6 | 29.5 | 30.6 | 32.1 | 31.6 |
| EBITDA attribute | 4,808 | 174,984 | 159,422 | 129,080 | 175,512 | 205,577 | 258,870 | 278,029 |
| DDA | 1,975 | 84,250 | 71,616 | 85,724 | 62,915 | 64,816 | 72,686 | 78,767 |
| EBIT | 2,833 | 172,390 | 149,765 | 65,791 | 150,404 | 193,141 | 248,517 | 263,998 |
| Finance cost | 4,394 | 61,110 | 56,989 | 57,781 | 58,550 | 59,764 | 55,984 | 55,102 |
| Other income | 539 | 23,090 | 28,910 | 44,436 | 45,806 | 43,008 | 38,023 | 44,279 |
| Avg. rate (%) | | | | 8.3 | 7.8 | 7.5 | 6.5 | 6.3 |
| PBT | -1,022 | 134,370 | 121,686 | 52,446 | 137,660 | 176,386 | 230,556 | 253,175 |
| Tax | -429 | 10,000 | 19,488 | -106,776 | 37,783 | 47,123 | 61,594 | 67,637 |
| Rate (%) | 42.0 | 7.4 | 16.0 | -203.6 | 27.4 | 26.7 | 26.7 | 26.7 |
| PAT | -593 | 124,370 | 102,199 | 159,221 | 99,877 | 129,263 | 168,961 | 185,538 |
| EO expense (Income) | | -580 | 186,465 | 337,847 | 1,144 | 0 | | |
| PAT (after EO) | -593 | 124,950 | -84,266 | -178,626 | 98,733 | 129,263 | 168,961 | 185,538 |
| Minority interests | 0 | 73,430 | 42,704 | -55,919 | 43,584 | 37,184 | 45,775 | 47,396 |
| Share in Asso. | | | | 2 | -27 | 30 | 2 | 2 |
| Attrib. PAT (after MI & asso) | -593 | 50,940 | 59,495 | 215,143 | 56,266 | 92,109 | 123,188 | 138,143 |
| Change (YoY %) | | | | | | | | |

| Balance Sheet (Consolidated) | | | | | | INR million | | |
|----------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
| Share Capital | 869 | 2,965 | 2,965 | 2,965 | 3,718 | 3,718 | 3,718 | 3,718 |
| Reserves | 173,885 | 727,122 | 584,398 | 437,427 | 601,284 | 637,809 | 696,029 | 767,379 |
| Net Worth | 174,754 | 730,087 | 587,363 | 440,392 | 605,001 | 641,526 | 699,747 | 771,097 |
| Minority Interest | 0 | 337,975 | 467,765 | 365,611 | 139,279 | 176,463 | 222,238 | 269,634 |
| Total Loans | 45,015 | 805,660 | 777,054 | 812,934 | 906,308 | 836,280 | 810,322 | 810,322 |
| Deferred Tax Liability | 253 | 27,352 | 82,551 | -52,679 | -54,084 | -51,057 | -47,102 | -42,758 |
| Capital Employed | 220,022 | 1,901,073 | 1,914,733 | 1,566,258 | 1,596,505 | 1,603,213 | 1,685,205 | 1,808,295 |
| Gross Block | 50,990 | 1,163,255 | 1,566,988 | 1,506,034 | 1,641,342 | 1,726,779 | 1,836,760 | 1,945,800 |
| Less: Accum. Deprn. | 9,626 | 291,200 | 563,103 | 728,375 | 774,935 | 839,751 | 912,437 | 991,204 |
| Net Fixed Assets | 41,365 | 872,054 | 1,003,885 | 777,659 | 866,407 | 887,027 | 924,323 | 954,596 |
| Capital WIP | 7,225 | 431,277 | 400,234 | 279,260 | 176,709 | 149,675 | 92,385 | 41,125 |
| Investments | 158,820 | 2,086 | 323 | 488 | 729 | 759 | 761 | 763 |
| WC. Assets | 21,481 | 835,766 | 749,569 | 809,719 | 871,531 | 824,254 | 941,899 | 1,094,216 |
| Inventory | 9,610 | 90,338 | 86,905 | 80,117 | 96,279 | 110,787 | 131,667 | 142,659 |
| Account Receivables | 1,424 | 46,537 | 35,604 | 25,279 | 34,093 | 39,237 | 46,632 | 50,525 |
| Cash and Bank Balance | 2,130 | 453,850 | 505,582 | 570,460 | 610,119 | 543,191 | 632,559 | 769,993 |
| Loans and advances | 8,318 | 245,041 | 121,478 | 133,864 | 131,040 | 131,040 | 131,040 | 131,040 |
| WC. Liability & Prov. | 8,870 | 240,110 | 239,277 | 300,867 | 318,871 | 258,502 | 274,163 | 282,406 |
| Trade payables | 5,471 | 41,346 | 53,533 | 62,124 | 71,288 | 83,090 | 98,751 | 106,994 |
| Provisions & Others | 3,398 | 198,764 | 185,744 | 238,743 | 247,583 | 175,413 | 175,413 | 175,413 |
| Net WC. Assets | 12,612 | 595,656 | 510,292 | 508,852 | 552,660 | 565,751 | 667,735 | 811,810 |
| Appl. of Funds | 220,022 | 1,901,073 | 1,914,733 | 1,566,258 | 1,596,505 | 1,603,213 | 1,685,205 | 1,808,295 |

