



“Vedanta Limited Q1 FY '26 Earnings Conference Call”

July 31, 2025



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Moderator: Ladies and gentlemen, good day, and welcome to the Vedanta Limited's 1st 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 the webcast link may change the quality settings to 1080p to watch the proceedings on the 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, Sagar. Good evening, everyone, and welcome to Vedanta Limited Q1 FY '26 Earning Call. On behalf of team Vedanta, I thank you all for joining us today. I hope you had the chance to look at the press release, earnings presentation and detailed financial statements uploaded on the website of stock exchanges and the Company website.

On this call, I have with me our group CEO – Ms. Deshnee Naidoo; Mr. Arun Misra – our Executive Director; Mr. Ajay Goel – our Group CFO; Mr. Rajiv Kumar – CEO, Aluminum Business; Mr. Anup Agarwal – CFO, Aluminum Business; and Mr. Hitesh Vaid – CFO, Oil and Gas Business.

We will begin with an operational and strategic update by Ms. Naidoo, followed by financial highlights by Mr. Ajay Goel. Thereafter, we will open the lines for Q&A.

The call is covered by the cautionary statement provided in the Results Presentation. With this, I now hand over the call to Ms. Naidoo. Over to you, Deshnee.

Deshnee Naidoo: Thank you so much, Charanjit. Good evening, everyone. It is a pleasure to address you all as we mark the close of the 1st Quarter FY '26.

We began the financial year amidst global uncertainty resulting from the implementation of the U.S. announced tariff.

Early April, we witnessed a sharp decline in the prices of key commodities, particularly the one relevant to us, aluminum, zinc, iron and steel, and oil and gas. Despite this backdrop, we delivered our strongest 1st Quarter performance ever, setting a strong foundation for the year.

During our last interaction in April, I spoke about a new chapter in Vedanta's journey, Vedanta 2.0, a forward-looking value driven road map designed to reinforce our leadership across critical minerals, energy, and technology, while ensuring sustainable long-term growth for all stakeholders.

The progress made on this front includes the NCLT initiated hearing on the second motion petition for demerger. The NCLT bench held their first hearing on July 2. Given the paucity of time, the process could not be completed, and the next hearing is scheduled for August 20th. This will take us a step closer to the final order.

Augmentation of our strategic investment plan. In the 1st Quarter, Hindustan Zinc's Board approved the first phase of its expansion towards 2 million metric tons capacity. This phase will add 250,000 tons of capacity and is backed by a \$1.4 billion investment, thereby announcing our total capacity or total capital investment plan from \$9.5 billion to \$11 billion, of which \$5.9 billion has already been spent as at June 2025.

We secured two additional mining blocks of high value critical minerals, thereby taking the total count of blocks assigned to 10 since the launch of India's critical minerals mission. These blocks are for nickel, chromium, cobalt, vanadium, manganese, tungsten, gold, and rare earth elements.

Now we know that this journey on the Vedanta 2.0 road map isn't going to be without challenges. But given our robust business model, strong governance framework, and transparent disclosures, we see ourselves well-positioned to address any challenges that may come our way.

Being a listed company, we are always open to market scrutiny. However, it is also our responsibility to call out any false narrative targeting us, guided by vested interest, such as the recent malicious propaganda by short seller with an ulterior motive of profit booking at the cost of our long-term investors.

I appreciate the wisdom of our key stakeholders who despite the repeated attempts from the short seller to create panic among them, have remained unswayed. As you might be aware, we sought legal advice on the matter from the ex-Chief Justice of India, and his opinion is now shared publicly.

Now turning to our operational performance for the quarter:

Vedanta has posted a robust performance despite a softer pricing environment. Revenue and EBITDA grew by 6% and 5% year-on-year, driven by stronger domestic demand. The EBITDA margin expanded by 81 basis points year-on-year to 35%, the highest in the last 13 quarters. ROCE improved to 25%, up 87 basis points year-on-year, enabled by record volumes across key segments and improved margins given the rigorous cost discipline.

Let me now walk you through the various business segments:

Starting with aluminum, we achieved a record quarterly alumina production of 587,000 tons, up 9% year-on-year, demonstrating progress towards delivering a guided volume of over 3 million metric tons in the current financial year.

