"Vedanta Limited's Q3 Financial Year '25-26 Earnings Conference Call"

January 29, 2026

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Moderator: Ladies and Gentlemen, Good Day and Welcome to Vedanta Limited's 3rd Quarter Financial Year '25-26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. Participants connected on webcast link may change the quality settings to 1080p to watch the proceedings on best quality.

I now hand the conference over to Mr. Charanjit Singh – Group Head (Investor Relations), Vedanta. Thank you and over to you, sir.

Charanjit Singh: Thank you, Yash. Good Evening, Everyone and Welcome to Vedanta Limited Q3FY26 Earnings Call.

On behalf of team Vedanta, I thank you all for joining us today. I hope you had the chance to look at a "Press Release," "Earning Presentation" and the "Detailed Financial Statements."

On this call from Vedanta's side, we have with us Ms. Deshnee Naidoo – Group CEO, Mr. Arun Misra – Executive Director, Mr. Ajay Goel – Group CFO, Mr. Rajiv Kumar – CEO, Aluminum Business, Mr. Anup Agarwal – CFO, Aluminum Business, Mr. Jasmin Sahurity – COO, Oil & Gas and Mr. Rajinder Singh Ahuja – CEO, Power Business.

We will begin with the Business and Operational Update from Ms. Naidoo, followed by an Update on the Financial Highlights by Mr. Ajay Goel and thereafter, we will open the lines for Q&A.

With this, I now hand over the call to Ms. Naidoo. Over to you, Deshnee.

Deshnee Naidoo: Thank you, Charanjit. Good evening, everyone. It is a privilege to address you once again as I present our performance for the 3rd Quarter of FY26, a period marked by record operational achievements and key transformational milestones in Vedanta's 2.0 journey.

We achieved our best ever quarterly EBITDA of Rs.15,171 crores, while also recording our lifetime high revenue and PAT of Rs.45,899 crores and Rs.7,807 crores respectively.

Notably, two of our businesses delivered their best ever EBITDA, resulting in a consolidated EBITDA margin of 41%, a historic high for Vedanta, representing a year-on-year increase of 629 basis points.

Quarter 3 has truly been one for the books, with Vedanta recording significant milestones on all fronts -- operational, capital-related and corporate actions.

Firstly, the “Key Operational Milestones”:

We delivered our highest ever quarterly and nine-months alumina and aluminum production, with quarterly alumina output rising 57% year-on-year to around 0.8 million tons. We are well on track to deliver our full-year volume guidance of around 3 million tons, a new record in Vedanta's history.

Our Aluminum business recorded its lowest hot metal cost of the last 17-quarters at $1,674 per ton, better than our full-year guidance of $1,700 per ton to $1,750 per ton. This improvement is primarily driven by the $110 per ton quarter-on-quarter decline in power cost after the maintenance of our captive power plant in Quarter 2.

HZL recorded its highest ever mined metal and refined metal output, with both items registering a 7 to 9% increase quarter-on-quarter and 4% year-on-year.

Like our Aluminum business, Hindustan Zinc also delivered its five-year lowest production cost at $940/MT, 6% better than our cost guidance for FY26.

At our Zinc International business, the Gamsberg mine delivered its best ever recovery at around 85% in December, with the 3rd Quarter production surging 28% year-on-year and nine-months volumes increasing 38% year-on-year, in line with our full-year guidance.

Our Power business is on track to deliver an outperformance against our annual guidance, with Athena recording a PLF of 72% in Quarter 3, which is a 11% increase over guidance.

Our Iron and Steel businesses delivered a record nine-month pig iron production of 680,000 tons, that is an 11% increase year-on-year, and billet production of 775,000 tons, 13% increase year-on-year.

In Oil & Gas, our average gross production stood at 85,000 barrels of oil equivalent per day. Owing to various interventions across our wells, the decline in the rate of base volume at our existing oil fields has dropped from 18% to 13% over the first nine months.

These achievements were aided by strategic capacity additions and the completion of de-bottlenecking initiatives, reflecting our strong commitment towards achieving the guidance given at the beginning of the year. Again, these milestones have been achieved across all five businesses.

Our Aluminum business reported three major commissioning:

1. The addition of the 1.5 million tons per annum, Train 2, at our refinery in Lanjigarh, thereby taking our total aluminum production capacity to 5 million tons per annum.
2. The production of first metal from the new 435,000 tons per annum BALCO smelter.
3. Third, is the commissioning of the first 125,000 tons per annum billet line as part of the 250,000 tons per annum project at the Jharsuguda plant.

Zinc India business commissioned its 160,000 ton per annum Debari roaster and completed the de-bottlenecking projects at Chanderia and Dariba smelters, which added 21,000 tons per annum to our refined zinc capacity.

The Gamsberg Phase-II project at our Zinc International business is almost 90% complete, with commissioning being targeted in the next quarter.

The Power business added 1.3 GW of new capacity at Meenakshi and Athena power plants. Currently, Meenakshi has entered into a short and medium-term supply contract for 750 MW capacity, while Athena has signed supply contracts for its entire first unit of 600 MW.

Our Ferrochrome business reported the start of Kalarangiatta mines and the approval for the enhanced production from Ostapal Mine up to 530,000 tons.

At our Mangala oil field, one of the large ASP implementations globally on a single field is reaching its final stage of commissioning and is expected to open up additional reserves of 50 million barrels for the company.

