Vedanta trims FY25 interest cost to 9.6%, aims for 9% by FY26: CFO Ajay Goel

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Ajay Goel, CFO, Vedanta

Vedanta Ltd has refinanced older high-cost loans to bring down interest costs to 9.6 per cent in FY25, says Ajay Goel, the company's CFO. Plans are afoot to reduce it further to around 9 per cent.

Goel says refinancing is a regular activity for an operating company, and it is important to consider leverage and net debt. Currently, leverage (net debt to EBITDA) stands at 1.22x (compared with 0.5x in Q4FY24), and it is expected to decline to 1x in FY26.

The company has an estimated pre-growth capex cash flow of $5 billion in the near term. It raised $1 billion via a QIP and an additional $0.4 billion through the HZL OFS in FY25.

Vedanta Ltd's EBITDA for FY25 stood at ₹43,541 crore, up 37 per cent year-on-year. Net debt stood at ₹53,251 crore for the year.

Goel adds that it is not appropriate to ascribe an absolute target value for debt reduction, considering the current growth environment. "Hence, one should look at net debt to EBITDA," he said.

Parent company Vedanta Resources has de-leveraged by $4 billion over the last three years. There has also been a significant reduction in the average coupon rate of bonds — by 250 basis points — with longer maturities extending up to FY34.

In an interview with *businessline*, he talks about Vedanta's debt reduction efforts, including refinancing plans and capex for the ongoing fiscal. Excerpts:

What is the repayment plan for FY26 at Vedanta Limited?

At the Vedanta (India) level, FY26 maturities amount to about $1.7 billion. Most of the debt at Vedanta Limited is secured; hence, refinancing is an option. Given our estimated cash flows, we are not considering any incremental borrowings.

What is the benefit and impact of refinancing on the bottom line?

This year, we successfully refinanced our debt at a significantly lower cost — at single-digit interest rates of less than 10 per cent. As a result, our interest cost has come down from 10.4 per cent at the beginning of the year to 9.6 per cent. Our goal is to reduce it

further to 9 per cent by the end of FY26. Consequently, we anticipate a positive impact on our bottom line (i.e., profit after tax) next year.

For FY26, how is the capex being planned — through internal accruals or loans?

Our growth capex is a strategic choice, not a necessity or compulsion.

The approved capex is $9.5 billion. With $5.5 billion already spent, the unspent capex as of March 31, 2025, stands at $4.5 billion. With this year’s capex guidance of $1.5-1.7 billion, we estimate an average spend of $1.5 billion over the next two years. We have more than sufficient cash flows to meet our growth capex requirements, along with the flexibility to fund it through loans if needed.