Our metal production reached 605,000 tons, and we recorded the lowest hot metal cost ex-alumina in the last 16 quarters at \$888 per ton. This is driven by the lowest ever power cost at \$491 per ton, supported by a record PLF of 89% at our captive facilities. These costs are sustainable over the coming quarters, except Quarter 2 given the planned maintenance of power generation facilities during the quarter.

Our Zinc India operations delivered its highest ever quarter mined metal production of 265,000 tons and the lowest ever 1st Quarter cost at \$1,010 per ton. The share of value-added products reached 24%, demonstrating progress towards our strategic value-added plan.

Shifting focus to our international operations, Zinc International delivered a strong performance as Gamsberg's production surge 74% year-on-year, backed by strong oil availability and mining ramp up.

Our oil and gas business faced a natural decline in the MBA fields. However, this was partially offset by the infill wells in Aishwarya, ABH and Satellite fields, particularly in the last two months of the quarter. Over the quarter, we reported an average daily volume of 93,200 kboepd and managed to reduce the OPEX by 11% quarter-on-quarter through optimized polymer and chemical use.

Our power business recorded a robust 30.8% quarter-on-quarter volume growth supported by the start of the 300-Megawatt capacity at Meenakshi Power Plant and 90% availability at TSPL.

In iron ore, we scaled up volumes at our Karnataka mine to the highest ever 1.7 wet metric ton, while our value-added business in Goa delivered its highest ever 1st Quarter pig iron production of 213,000 tons. Operational enhancements like the new PCI Mill and the Coke Drying System are setting us up for sustained efficiency.

At ESL, we saw a marginal drop in production due to the furnace maintenance, which was offset by the increase in our iron ore output to 0.94 million tons. Margins ex-mines are strong, improving by 11% quarter-on-quarter to \$49 per ton.

Finally, our FACOR business delivered an exceptional growth with all production rising by 66% quarter-on-quarter and Ferro Chrome output by 150% quarter-on-quarter with the restart of the second furnace.

At Vedanta, we are proud of delivering responsible growth with focus on all our stakeholders. In the 1st Quarter, we reported zero workplace fatalities. We are making steady progress towards our climate goals and have already signed a total renewable power delivery agreement of 1,900 Megawatts.

During the quarter, we impacted just over 2 million lives through initiatives in maternal health, nutrition, education, and skilling. Our flagship Nand Ghars program with over 8,600 centers across India is now transforming the lives of over 600,000 people.

Looking ahead, our volume growth and margin expansion stories will continue across all businesses. In aluminum, the commissioning of Lanjigarh Train II and the 435,000 tons per annum Balco smelter is targeted in the current quarter. The average alumina cost per ton is likely to decline further, which is a true reflection of lower market prices and increased share of captive production.

At Hindustan Zinc, we are targeting the commissioning of a 160,000 ton per annum roaster at Debari and in the current quarter, thereby making us ready for the 1.2 plus million tons per annum refined metal production.

Our Zinc International business is on course to complete the Gamsberg Phase-2 project in the second half of the current financial year, thereby increasing operational mine capacity of Zinc International to 525,000 tons per annum.

In oil and gas, the current quarter is going to be action driven. We are set to begin ASP injection, commence drilling on the West Coast, and launch exploration in the unconventional blocks. Additionally, we are evaluating drilling plans for deepwater exploration in KG Basin.

Our power business is set to add another 1,300 Megawatts of new capacity in the second quarter. In July, we commissioned the 350 Megawatts at Meenakshi, that's Unit 3, and the 600 Megawatts at Athena, Unit 1. An additional 350 Megawatts at Meenakshi, Unit 4, is planned for commissioning in August, while Athena, Unit 2, with a capacity of 600 Megawatts, is scheduled for commissioning in Quarter 4 in the current financial year.

I would like to conclude by stating that despite the uncertain macro environment, our 1st Quarter performance has set us intact to achieve our FY '26 guidance. At current commodity prices, we are well-positioned to deliver our best performance. We are confident of creating sustainable long-term value for all stakeholders, while progressing our journey on the Vedanta 2.0 roadmap. Thank you. Ajay?