We have made, as you would have seen, a gas discovery in the Ambe field awarded to us in September 2022 through the competitive bidding process. Evaluations are underway to assess the potential of the discovery.

In the initial nine months, we invested around $1.3 billion in growth CAPEX in various projects across all five businesses and we are on track to achieve our full year guidance of around $1.7 billion.

On the "Corporate Action Front," a significant milestone in this quarter has been the approval of our demerger scheme. This marks a defining moment in our journey, one that empowers our businesses to sharpen the strategies, strengthen the balance sheets and accelerate growth with the aim of unlocking shareholder value. On the 16th of December, the NCLT approved our demerger scheme, and on the 21st of January, we received the certified copy of NCLT's order. We are now progressing towards implementation and targeting 1st of April as the effective date with listings in the same quarter.

Turning to "ESG and CSR":

At Vedanta, responsible growth is at the heart of everything we do. The safety of our workforce remains our highest priority and non-negotiable aspect of our operations. To various initiatives at a group level, including the implementation of critical risk management, we continue to strengthen the safety culture across our facilities. However, much more needs to be done. On a year-to-date basis, our metrics do show an improvement, however, with our loss-time injuries down 20% and our TRIFR down 13%. Sadly, we lost three of our colleagues in this year, ending Quarter 3. This is incredibly painful for the team and I, and hence we continue to redouble our efforts on safety.

During the quarter, we made various strides in our sustainability journey too. Vedanta Aluminum once again demonstrated its ESG Leadership, securing a Second Rank in the S&P Corporate Sustainability Assessment for the Third Consecutive Year.

Our oil & gas business made a remarkable debut in its very first participation in the S&P assessment, ranking in the top five companies globally in the oil & gas upstream and integrated sector and emerging as the highest scorer in India.

In the CDP ratings, Vedanta maintained a strong climate score of “B,” while our water rating improved from “B to A-.

Besides ratings, we also achieved other recognitions, reflecting progress across our sustainability commitments. Hindustan Zinc's Kayad mine was recognized for excellence in energy and water efficiency. BALCO'S low-carbon aluminum product Restora recorded GHG emissions lower than four tons of CO2 equivalent per ton of product.

Reaffirming our unwavering commitment to inclusive growth, we continued our initiatives of empowering communities with investments of around Rs.268 crores in the initial nine months of FY26 towards various CSR initiatives that positively impacted over 5.5 million lives. These milestones are proof of our values in action, of the responsibility we carry towards our communities and the planet, and our vision for a sustainable future.

To summarize, Quarter 3 is registered as a landmark quarter in Vedanta's history. The company recorded its lifetime best Revenue, EBITDA, and PAT on the back of expanded volumes and sustained cost optimization across all businesses alongside improvement in metal prices.

During the quarter, we also achieved commissioning of new aluminum smelter and a refinery train. These are the significant milestones that will drive business growth in the coming quarters.

We received the NCLT's approval for a historic demerger and approval to acquire Incab Industries, another strategic move aligned with our vision of unlocking downstream synergies and broadening our market presence to enhance profitability.

With our Quarter 4 performance likely to surpass Q3 levels, we are on track to deliver what will become a lifetime high annual EBITDA of over $6 billion, surpassing the guidance given at the time of the H1 results.

Progressing into FY27, we are targeting commissioning of the Sijimali bauxite mine, having received FC1 earlier this month, the start of operations at Ghogharpalli coal mines, commissioning of the second 600 MW turbine at Athena, our 510,000-tons per annum fertilizer project at Hindustan Zinc, and our 250,000-tons and 510,000-tons VAB projects at both Jharsuguda and BALCO, phase-II commission at Gamsberg, and our 420,000-tons per annum DI pipe plant in Goa. These projects will further enhance volumes and deliver significant cost reductions through to FY27. We thank you for your continued support and trust in us.

Ajay will now provide a summary of our financial performance. Ajay?

Ajay Goel: Thank you, Deshnee, and a very good evening, everyone. The Quarter bygone Q3FY26 has been a quarter of immense significance for Vedanta, marked by remarkable performance, both operationally and financially, and crucial progress made on demerger and capital structure.

The macro environment is supportive with a strong demand and pricing being favorable, and we expect these conditions to sustain going forward.

On results presentation, following NCLT order on December 16, '25, the demerger accounting under Indian accounting standards, IND AS 105 has been incorporated in Q3 results, filed with the regulators. These results show aluminum, oil and gas, and iron and steel businesses separately in a summary one-line form. For clarity and for like-to-like comparison, below results are for combined operations which is pre-demerger and for all Vedanta existing businesses.

On “Performance,” we delivered our highest ever quarterly revenue of Rs.45,899 crores, up 19% YoY, with our portfolio strength supported by pricing which is favorable and strong operational execution and sustained growth across our core businesses.

We also this quarter delivered our best ever quarterly EBITDA of Rs.15,171 crores, growing 34% YoY with EBITDA margins expanding sharply by 629 basis points YoY to 41%.

Finally, the PAT grew 60% YoY to Rs.7,807 crores, marking our highest ever quarterly PAT in Vedanta history.

Overall, on a nine-monthly basis, the performance remains equally strong. We delivered our record best nine-months revenue of more than Rs.1.2 lakh crores up 10% YoY and best ever nine-months

EBITDA of Rs.37,529 crores, up 18% YoY. Nine-months PAT stood at about Rs.15,744 crores, our second best ever.