Financials and Valuations

| Ratios | | | | | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
| Basic (INR) | | | | | | | | |
| EPS | -0.7 | 17.2 | 20.1 | 72.6 | 15.1 | 24.8 | 33.1 | 37.2 |
| Cash EPS | 1.6 | 45.6 | 44.2 | 101.5 | 32.1 | 42.2 | 52.7 | 58.3 |
| BV/Share | 201.1 | 246.2 | 198.1 | 148.5 | 162.7 | 172.6 | 188.2 | 207.4 |
| DPS | 3.5 | 3.3 | 3.5 | 5.9 | 19.5 | 7.7 | 10.4 | 11.6 |
| Payout (%) | -615.5 | 22.7 | 20.9 | 9.7 | 154.2 | 37.4 | 37.7 | 37.5 |
| Valuation (x) | | | | | | | | |
| P/E | | | | | 18.1 | 11.1 | 8.3 | 7.4 |
| Cash P/E | | | | | 8.6 | 6.5 | 5.2 | 4.7 |
| P/BV (incl.-goodwill) | | | | | 1.7 | 1.6 | 1.5 | 1.3 |
| EV/Sales | | | | | 1.9 | 1.7 | 1.3 | 1.1 |
| EV/EBITDA | | | | | 8.0 | 6.8 | 5.0 | 4.3 |
| Dividend Yield (%) | | | | | 7.1 | 2.8 | 3.8 | 4.2 |
| Return Ratios (%) | | | | | | | | |
| EBITDA Margins | 18.8 | 35.4 | 29.5 | 23.6 | 29.5 | 30.6 | 32.1 | 31.6 |
| Net Profit Margins | -2.3 | 7.0 | 7.9 | 33.5 | 7.8 | 10.9 | 12.3 | 12.7 |
| RoE | -0.4 | 7.7 | 9.0 | 41.9 | 9.7 | 14.8 | 18.4 | 18.8 |
| RoCE (pre-tax) | 1.6 | 18.4 | 9.4 | 6.3 | 12.4 | 14.8 | 17.4 | 17.6 |
| RoIC (pre-tax) | 1.4 | 20.7 | 10.5 | 5.5 | 15.2 | 18.9 | 23.5 | 25.3 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 0.7 | 1.6 | 0.8 | 0.7 | 0.9 | 1.0 | 1.1 | 1.2 |
| Receivable (Days) | 20 | 23 | 17 | 14 | 17 | 17 | 17 | 17 |
| Inventory (Days) | 137 | 45 | 42 | 46 | 49 | 48 | 48 | 48 |
| Trade payable (Days) | 78 | 21 | 26 | 35 | 36 | 36 | 36 | 36 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 2.4 | 3.5 | 3.1 | 2.7 | 2.7 | 3.2 | 3.4 | 3.9 |
| Interest Cover Ratio | 0.8 | 3.2 | 3.1 | 1.9 | 3.4 | 4.0 | 5.1 | 5.6 |
| Net Debt/EBITDA | 8.9 | 1.4 | 1.2 | 1.6 | 1.4 | 1.1 | 0.6 | 0.1 |
| Net Debt/Equity | 0.2 | 0.5 | 0.5 | 0.6 | 0.5 | 0.5 | 0.3 | 0.1 |

| Cash Flow Statement | | | | | | INR million | | |
|------------------------------|---------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
| EBITDA | 4,808 | 256,640 | 221,381 | 151,516 | 213,319 | 257,958 | 321,203 | 342,764 |
| Non cash exp. (income) | -1,426 | -46,653 | 15,811 | -254 | 1,559 | | | |
| (Inc)/Dec in Wkg. Cap. | -2,818 | -10,239 | -25,345 | 39,820 | -7,404 | -80,020 | -12,615 | -6,640 |
| Tax paid | 429 | -43,741 | -33,796 | -24,513 | -20,438 | -44,097 | -57,639 | -63,294 |
| CF from Op. Activity | 993 | 156,008 | 178,051 | 166,568 | 187,036 | 133,841 | 250,948 | 272,830 |
| (Inc)/Dec in FA + CWIP | -733 | -72,836 | -106,561 | -54,975 | -55,010 | -58,402 | -52,693 | -57,780 |
| Free Cash Flow | 260 | 83,172 | 71,490 | 111,593 | 132,026 | 75,439 | 198,256 | 215,050 |
| (Pur)/Sale of Investments | 19,088 | -4,105 | 71,972 | 19,262 | 26,986 | | | |
| Interest & Dividend Income | 377 | 16,060 | 15,587 | 10,547 | 11,451 | 43,008 | 38,023 | 44,279 |
| Investment in subsidiaries | -22,194 | -1,093 | -11,217 | 1 | -30,138 | | | |
| Others | -4,627 | | | | | | | |
| CF from Inv. Activity | -8,088 | -61,974 | -30,218 | -25,165 | -46,712 | -15,394 | -14,669 | -13,501 |
| Debt raised/(repaid) | 7,602 | 18,380 | -45,596 | 12,278 | 91,499 | -79,078 | -30,100 | 0 |
| Dividend (incl. tax) | 0 | -22,144 | -31,063 | -32,218 | -129,355 | -46,535 | -60,826 | -66,794 |
| Interest paid | -4,394 | -46,752 | -62,898 | -57,966 | -61,501 | -59,764 | -55,984 | -55,102 |
| Others | | | | 1,380 | -299 | | | |
| CF from Fin. Activity | 3,208 | -50,516 | -139,558 | -76,526 | -100,665 | -185,376 | -146,911 | -121,895 |
| (Inc)/Dec in Cash | -3,887 | 43,518 | 8,276 | 64,878 | 39,660 | -66,928 | 89,369 | 137,434 |
| Add: Opening Balance | 6,017 | 410,333 | 453,850 | 505,582 | 570,460 | 610,119 | 543,191 | 632,559 |
| Closing Balance | 2,130 | 453,850 | 505,582 | 570,460 | 610,119 | 543,191 | 632,559 | 769,993 |