Ajay Goel:

Thank you, Deshnee, and good evening, everyone. The new fiscal has commenced amidst a complex and evolving macroeconomic environment. The 1st Quarter was defined by continued commodity price volatility and a recalibrating global landscape driven by evolving trade dynamics and geopolitical realignments. LME prices remain subdued with most key commodities barring silver witnessing Y-o-Y decline.

Despite these headwinds, I am pleased to report that we have delivered our highest ever 1st Quarter EBITDA of Rs. 10,746 crores along with an 81 basis point Y-o-Y improvement in margins. This robust performance reflects the strength of our portfolio and was enabled by

rigorous cost reductions through operation efficiencies, stronger market premiums supported by healthy domestic demand, and net favorable Forex and other strategic levers.

Our key businesses continued to demonstrate exceptional margin resilience. Aluminum at 31%, Hindustan Zinc at 51% and Cairn at 55%. Hindustan Zinc achieved its lowest ever 1st Quarter cost of production, while aluminum reduced its hot metal cost down by 12% quarter-on-quarter, both remarkable operational milestones.

Financial performance highlights:

Let me now walk you through our Q1 financial results, which reflect the strength and consistency of our operation:

Consol revenue at Rs. 37,404 crores, registering a solid 6% growth Y-o-Y.

EBITDA came in at least Rs. 10,746 crores, our highest ever for the 1st Quarter, marking a 5% increase Y-o-Y. EBITDA margin expanded to 35%, the highest in the past 13 quarters, a clear indicator of operational excellence and cost discipline.

Adjusted PAT rose to Rs. 5,000 crores, a strong 13% growth Y-o-Y, while reported PAT stood at Rs. 4,457 crores after factoring in certain one-off items.

ROCE improved by 87 basis points Y-o-Y to 25%, sustaining our double-digit growth profile and reinforcing our focus on capital efficiency. With this strong start up of the current year, we are well-positioned to sustain momentum as we execute our strategic priorities.

Now turning to the balance sheet:

We continue to operate with a position of strength and discipline. So, as of June 2025, our net debt stood at Rs. 58,220 crores, representing a decline of Rs. 3,100 crores Y-o-Y, supported by strong internal accruals and targeted capital actions. The net debt to EBITDA ratio improved to 1.3x from 1.5x last year, reflecting improved cash flow generation and capital management efficiency.

We ended the quarter with a healthy liquidity of Rs. 22,137 crores, a 33% Y-o-Y and 7% quarter-on-quarter increase, providing us with ample headroom for investment and contingencies.

Now finally staying true to our shareholder commitment, we declared a dividend of Rs. 7 per share during the quarter.

Moving on to capital actions and deleveraging:

In line with our capital discipline agenda, we took several initiatives in the quarter, further strengthening our capital structure. We monetized 1.6% stake in Hindustan Zinc, raising more than Rs. 3,000 crores in Q1. We also raised Rs. 5,000 Cr via NCDs and other loans at more favorable terms, a testament to the market's confidence in our great credit strength.

These initiatives have contributed to a 130-basis point improvement Y-o-Y in our borrowing costs, now reduced down to 9.2%. Together, these actions enhance financial agility, further our journey towards a leaner capital structure.

Demerger update:

Let me now update you on the progress of demerger:

Deshnee though briefly covered that. The second motion petition has been formally submitted to NCLT, and the next hearing is scheduled on 20th August after part hearing on 2nd July. Separately, the NCLAT has granted an interim stay on TSPL, our power demerger order by NCLT, with the next hearing scheduled on 4th August. We remain confident of the positive outcome in both forums, and we continue to progress in line with our previously shared timelines. The execution of the demerger remains a top priority for Vedanta.

On credit ratings, both CRISIL and ICRA have reaffirmed Vedanta's ratings at AA, reflecting strong institutional confidence in our governance practices, financial strength, and the long-term strategic outlook.

In conclusion, to sum up:

Q1 has been a quarter of strength, discipline, and strategic delivery. We delivered a record 1st Quarter EBITDA, executed critical capital and deleveraging actions, sustained robust margins in the key businesses, announced much anticipated 2x growth project for Zinc India. And in July, we commissioned 950 megawatts of merchant power facility at Meenakshi and Athena, both of which are now fully operational.