On growth CAPEX, we remain focused on disciplined and value-accretive growth. Over the first nine months, we invested about 1.3 billion in the strategic projects across aluminum, zinc, oil and gas and power, and remain on track to invest about 1.7 billion for the full year as we have earlier guided.

As these projects come on-stream, they will drive higher volumes, margins and earnings visibility across pricing cycles.

Briefly, moving on to the "Balance Sheet":

Our balance sheet continues to strengthen in a sustained and visible manner.

Net debt stood at about Rs.60,624 crores with cash and cash equivalents Rs.20,085 crores. Our net debt-to-EBITDA ratio leverage improved to 1.23x from 1.4x in 3rd Quarter, further strengthening our position in terms of debt-to-EBITDA.

We have brought down VEDL's cost of borrowings to below 9% in 3rd Quarter with further finance cost reduction in sight in near future.

"Offer-for-Sale":

You also may have noted on Jan 27th, we launched Zinc India offer-for-sale, which has seen strong demand and broad-based investor interest. Post completion, our shareholding in HZL will be around 60.7% from 61.8%. So, about 1.1% will be the stake dilution in Zinc as we close transaction over today and tomorrow. The transaction will further strengthen the balance sheet to fast-track de-leveraging and capital structure optimization aligned with company's long-term interest.

On the "Credit Rating":

The improving financial performance continued to get noticed and recognized by the rating companies. Following the demerger order, both CRISIL and ICRA have reaffirmed Vedanta's rating as "AA" with watch developing implications.

In addition, we got upgrades from S&P, Moody and Fitch. For VRL rating, rating outlook changing from "stable-to-positive" and that indicates there is room for rating augmentation in near future. This underscores confidence in our improved balance sheet, cash flow visibility and strategic direction clarity.

Moving on to "Demerger and Value Unlock":

It is about time for Vedanta 2.0 as we advance on demerger execution. With the NCLT order in place and key regulatory and operational matters worked through, we remain committed to completing demerger as earlier guided, targeting April 1st as effective date of demerger with listing of the demerged entities in the same quarter around mid-to-end of May. This structural transformation will unlock further value and improve capital efficiency across verticals.

You also may have noted that Vedanta delivered a TSR of almost 30% in 3rd Quarter alone, representing 5x of the index overall and 2.7x of NIFTY Metal Index.

In conclusion:

Q3FY26 marks a clear defining part of Vedanta with a strong performance and notable advancements across our strategic focus areas. With supporting macro environment and operating rigor, we are confident of delivering record EBITDA in FY26, surpassing $6 billion at Vedanta India consol level.

Finally, the demerger marks Vedanta's transition into a new phase of growth and value unlocking into a powerhouse of critical minerals, energy transition and technology.

Thank you and back to operator for Q&A's.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take a first question from the line of Amit Lahoti from Emkay Global. Please go ahead.

Amit Lahoti: Thanks for the opportunity and congratulations on a good set of numbers and I am really sorry for the loss of Mr. Agnivesh Agarwal. So, my first question is on demerger. As we have classified the businesses as discontinued operations in the financial statements, is it fair to say that all the approvals and name transfer on the assets are in place for demerger to go through?

Deshnee Naidoo: Amit, thank you so much for the question and thank you so much for your condolences. Amit, now that we have the formal order in hand, we will start with the various CPs we have and then all of the necessary steps that actually give effect to the corporate restructuring will happen. But Ajay, do you want to add anything to that?

Ajay Goel: Sure. So, Amit, the entire demerger accounting follows the Indian accounting regulation, specifically IND AS 103 and 105. And under that guidelines, in case the demerger is more likely over the next 12-months, then you have to account the way we have accounted. Obviously, we have to work through a couple of CPs and other statutory approvals. But, as we earlier mentioned, we are committed and confident making the 1st April as the date on which demerger becomes effective.

Amit Lahoti: Okay. And then my second question is on aluminum hot metal cost, so, where we have alumina cost, which is still at $800 per ton, and the cost of alumina production is clearly higher than the market price, which is now close to $300 in the international markets. So, what would be the mix of captive production versus imports going ahead? So, basically, the question is, is there any incentive for increasing captive production at all, given that the market price is lower than what we are producing at?

Deshnee Naidoo: Thank you so much for that question. I am actually going to shoot this straight to Anup and Rajiv. But Anup?

Anup Agarwal: So, thank you, Amit, for that question. So, Amit, on your first question on the captive mix, see, as we are ramping up Lanjigarh and Deshnee covered it, we did about 800 KT in Q3, and we are expecting 900 KT plus in Q4. So, that means 60% in Q3 captive, 70% in Q4, and going forward, Q1, Q2, it should be 80%. Now, coming to your second question on the alumina cost being closer to $800 per ton, see, I will tell you. As I said, on the bought-out alumina, what happens is, on the pricing month, we actually lock in the LME. And as you are seeing, with the LME in surge, we are not getting the benefit that we had intended. Now, you will see, Q3, the LME was closer to 2,600, now 2,800, and as we speak, it is closer to 3,100, and that is the reason. Last time we said, you will see a $50 lower cost, quarter-on-quarter. What we are seeing is a $20-$22 in Q3, and maybe a $25 in Q4, probably, as we go into Q1, you will see a cost sub-$750. But the main driver remains the captive, and as I said, we will be closer to 80% as we go into Q1. Amit, hopefully I have answered your question.