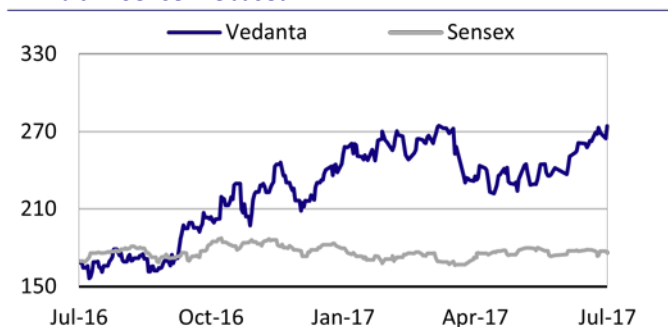
E: MOSL Estimates

Corporate profile

Company description

Vedanta is formed with the merger of Sesa Goa and Sterlite Industries. Vedanta is one of the largest natural resource company globally with exposure to all the major commodities. It has refined zinc and lead capacities of 1.5mtpa in HZL and Zinc International, Crude oil production capacity of 225-240kboepd, Iron ore production capacity of 17mtpa, Aluminium capacity of 2.3mtpa and 8.8GW (including current expansion) of power capacity.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

| | Mar-17 | Dec-16 | Mar-16 |
|----------|--------|--------|--------|
| Promoter | 62.9 | 62.9 | 62.9 |
| DII | 7.0 | 7.0 | 9.0 |
| FII | 16.4 | 16.8 | 12.5 |
| Others | 13.7 | 13.3 | 15.7 |

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

| Holder Name | % Holding |
|---|-----------|
| CITIBANK N.A. NEW YORK NYADR DEPARTMENT | 4.0 |
| LIFE INSURANCE CORPORATION OF INDIA | 3.9 |
| BHADRAM JANHIT SHALIKA | 1.4 |
| NA | 0.0 |
| NA | 0.0 |

Source: Capitaline

Exhibit 4: Top management

| Name | Designation |
|-----------------|--------------------------------|
| Navin Agarwal | Executive Chairman |
| Anil Agarwal | Chairman Emeritus |
| Thomas Albanese | Director & Chief Executive Off |
| Bhumika Sood | Company Secretary |
| | |
| | |
| | |
| | |
| | |
| | |

Source: Capitaline

Exhibit 5: Directors

| Name | Name |
|------------------|----------------|
| Lalita Gupte | Naresh Chandra |
| K Venkataramanan | Ravi Kant |
| GR Arun Kumar | Tarun Jain |
| | |
| | |
| | |
| | |
| | |
| | |

*Independent

Exhibit 6: Auditors

| Name | Type |
|------------------------------|--------------|
| Chandra Wadhwa & Co | Cost Auditor |
| Deloitte Haskins & Sells LLP | Statutory |
| R J Goel & Co | Cost Auditor |
| Ramnath Iyer & Co | Cost Auditor |
| S R Batliboi & Co LLP | Statutory |

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

| EPS (INR) | MOSL forecast | Consensus forecast | Variation (%) |
|-----------|---------------|--------------------|---------------|
| FY18 | 24.8 | 27.9 | -11.2 |
| FY19 | 33.1 | 32.8 | 0.8 |
| FY20 | 37.2 | 37.0 | 0.7 |

Source: Bloomberg

NOTES

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Securities Ltd. (MOSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Metropolitan Stock Exchange Of India Ltd. (MSE) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at <http://onlineereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Pending Regulatory Enquiries against Motilal Oswal Securities Limited by SEBI:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations; MOSL requested SEBI to provide all documents, records, investigation report relied upon by SEBI which were referred in Show Cause Notice and also sought personal hearing. The matter is currently pending.

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