As we look ahead, we continue to operate with clarity and conviction, undeterred by external attempt to shift the narrative. Together, we are building a stronger, future-ready Vedanta. Vedanta 2.0. Thank you. Now, over to operator for Q&A.

Moderator:

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

Amit Lahoti:

My first question is on aluminum hot metal cost, which has declined in Q1. So, what are the drivers here in terms of power and other stuff? And can we expect more savings in coming quarters?

Deshnee Naidoo: Thank you, Amit. I will start and then hand over to Anup. So, we delivered, as you mentioned, a COP of \$1,765 per ton in Quarter 1, and that was a reduction of \$246 per ton. So, that is a 12% quarter-on-quarter. This is largely on account of the softened alumina market prices as well as the increase in captive mix as we indicated with the Lanjigarh increased volume.

So, in Quarter 2, we are likely to see a marginal cost reduction that have also indicated, you know, although we have better reception of the lower alumina prices, it will be balanced by higher power cost due to the planned maintenance activities we have at our power plants in Jharsuguda in particular. In the second half of the year, we do expect cost to be around the lower end of the already guided range.

I will hand over to you, Anup, to talk about some of the specifics we are doing in terms of cost reduction and containment across aluminum.

Anup Agarwal: Thank you, Deshnee. And, Amit, see, in H2 with the Train II Lanjigarh commissioning, we will have improved captive mix. So, that will take our mix which is at presently 50% to somewhere around 65% to 70%, point number one.

Point number two, you have seen last few quarters, the work that has happened on the power and the coal. And Deshnee covered it, but for some planned maintenance, which was by design, planned to set up for the H2, we are now close below \$500. So, with the improved Lanjigarh mix, the alumina cost below 800, the power cost somewhere around 500, you can see we are now set for the hot metal cost sub 1,700 as we go into the H2.

And you will recall in our guidance also, in the year beginning, we had said that the hot metal cost for the year will be in the range of 1,700 to 1,750. Q1, we have done closer to 1,765. Quarter 2, Deshnee already included that because of the planned shutdown, we will be slightly higher or marginal or flattish. But for H2, we expect a very, very strong cost. And if you look at the LME today, and given the NEPs that we are having, you can see that today, probably we will have a margin of \$1,100 or so as we go into the H2.

So, Amit, hopefully, I have answered your question. Thank you.

Amit Lahoti: Yes. So, just to follow-up on this specifically for alumina cost, as you mentioned in your opening remarks as well, could you quantify cost reduction that could come one from lower alumina prices and second cost reduction at Lanjigarh because it has gone up in the recent quarters to \$370, \$380? So, can we see some reduction there as well at Lanjigarh?

Anup Agarwal: So, Amit, you can see, next two quarters, we expect a cost reduction of closer to \$80 to \$100. And you can assume that 60% of it is going to come through the captive alumina bauxite, and the balance is, of course, going to come from the softened market price.

- Amit Lahoti:** And lastly, if you could provide commissioning time lines for Sijimali bauxite mine as well as the coal mines?
- Deshnee Naidoo:** Thank you, Amit. Maybe I will start and then hand over to Rajiv. So, on Sijimali, we are targeting the EC by the end of this quarter, which means probably a start of production at the end of Quarter 4. In terms of overall bauxite mix, we are still factoring, as we have indicated previously, about 1 million to 1.5 million tons of bauxite from Sijimali this year still.
- I will hand over to you, Rajiv, to talk more and also the questions around coal mining timing.
- Rajiv Kumar:** Thank you, Deshnee. Thank you, Amit. On Sijimali, we are going to get the FC1 clearance at the start, and then followed by EC clearances, followed by FC2 clearances. So, that is the process of clearances. The FAC in Delhi happened yesterday, and we have to get the communication in the next few days. Hopefully, we are going to get the approvals. And then from there, I think, as Deshnee said, in next three to four months, we should be over with all the approvals, and then we can start to go on to the mine.
- As far as coal is concerned, Kuraloi, we have an in principle approval for FC1. And just few days back, we got a grant for the EC as well. FC2 is also being targeted by the end of the quarter. And as is the guidance in the last quarter, in Quarter 3, we should be up and we should be ready to start Kuraloi. So, that is the guidance and we stick to the guidance.
- As far as Ghogharpalli is concerned, the mining plan has been approved. The TOR has been in granted. Few days back, we got 300 acres. This is about 41% of the government land. And we are targeting the FC1 and the EC by Quarter 4 of this year. I hope I have answered you, Amit, related to the progress of the Sijimali and Kuraloi.
- Amit Lahoti:** Yes. Thanks for elaborate answer. Appreciate it.
- Moderator:** Our next question comes from the line of Ankit Tikmany from SBI General Insurance. Please go ahead.
- Ankit Tikmany:** I just wanted to know whether Guinea and EGA issue is resolved. If not, what is your bauxite sourcing plan?
- Deshnee Naidoo:** Thank you for that. Ankit, I think I will hand over to Anup on the question. But if I understood you well, you are asking us about EGA, right?
- Ankit Tikmany:** Right.
- Deshnee Naidoo:** So, EGA's operations in Guinea still stand suspended as there is no bauxite supplies from EGA in Guinea. I think maybe before I hand over to Anup to add anything further, I just want to