Amit Lahoti: Yes, so just a follow up on this, what is the contract as percentage of your total alumina consumption, as in contract related to LME price of aluminum?

Anup Agarwal: See, Amit, as I said, be it API, be it LME, whenever we are buying, whenever that material is getting priced, we lock in the LME. So, that has been our policy.

Amit Lahoti: Okay, got it. Thank you so much.

Moderator: We will take our next question from the line of Dhananjai Bagrodia from Alchemy Capital. Please go ahead.

Dhananjai Bagrodia: Hi, congratulations to everyone. Firstly, congratulations on a fantastic set of numbers in an environment. I just want to ask you for aluminum capacities for production, how much do we see the 600-plus KT, let us say in a year from today?

Deshnee Naidoo: Thank you for that. I am actually going to hand over to Rajiv, but just very quickly, the increase in aluminum production is coming from our BALCO project. So, let Rajiv update on the BALCO project and talk about the ramp up that we will see over the coming two quarters. Rajiv?

Rajiv Kumar: Thank you, Dhananjai. We are just now at 20-pots in the new 435 KT smelter at BALCO. We intend to increase to about 1 lakh ton by this March end, and then next three to six months, we will ramp up the rest of the pots. There are 304 pots divided into four zones. So, the first set of 76 pots would be online by March and the rest of the numbers would be on in the next three to six months and we will ramp it up from there. We have taken the best benchmark number of ramping up of the pots anywhere in the world for this kind of smelter.

Deshnee Naidoo: Thank you so much for that, Rajiv. Just to summarize on that, we will get to 2.8 million tons of aluminum post our BALCO project ramp up. The team is working on a set of debottlenecking exercises to close the gap from 2.8 to 3 million tons, which is what we have guided in the market over the next 18-months. But, in addition to that, our Lanjigarh refining will get up to 5 million tons. We are already close to those run rates. So, as Anup just explained, that is what gives us the integrated or the captive benefits there. But the other opportunity right now on aluminum is actually our value-added. So, we have value-added projects, both at BALCO and Jharsuguda. So, in addition to the volume uplift, which we will see in the next year, you are also going to see a margin increase from us in terms of VAP, which the team is working on how much more we can actually sell in the domestic market. So, I just wanted to give you the full aluminum growth and margin story to expect over the next one year. Remember, the BALCO project is 435.

Dhananjai Bagrodia: Sure. And in power, where do we see a capacity, let us say a couple of years or three years, how do we see that ramping up our power capacities?

Deshnee Naidoo: Certainly. So, in terms of current projects, we have another unit in Athena to go, which is another 600 megawatts, but I have Rajinder Ahuja, our Power CEO on the line. So, Rajinder, I think it would be good for you just to talk through where we are today, the current projects and of course, somewhat of the strategy around post the next three years.

Rajinder Singh Ahuja: Thank you, Deshnee, and hi, Mr. Bagrodia. Just wanted to tell you that as of now, this year we have commissioned around 1.6 gigawatt of capacity at Athena, Meenakshi. So, total capacity as of now up and running is 4.2 gigawatt. This is expected to go to around 4.8 gigawatt by end of H1 of the next year. And as we demerge, we really want to be a growth company and ride the India's growth story on energy. So, we are having a plan in place to put additional 10 to 12 gigawatt. That is a plan being made. And you will really see that, this company will be on continuous growth chart for the next five to seven years as India needs some more thermal power capacity.

Dhananjai Bagrodia: But, sir for this, do we have tie-ups to reach from 5 to 10 gigawatt? Are there even equipment available, everything is available, or how is that coming along on ground?

Rajinder Singh Ahuja: So, we are keeping all options open. Yes, there is a definitely capacity constraint from Indian manufacturers. But we are exploring India as well as outside India, all who can supply us and we have a good discussion going on. Maybe at right time, we will come out with the concrete numbers on that.

Deshnee Naidoo: But the focus right now is to get us to the 5 gigawatts as soon as possible. That is the focus. And the focus there is also to look at how we tie up most of that into contracts, as we saw with the current PPAs that we just landed for both Athena and Meenakshi. So, that is the focus. When we have the rest of the plans in terms of how to grow the power sector, especially now with the demerger, we will come back to the market.

Dhananjai Bagrodia: Absolutely. Sure. And lastly, thank you to Charanjit and the IR team for such strong disclosures. It has been really, really helpful for us as investors. So, thank you to Charanjit and the team. Thank you, guys.

Moderator: Take our next question from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: Yes, good evening. Thank you for the chance. I have a few questions. I got disconnected in between. So, please excuse if it is repeated. Firstly, I wanted to know hedging volumes, what proportion is hedged for 4th Quarter and mainly for FY27 across divisions, mainly aluminum, silver and zinc? And what sort of policy or strategy are we following as far as hedging is concerned?

