

GROWTH WITH FISCAL GRIT.

Vedanta's focus is on operational growth and debt discipline, says its Executive Director Arun Misra **p10**



Vedanta is focusing on operational growth and debt discipline, says ED Arun Misra

bl.interview

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Vedanta Ltd delivered its highest-ever Q1 EBITDA of ₹10,746 crore for this June-end, with margins expanding to 35 per cent. However, headline profit after tax (PAT) dipped 13 per cent year-on-year (y-o-y) to ₹4,457 crore. According to Arun Misra, Executive Director, Vedanta Ltd, deleveraging continues and the first phase of capex across ongoing projects is nearing completion. He talks about, debt-management, commodity pricing pressures, and strategic decisions on divestment and expansion, apart from dealing with the ongoing tussle with a US-based short-seller.

Edited excerpts:

Your Q1 PAT is reported at ₹5,000 crore after adjustments, but the actual PAT stands at ₹4,457 crore, a 13 per cent y-o-y decline. Why the variance?

The ₹5,000 crore figure reflects our operational PAT, which grew 13 per cent y-o-y. The ₹4,457 crore includes a one-time, non-operational



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ARUN MISRA,
Executive Director, Vedanta Ltd

charge of ₹757 crore related to oil and gas exploration costs under the OALP blocks.

These are standard in upstream operations globally — when a block doesn't yield viable output, the cost gets written off. So, the operational business is performing strongly, but accounting norms impact the reported PAT.

Does this exploration write-off signal deeper

issues in your upstream portfolio?

Not at all. The nature of the oil and gas sector is such that you invest in exploration knowing some wells won't succeed. Global peers experience the same.

We're actively exploring new blocks and continue to pump in tech and management attention.

Your EBITDA margin rose to 35 per cent, but commodity prices have softened. Can these margins be sustained?

Despite price pressures, we expanded margins by 81 basis points q-o-q.

This was driven by cost control and premiumisation (better value added products). For instance, in aluminium, we are producing more value-added products, and the cost of production is at a four-year low.

Our zinc business reported its lowest-ever Q1 cost of production of about \$1,000 per tonne. Further cost reductions are on, with the company tapping in renewable energy sources. So yes, we believe margins are sustainable.

Pricing softened both y-o-y and q-o-q. That's why cost management was crucial.

Our margin expansion in such an environment proves our structural readiness.

Vedanta has ₹22,137 crore in cash but ₹58,000-plus crore in net debt. Why haven't you used more of the buffer to deleverage?

We maintain flexibility between operational funding, strategic divestments, and refinancing.

Cash is also used for future growth, not just deleveraging.

Our net debt-to-EBITDA has already improved from 1.5x to 1.3x, and we aim to bring it closer to 1x. Our funding cost at Vedanta dropped from 10.5 per cent to 9.2 per cent y-o-y.

Through better refinancing, longer maturities, and more secure instruments, we've managed this drop.

We expect interest cost to fall further, as we refinance upcoming maturities.

Short-seller Viceroy Research has been critical of Vedanta. Is it worrying?
We are a conglomerate with high international exposure.

There are multiple layers of international agency scrutiny that the company goes through.

I believe, investors have already reposed faith in the company and its finances.