maybe put the context around what is happening on from a overall bauxite and alumina point of view for the business.

So, as we guided, we are targeting three to 3.1 million tons of alumina production for the year, and you all would have seen that we have had a good start at Lanjigarh in terms of 584,000 tons in the 1st Quarter, which actually put us in a very good position to meet that number.

So, we roughly need just over 9 million tons of bauxite for the year. Around 5 million tons of that is coming from OMC and other domestic sources, 2.5 million tons from imports, and as Rajiv has just guided, another 1 to 1.5 million tons from Sijimali.

So, we are fully tied up for our bauxite commitment for the full year. I think I can leave it there, Anup.

Anup Agarwal: I don't have anything to add.

Moderator: Our next question comes from the line of Aditya Welekar from Axis Securities. Please go ahead.

Aditya Welekar: Sir, our guidance on oil and gas is between 95 to 100 Kboepd. And in Q1, we have seen a 17% decline. So, in that context, in the earlier call, we have said that we will see the oil and gas volume will have an upward trajectory from Q2 onwards. So, are we on track for that? And given our efforts on exploration side, so if you can throw some guidance for in the medium term, so how those volumes will ramp up and how we will arrest the decline? So, that is number one.

Deshnee Naidoo: Thank you, Aditya. I will start and then hand over to Hitesh, our CFO from Cairn is on the line. So, as you rightly said, FY '26, we are targeting a range of 95,000 to 100,000 barrels of oil equivalent per day. And just to remind everyone that we came very close to the guidance of last year as well. So, there is maybe three things I want to mention before I hand over to Hitesh to talk about the specifics, that we want to manage the decline by about 15% from FY '25 levels.

There are three areas that we are targeting. New wells that we drilled in FY '25 will give us about 8,000 barrels of oil equivalent per day. There is additional wells planned for this year that are already starting to give us an uplift in barrels, and that is about 5,000 barrels of oil equivalent per day.

In addition, I really want Hitesh to talk a lot about the ASP project. So, we have been talking about ASP. Now we have started ASP injection in the cluster well pad in Mangala, and that is now targeted for August and September.

So, three things are happening. This is a decline that we have planned for. We have wells from last year that are giving us a delta of about 8,000. We have wells being drilled this year, 5,000, and we have our ASP project. So, maybe, Hitesh, you can talk a little bit about the specifics as

well as then answer the questions around further exploration and development projects that we are busy with.

Hitesh Vaid:

Thanks, Deshnee. So, I think, in terms of production, as Deshnee said, we delivered 93,000 barrels per day for Q1. And if you look at over the last six months, we have managed to contain our decline. Rates are now around 3% to 4% quarter-on-quarter.

One of the or a couple of two activities which have added in helping us to manage decline is continuously drilling infill wells in our project, Rajasthan team, as well as well intervention which we have done to recover volumes from wells which had gone down.

Now, in addition, what we have also done is, during this course of time, we have managed to optimize our OPEX, which for the quarter was 15.1, which is substantially lower compared to previous quarters. This has been done by managing our polymer injection as well as chemicals in an efficient way.