Ajay Goel: Sure, Sumangal. We have not covered hedging. So, I think it is alright. Hedging, I think all of you would agree in the current environment is highly tumultuous. It makes sense to hedge. Hedging as a policy is dynamic, it is a real-time and we map the market the impact of practically on-time, real-time basis. We also have a global expert at Vedanta advising, Vedanta Risk Committee on the hedging. So, it is a joint call that we all take. That is the policy. In terms of how much we have hedged across the key commodities, silver hedging for the current fiscal as of now, it is about 68 tons and it is about 10% volume of the current fiscal. Additionally, about 50 tons is covered for next year, about 7%. So, overall, 10% for the current fiscal and 7% for the next year, 17% is the hedged quantity. The average rate is about $45 per troy ounce. In case of zinc, the hedging is almost 53KT each both for the 4th Quarter and next year. So, almost 100KT, almost 9% volume for the full fiscal is hedged. The average value, the price locked is almost $3,000 per ton across Q4 and next year. And finally, in terms of aluminum, 8%, about 185 KT for the 4th Quarter, and almost 490, 18% is the next year hedging. So, net-net 26% quantity hedged for aluminum. The average pricing is about 2,650. So, in summary, about 8% for the current fiscal and 18% for the next year has been hedged.

Sumangal Nevatia: Thanks. Ajay, can you just give FY27, what is the hedge price? The average price is 4th Quarter and FY27, right?

Ajay Goel: That is right. In fact, for the next year, the numbers are slightly higher. So, silver at about $55 per ton, about the quantity is 48 tons exactly. In case of zinc, it is 43 tons and the price is about 3,072. And aluminum is about 18%, 490 or so, and the pricing is about 2,625.

Sumangal Nevatia: Understood. That is very clear. Second question is on the aluminum cost. I just wanted to understand what sort of cost changes are we expecting over the next one or two quarters? And from BALCO smelter, what sort of ramp-up schedule can we expect over FY27, what utilization could we achieve in FY27 on an average?

Deshnee Naidoo: Thank you, Sumangal. We did already answer the BALCO ramp-up, but we can certainly re-summarize for you. So, maybe Anup, you can start with the cost over the next two quarters.

Anup Agarwal: So, Sumangal, so as you would have seen now in Quarter 3, our hot metal cost reduced by 8% compared to last quarter. While answering the alumina cost now, I had guided that next quarter alumina cost will be lower $25 almost. We have planned maintenance of one of our bigger power plant units and there you will see a higher cost. So, both will tend to offset each other. So, next quarter, broadly we are saying costs will remain flat at the constant LME, maybe half a percent here and there because of the inflationary pressure that we are seeing on the carbon commodity. Coming to Quarter 1, with the ramp-up in Lanjigarh and the bauxite that we are expecting from Sijimali, we believe we should have a $50-$60 cost reduction compared to where we are today.

Sumangal Nevatia: Understood. And just very lastly, any new deleveraging targets for both Vedanta Resources and India given the cash flows and the commodity prices?

Ajay Goel: Yes, sure. I mean, overall, what we committed last time, Sumangal, we as a group at VRL level, almost half a billion deleveraging and given the current OFS in the play, again, another half a billion. So, roughly about 0.8 to 1 billion will be deleveraging across the group in the current fiscal. With that, the VEDL India debt will come down by almost 0.7 billion in the current year and almost 300 at VRL level. At Vedanta India, we track debt-to-EBITDA. So, compared to 1.23x as on 3rd Quarter, we will be closing the fiscal at about 1x and that will be, I think, lowest in the last many, many years.

Sumangal Nevatia: Understood. Thank you so much. I will join the queue back.

Moderator: We will take our next question from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal: Yes, hi. Thank you for the opportunity and many congratulations to the entire team. My question is on the alumina part. Anup sir, you mentioned that we tried to purchase alumina at a percentage to LME. So, because our alumina production is increasing, so, do you think that whatever is requirement for FY27, we cannot go for spot basis because as a percentage of LME, we are not getting any benefit, in fact, if I do the calculation, 3rd Quarter, purchase alumina cost seems to be higher than second quarter, and obviously, it will continue to go higher because of the aluminum price. So, for the strategy part, cannot we go for spot purchase or is it not available itself? That is my first question.

Anup Agarwal: So, Ashish, see, last time I had said that we had some LME-linked contracts. But as we go into the next financial, most of our contracts are API-linked. That is what you call the alumina price index, it is not LME-linked. The point that I had covered in the pricing month and we had explained time-and-again that there is a 45-to-60-day lag. So, what we do is in the month of pricing, we actually lock in be it API, be it LME. And in a LME rising scenario, which you have seen almost 10% rising two months, you see that gap. And if the LME was constant, I am again repeating, you could have seen almost a $40-45 reduction in alumina in this quarter and the next quarter. So, at some point of time in the constant LME, you will see that big gain coming in. But LME-linked contracts are almost not there for the next financial year, very small quantity.

Ashish Kejriwal: So, is it safe to say that from first quarter FY27, when we are expecting $50 to $60 fall in hot metal cost, we are saying that entire alumina purchase or maximum alumina purchase is API-linked, not aluminum price-linked?

Anup Agarwal: Yes. So, that is the official point. On a constant LME, something which I mentioned, keep that in mind, Ashish.

Ashish Kejriwal: So, this is somewhat confusing actually, because the spot prices which we look at, that is something like $310-$315 per ton of alumina, whereas, if I link with aluminum, and even if you got 12-13% as a percentage of LME, it will be much higher, $400-plus. So, what you are trying to say is that -

Anup Agarwal: No, Ashish, I am only trying to say is that, see, suppose if I had bought alumina at $310 as you rightly said, and there is a lag of 60-days. So, when I am pricing the alumina, the LME is 3,000. In the consumption month, if it is 3,200, you only have that lag. Otherwise, there is absolutely no lag. Because as a policy, we are locking the LME in the month of pricing. It is not LME-linked.

Deshnee Naidoo: I think it is very clear, Ashish. Price is API-linked. Consumption in the month would be LME-linked. That is just the way we account for it.

Ashish Kejriwal: Okay, I will try to take it offline. Second thing is in terms of our coal block, Kuraloi, which we are saying that we are going to start in 4th Quarter. So, have we received all regulatory clearances, and now we are on ground, because we are already at end of Jan, so, how comfortable we are in that coal block for Kuraloi? And as well as Sijimali, we have received stage-I forest clearance. But even after that, we need to do some clearance in other local bodies' clearances. How comfortable we are saying that Sijimali, we can start before monsoon this year?

Deshnee Naidoo: Rajiv, I think you can give a full update on both the coal as well as all our bauxite blocks.

Rajiv Kumar: So, thank you for the question, Ashish. On Kuraloi, as you rightly said, we got the FC stage-I on 12th of May 2025 and FC stage-II clearance we got on 12th of January this month, 2026, and the CTO and some approvals, mine lease opening as well as escrow account opening, all that is running in parallel, and we are quite hopeful, we have already put in the MDO and the team is on ground and we are ready, we have already shifted our offices in that area on Kuraloi, and we are very hopeful of commissioning the Kuraloi mine by Quarter 4 of FY26, which has been the guidance. As far as Sijimali is concerned, FC stage-I was obtained on 31-12-2025, EC, we are expecting by February '26, and we are quite hopeful of operationalising the mine, as you rightly said, in the monsoon month. So, we are quite there and we are very hopeful of doing both. As far as Ghogharpalli is concerned, we have also made headway and mine plan is already approved, and public hearing, we got it in January '26, done, completed, EC, we are expecting by May '26 and FC by July '26. Again, commissioning as we have guided, we will stick to that commissioning. So, we are in control and last leg of approvals as far as Kuraloi and operationalising Sijimali by Quarter 1 FY27. Thank you.

Ashish Kejriwal: That is great. And lastly, on steel, we have not heard anything on the getting clearances for our expansion from 1.5 to 3 tons. And obviously, every quarter or half yearly, we keep on postponing that final date. So, do we think that 1.5 to 3 million tons approval from the government or the regulatory authorities we are going to get in this year or actually where we are on that process?

Deshnee Naidoo: Thank you so much for the question. So, we have completed the acquisition of our 913 hectares of forest land that we have already handed over to the forest department. The team on the ground has been engaging with the MoEFCC in terms of what else we would need to comply with. Ashish, I do not want to preempt, but we are most hopeful that this would happen soon. And then in terms of progress on the ground, once we get the approvals, we will start to accelerate the project completion.

Ashish Kejriwal: Thank you so much, team. And I must congratulate for the team for effective debt management as well as project execution. Thanks and hats off to you guys.

Moderator: We will take our next question from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: Yes, good evening. So, the first question was on the timeline. So, we are still showing power business as under-continuing operations. So, are you confident that we should be able to get all requisite approvals before March or April if you want the full demerger to be effective?

Deshnee Naidoo: Ajay, do you want to take that question in terms of just reiterating the timelines as we understand it for demerger?

Ajay Goel: Yes, it is just the dates, Pallav. I mean, as we know, the overall, the bigger demerger, the four businesses, the NCLT order came on December 16th, which falls within the 3rd Quarter, October-December. The NCLT order for power, in fact, came on January 9th. So, it is an event post balance sheet date, and hence, power is part of operations in continuation. So, in terms of approvals, we intend to demerge all four companies on the same day and the target right now being the 1st April. So, they will be all co-terminus on the same day.

Pallav Agarwal: Sure. From the perspective of valuing the individual businesses, so how do we apportion the portion of debt among the various businesses, so, probably a proper picture of the valuation of the different entities?

Ajay Goel: As we speak right now, the management is a focused similarly, in fact, carving out multiple balance sheets and debt allocation and many more statutory requirements. So, in terms of debt, I think that remains simpler part. When we went to the banker seeking NOC, in that case, debt allocation was broadly aligned with the bankers as a precondition for granting NOC for demerger approval. So, broadly, the net debt in Vedanta India consol at about 6.7 billion, we get apportioned in the ratio of assets that each entity will carry post demerger. One more dimension remains is each entity's cash generation and debt serving capability. So, in summary, a significant portion of debt out of 6.7 billion will go to aluminum, some portion to power and the remainder Vedanta. Oil and gas post demerger will practically be debt-free and a very small debt in iron and steel. So, it is all being worked out and by end of this March, be it recasted balance sheets, P&L account or debt allocation will be all finalized.

Pallav Agarwal: Sure, that would be very helpful. And lastly, on the oil and gas business, so we are adding some reserves, but production continues to decline. So, like with some new fields getting added, is there some probability that this can increase going ahead?

Deshnee Naidoo: Thank you, I am going to hand over to Jasmin, our COO, who will take the question. But I just wanted to also remind the market that we did come in and talk about the three different projects that we were undertaking in Rajasthan, firstly on ASP, as well as the work that we had to do on tight oil, and then some of the exploration activities in terms of infill drilling. So, Jasmin, when you update, I think just because we spoke to the market the last quarter, let us just speak about why the volumes did not come to plan and what is the recovery plan that we have underway at Rajasthan?