Now, for the full year, as you rightly said, our guidance is for 95,000 to 100,000 barrels per day. So, the key levers will be to continue to drill infill wells in Rajasthan, which approximately will give us around 5,000 barrels per day.

The other part is ASP, which Deshnee spoke about. Now, ASP project, we are set for injection in selective well pads in Mangala field. So, in couple of months, we will start injecting volume on those fields. In around say six months' time, we expect volume gain. And once we are through with the full-scale injection, in three to four quarters, we expect the additional gain of around 15,000 barrels per day from ASP injection in select Mangala fields.

Now beyond ASP, looking into the future as well, especially from volume point of view, we are also starting appraisal and development of DSF field, which is obviously, which is on the West Coast. Now the drilling in that field will start in October this year, and that is going to add around 18,000 barrels of oil equivalent in around 1.5 years time.

Now, what we can also be able to achieve this year is on our OPEX, which is going to be around \$15 to \$16 per barrel. Looking at long term and especially on the exploration side, what we have started currently is doing in Rajasthan, which has been our most prolific field.

So, we are working on international rigs and targeting deeper prospects, tighter prospects, and we intend to drill three to six wells. The rig has already spud couple of days back. In the West Coast Kutch Basin, we also have a OALP block where we just spud in September 2025. The rig has been spudded and it is in the process of being mobilized.

In the Northeast, couple of quarters back, we had a discovery: Rudra. So, we are now set for appraisal of their discovery. So, in the next two months, we will try to spud two to three wells

to figure out the potential of Rudra. And we will have few more opportunities in the Northeast, which we will drill around Q3, Q4 of this year.

And beyond this in exploration, one of the larger plays in our books is KG Deepwater where we recently acquired CSEM data. Now the data has given us some very positive indication on the potential, and we intend to target three wells early next year. So, this is on the overall exploration plan. Thank you. And if you have any questions, let me know.

Aditya Welekar:

Yes. Thanks for that detailed explanation. My second question is on power division. So, we have seen a good jump in this quarter. And I if I can see for Meenakshi, the power realizations have stood at a very high level of Rs. 7.2 per kilowatt hour.

So, just wanted to understand on Meenakshi and Athena, what is the split between power purchase agreements and spot merchant sales? Because in Q1, we have seen that merchant tariffs have come down in the range of Rs. 3 to Rs. 4 per kilowatt hour. And in that context, Meenakshi's realization is quite high. So, if you can throw some light on that.

Deshnee Naidoo:

Thank you, Aditya. Maybe just to recap, right? So, Aditya, on Meenakshi, present, we have the 300 Megawatts. And as we said that we have added another 350 Megawatts. So, Meenakshi, by the end of this quarter or the end of Quarter 2, will have the full 1,000 Megawatts power there. And then Athena, as we have guided, we have only commissioned the 600 Megawatts. The remaining 600 Megawatts will come at the end.

So, back to maybe performance and your point, Quarter 1 performance, 300 Megawatts of Meenakshi capacity was operating, and the average generation cost was around Rs. 6 per unit, and selling price was around Rs. 7 per unit.

So, from Quarter 2 onwards, right, Meenakshi operating capacity, as I said, 1,000 Megawatts, estimated PLF around 50%, cost is Rs. 5 per unit, and selling price will be between Rs. 5.50 to Rs. 5.70 per unit. On Athena's 600 Megawatt, PLF will ramp up from 60% to around 80% in the year, and the cost per unit is about Rs. 3.6 per unit, and selling price at Rs. 5 per unit. So, short-term PPAs are in place for the power sale.

Aditya Welekar:

So, any percentage between short-term PPA and spot sales for both these plants?

Charanjit Singh:

It is all short-term PPAs at this moment, and we are trying to stabilize the plants at this point in time. And over a period of time, we will also enter into a long-term PPA, which will be followed also by FSA.