Jasmin Sahurity: Right. Good afternoon, everybody. So, the main reason why volumes are not coming to the level that we expected is actually delaying of the project ASP commissioning and startup, which is enhanced oil recovery, one of the largest in the world and very expensive technology. However, we are about to finalize commissioning and startup and to pick up the first volumes of the contributions from the reservoir in that way in the period of next three months. This is first bucket. Second bucket is tight oil is immensive, basically reserves in place and the resources that we are converting to the reserves and with the intensive recompletion strategy and the drilling new wells will pick up that from the existing 8,000 to 15,000. Basically, that two buckets will stabilize the decline to actually be on the sustainable production delivery and slowly picking up an increase towards 90,000. As you are also aware in the west offshore, we discovered that recently confirmed reserves on the largest scale in the offshore shallow Ambe. However, that project will be commissioned and startup this financial year '27 in Quarter 4 and the first volume will be the stable production rate will be around 15,000 in March next year. On the Northeast biggest prospect, we are in the continual delay for the first and the most important exploratory appraisal project, SP-I. It is not easy to operate over there. We are finally coming with all commitments towards the environment and the local government in terms of approvals and without that, we cannot ultimately start our drilling program. We hope it will be commissioned end of this March, and then we can drill two to three wells, which will discover potential volumes of up to 100 million reserves, which will definitely ramp up production in our entire portfolio, especially from the Northeast. That is in the nutshell everything. We have a couple of more projects which are working for the further development, like a heavy oil in the Rajasthan north, like an infill on the south satellite fields of oil in the Rajasthan south, and the east coast, a very promising big prospect of onshore to offshore drilling, which may increase our reserves to 15 million additionally. So, all in all, we expect the next year to stabilize everything and to grow to at least 90,000, and then year after the year, reaching our ultimate target of 150,000.

Pallav Agarwal: Sure. Thank you so much for the detailed answer. So, just finally, I think as part of the demerger, there is some guarantee to be provided for the arbitration dispute. So, would that be at the Vedanta Limited, the primary company level, or at the oil company level?

Deshnee Naidoo: Yes, that has already been dealt with at the current structure. So, when we demerge that will be without the obligation sitting at the entity level.

Pallav Agarwal: Sure. Yes. Thank you so much.

Moderator: We will take our next question from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Yes. Hi. Thanks for the opportunity. A few questions. One is for Ajay. So, we had a certain outgo commitment that we are with respect to interest in ICL. Any update on that, because honestly, we are expecting some payout to fund that. So, if that thing is something which has been taken care of, how was it funded? That is the first question.

Ajay Goel: Yes, sure. So, in fact, all of the ICL is on track as we have committed or as in fact is contracted. As of now, out of a billion ICL advanced in 2019, 417 million remains outstanding and practically 200 million is due on Jan 31 in the three, four days from now and the balance of 200 million sometime in Q1, which is end of May. So, out of 200 million ICL due in January, 50 million in fact we have prepaid in December. So, 150 million now remains pending in January and the balance 200 million in May. The entire ICL 350 million will be paid on time.

Ritesh Shah: All right. So, this balance 150 million and there was an interest payment I presume 270-280. So, the idea is to still fund it via dividends?

Ajay Goel: So, if you look at the 4th Quarter Jan-to-March, so almost 150 million is the ICL. There is no other debt due in the 4th Quarter. So, 150 million is ICL and the balance 125 million is the interest. So, overall, 275 million. Now, how do we fund it? Again, the option remains the mix of refinancing and repayment. Now dividend, as you would appreciate, Ritesh, is a board matter, but we have in the past been committing about 6% dividend yield and what we have paid in the current fiscal is almost 3%. So, a payment of a dividend in the 4th Quarter is likely subject to board approvals, in that case, the entire dues almost 275 million in the 4th Quarter will be addressed through dividend.

Ritesh Shah: Thank you so much for a detailed answer. My second question is, how should we read into confidential filing for CopperTech Metals? So, I am reading it more from the VRL debt profile and the recent OFS that we have in Hindustan Zinc. How should we read into promoters holding into Vedanta and Vedanta holding into Hindustan Zinc, how should we look at a broader top-down thought process from a company?

Deshnee Naidoo: Ritesh, I think from an overall CopperTech point of view, there is no link with Vedanta Limited and anything below VRL. This is a separate entity sitting at Vedanta Resources Limited as we told the market. And that entity today will be holding 80% of our KCM interest that as we have told the market that we have filed an S1 that we are going through the process with now with the SEC in terms of next steps. But there is no link.

Ritesh Shah: Please correct me if I am wrong. So, it is a VRL which holds 80% into the entity, right?

Deshnee Naidoo: Yes, it is VRL that currently holds 80% of our KCM interest with 20% being held by the local government entity in Zambia.

Ritesh Shah: Correct. So, would it be possible for you to give some color on what is the thought process? I appreciate it has nothing to do with Vedanta, but it will impact the debt profile at the VRL level, so that is where the interest is from.

Charanjit Singh: I will have to intervene here. We are in the silent period with respect to having done the S1 filing. So, we cannot speak anything until the process is continuing.

Deshnee Naidoo: As we guided in the last results.