Moderator:

Our next question comes from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

- Pallav Agarwal:** So, my first question was on some of the media reports stating that the Ministry of Petroleum had objections to the demerger. So, what are the grounds in which the Ministry of Petroleum had certain objections, if you could specify that?
- Deshnee Naidoo:** Thank you for that. I think, firstly, we did give quite a detailed account of where we are in the overall demerger approval. With reference to MOPNG, of course, they are key stakeholders for us in our oil and gas business. And in the last NCLT hearing, they did express concern about the payments of any of the disputed dues that may become payable by Cairn in case the ongoing arbitration ruling, as we have all learned now, comes in their favor. So, we are working with them as we do with all key stakeholders, and we are confident that we will come towards a solution at the earliest possible time.
- Pallav Agarwal:** Also, you know, we had plans for expanding the aluminum capacity, I think, to about 3.1 million tons, and even the alumina debottlenecking, if I remember correctly, to 6 million tons. So, any timelines on that? What part of those projects would be commissioned in FY '26 and '27?
- Deshnee Naidoo:** So, for now, these are debottlenecking exercises. As you know, the current capacity expansion volume-wise will take us to around the 2.8 million mark. And then in terms of the overall expansion from 5 to 6 million tons per annum, I will let Rajiv talk us through it. In terms of when that capacity will likely be brought in line, we are forecasting maybe the back end of FY '27. So, Rajiv, maybe you just want to add in terms of the work underway to reach those capacities.
- Rajiv Kumar:** So, thank you, Deshnee. You have summed it up nicely. The timelines would be 18 months that we are looking at. It is how do you increase the volume? It is done by improving the current carrying capacity of the parts, and we are looking at enhanced technology. It is called magnetic compensation loop. We are working on that technology to improve the capacity, but it will take about 18 months.
- First thing first, we have to achieve whatever we have planned for, and that is where the focus is to reach to 2.8, 2.85 million tons at both the places at Balco as well as at Jharsuguda. And then they can take it on as far as the smelters are concerned.
- As far as Lanjigarh is concerned, we have a task cut out to reach 5 million. And once the 5 million tons is achieved, then we will look at debottlenecking the capacities, which we already have, right from logistics to evacuation to also talk about port infrastructure. So, it will be a through and through go, as well as what we are doing in Lanjigarh is to improve the, how to loop the assets that we have. And I think that is the way to go about as far as we are concerned.
- Deshnee Naidoo:** Thank you for that, Rajiv. And Pallav, just to be clear, you also asked for some of the other project expansions?
- Pallav Agarwal:** Yes, I think some of them you...

- Deshnee Naidoo:** For this aluminum?
- Pallav Agarwal:** Yes. I think some of the mining project that you have outlined.
- Deshnee Naidoo:** And so I think what I will do there is actually ask Arun Misra to talk about the Hindustan Zinc expansion.
- Arun Misra:** Zinc, we are going for a 2-million-ton expansion, of which as we have reported after the last Board meeting, 12,000 crore Board approval that we have announced, which will add a capacity of 0.25 million tons. And now it will be followed up by further announcement till about September so that we do the entire project approval for 2-million-ton metal production.
- Of course, we did sufficient expansion of the mine, which are currently at 17-million-ton ore production to go up to 35-million-ton ore production. This is also seen jump in silver production from currently 700 to 800 tons to about 1,500 tons.
- Deshnee Naidoo:** Arun, thank you. And, of course, we are also quite excited about the Gamsberg Phase-2 project in Zinc International, and that project is almost 80% complete. We are targeting mechanical completion by December as we previously guided and hoping to ramp up thereafter in the last quarter of FY '26 so that that will add another 4 million tons run of mine, and currently, we are looking at just under 200,000 tons of zinc MIC every year. Thank you, Pallav.
- Pallav Agarwal:** Yes, thank you so much. And then lastly, could be the potential impact of the U.S. tariffs on exports from India? What is the level of exposure that we have to the U.S. market?
- Deshnee Naidoo:** Yes, absolutely. Even in the last quarter, right, because in the last quarter, it was just after the announcement, and we basically said that, you know, as a business, given our majority commodity exposure in both zinc and aluminum, we are in a very fortunate business in terms of more than 75% of our zinc goes into India domestic market and 65% of aluminum goes into domestic market as well. And as it stands, we only have a 3% exposure in terms of our aluminum business into the U.S. So, we still maintain position of limited exposure even with the current announced 50% steel and aluminum tariffs.
- Moderator:** Our next question comes from the line of Jatin Damania from Svan Investments. Please go ahead.
- Jatin Damania:** Good evening, everyone, and thank you for the opportunity. The question is more on the parent front where we have significantly deleveraged the balance sheet, and for this financial year also we started with good note.
- But coming to our next year where we have a repayment of near about \$700 million. So, just wanted to know regarding the repayment, how are we going to, are we going to refinance that loan or probably will be supporting by internal accruals something?