Ritesh Shah: Thanks for the detailed disclosures with respect to the different entities. But, if we had to understand the element of accumulated losses, unabsorbed depreciation, tax efficiency, is there a way in which you can help us we can appreciate these variables?

Ajay Goel: That work, Ritesh, right now is underway, as I mentioned. So, over the next eight weeks, two months or so, recasting multiple balance sheets for each of the resulting entities, get a location in terms of finalization, structure of the management in place, all will be worked out. Allow us maybe almost two months' time, you will have all the numbers. One thing I can confirm to the entire audience and to the stakeholders at large, that demerger in fact, becomes an opportunity across the areas. Take an example, the OFS right now is in the play. The value is almost Rs.3,000 crores. And that also gives the reason to fast track the entire de-leveraging. And as I earlier mentioned, our intent is to make oil and gas business debt-free, and also our iron steel business almost debt-free. So, many of this structuring will be an Vedanta opportunity from taxation viewpoint and otherwise.

Ritesh Shah: Thanks for that. I did not get the Rs.3,000 crores number, sir.

Ajay Goel: So, the OFS for zinc right now, we are looking at almost 1.1% as the bidding both by retail and institution got closed at 230. It is about the 1.1% stake sale and that is Rs.3,000 crores broadly. And the entire amount will be used for de-leveraging.

Ritesh Shah: Sure. And a last question, in notes-to-accounts, we have mentioned a claim of $512 million. How should we look into this? I understand it is sub judice, but under which entity will this fall and how should we look at this variable going forward?

Ajay Goel: That is an ongoing matter with the MoPNG. It pertains to oil and gas, and the matter is in arbitration. In fact, all the judgments in the past has been in Vedanta's favor. And in our assessment, that matter is a medium to low risk.

Ritesh Shah: So, if there is a windfall gain, where will it fall?

Ajay Goel: It is arbitration is in the play. And the next date of hearing is sometimes in the middle of March. And that will determine any gain, if at all. Any accounting implications, gain or otherwise, will go in oil and gas business, post-demerger.

Deshnee Naidoo: It is ring fenced to oil and gas, whatever the decision.

Ritesh Shah: Okay. Perfect. Thank you so much for the detailed answers. Wish you all the very best. Thank you again.

Moderator: We take our next question from the line of Rashi Chopra from Citigroup. Please go ahead.

Rashi Chopra: Thank you. Just on Zinc International, how do we think about the cost in the 4th Quarter and next year?

Deshnee Naidoo: Thank you so much. Rashi, in terms of current cost levels, have become higher for a couple of reasons. As we continue to do the waste stripping in the mine, we move some of those costs from capital into OPEX. So, that is one of the movements we have seen. Of course, the exchange rate in South Africa has not worked in our favor. That is also contributing to some of the dollar cost movements in the quarter. And then we also have slightly higher TCRCs quarter-on-quarter, which is the other big decider. And then although the Gamsberg mine and planted very well in terms of the 50,000 in this quarter, our Black Mountain mine, because of the deep decline, is actually coming to the end of its life. And without the Black Mountain tons and the associated copper and silver we get as a byproduct, that has also affected the overall cost structure. A good cost structure post ramp up of our Gamsberg project actually should be in the range of about 1.1 to 1.2. So, $1,100 to $1,200 per ton. But that will be patchy as we ramp up and with some of the headwinds that I have just mentioned in terms of TCRCs, as well as our waste stripping moving into cost. I hope that gives you some indication.

Rashi Chopra: Yes, thank you. On the interest cost switching here, you mentioned that the 4th Quarter, the balance interest payment is about $125 million. Is that $400 million for FY27 and FY28?

Ajay Goel: Okay. From a VRL viewpoint, Rashi?

Rashi Chopra: Yes.

Ajay Goel: So, let me give you slightly details answer in terms of the VRL requirement on maturities, both principal and interest for next fiscal. So, interest, you are right, the number is almost 450 million for the next fiscal at VRL on fully yearly interest cost basis. So, 450 is interest. In terms of principal, the actual debt is 450 and ICL 200, 650. 650 and 450 is almost 1.1 billion. Now, how one should look at in terms of debt servicing, there are two source of cash for VRL, the brand fee, let us say 400 to 450, and the remainder, even if you pay 5% or lesser dividend, 650. So, net-net, as we have been saying in the past, the Vedanta resources will be self-sufficient, self-funded to a 5% dividend and routine brand fee going forward.

Rashi Chopra: Got it. Thank you. And just to clarify once again, on hedging, what was the aluminum hedge volume for this quarter and for the next year?

Ajay Goel: So, the current quarter is almost 185 KT at a price of 2,640. For next year FY27, it is about 490 KT and the pricing is more or less same; it is 2,625. So, 185 and 490 KT next year, pricing roughly is 2,625 on both the cases.

Rashi Chopra: Understood. Your captive alumina target for 1Q'27 is 80%, right?

Anup Agarwal: Yes, Rashi, that is right.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Charanjit Singh for closing comments. Over to you, sir.

Charanjit Singh: So, thank you, everyone for taking out the time to join us. For any unanswered questions, feel free to get in touch with the IR team. So, with this, we conclude our call and we look forward to reconnecting with you in April for our Q4 Results. Goodbye and good day, everyone.

Moderator: Thank you, members of the management team. On behalf of Vedanta Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.