- Ajay Goel:** Right. And Jatin, if I get it clearly, you mean Vedanta Limited or Vedanta Resources?
- Jatin Damania:** Vedanta Resources.
- Ajay Goel:** So, first, you are right. I mean, the net debt for Vedanta Resources over the last many years has been declining. So, deleveraging is our big priority. So, from 8.9 Bn, 3 years ago down to 4.9, and as on June 30th, it is further down to 4.8 billion. So, over the last five quarters, the VRL debt is lower by almost a billion. That journey will continue. And you may have noted last year during investor call, we announced that VRL will deleverage 3 billion over the 3 years. That commitment remains unwavered.
- If I keep off the current fiscal for the remainder of 9 months, the requirement for loan refinancing at VRL is almost 320 million and interest 450. Total about 770. So, through a mix of refinancing and some dividends, which of course remains a Board decision, it will be managed. Net-net, VRL debt in the current fiscal will go down by half a billion, down to 4.3 odd billion.
- Now speaking of Vedanta Limited, which is the operating company, and here, the right metric remains net debt to EBITDA, more so in a high growth environment. You may have seen our results. Our leverage is better off, Net debt to EBITDA is 1.3x, vis-à-vis 1.5x at the last year same time.
- At Vedanta India, by the end of the fiscal, our leverage will further improve to 1x, where our profitability will be bigger than our debt. So, VRL debt target is in value terms, 3 billion in three years. Vedanta India, 1x leverage by this current fiscal end.
- Jatin Damania:** Thank you for the detailed answer. Second thing, on the same, is around the same thing, as you mentioned that internal accruals or dividend, which is in the Board decision. But if you can throw some light on the brand fee, which is currently at 3%, I mean, till which year does brand fee will continue or any decision will be taken on this brand fee over a period of time?
- Ajay Goel:** Jatin, brand fee is not a new subject, as you know. It's began in 2017. And what I can affirm, as you know, the brand Vedanta and the name is owned by Vedanta Resources, which has been formally leased to Vedanta Limited and to its subsidiaries. And right now, the current arrangement of 3% brand fee is valid till 2029 next 4 years. So, 3% continues, and there is no plan to change the rate in near future.
- Jatin Damania:** And last one, you can brief on the update on your Saudi project because I know you have made some of the CapEx on the Saudi project and what is the steps on that?
- Deshnee Naidoo:** Thank you for that, Jatin. So, we have received the strategic mineral license for Jabal Sayid belt that is on the exploration site. And I think that's quite something, I just want to give you a quick update maybe on the overall Saudi copper project. The site has an estimated exploration potential

of about 25 to 30 million tons at about a 1.3 average copper grade associated with that and about a 3 gram per ton gold. So, we are quite excited about the exploration prospects there.

As we have indicated, we still aim to invest about 2 billion in projects there. The two projects as we have discussed previously is the MoU that we signed for the Ministry of Investments and the Ministry of Industry and Mineral Resources to set up the 400,000 tons per annum copper smelter and refinery and the 300,000 tons copper rod project.

Happy to report that on the copper rod project, we have identified the land, we have identified the EPC, that is the contractor. And we are going to final approval on the copper smelter and refinery project. That is a longer term project, and we are still working on the feasibility study. But we will, of course, come and update you in the subsequent quarters.

Moderator: Our next question comes from the line of Vikash Singh from ICICI Securities. Please go ahead.

Vikash Singh: My first question pertains to Slide 20. In the debt chart, there is an other debt of Rs. 2,958 crores. So, can we look at what is exactly this is?

Ajay Goel: So, on the bridge, you are right, Vikash. It has a couple of components. That's right. So maybe almost Rs. 270 odd crores is the TDS receivable from zinc on the last payout to Vedanta Limited. It is only a timing difference. And as we pay our income tax next time, this TDS will be adjusted.

The significant portion is almost Rs. 1,250 crores is a bank guarantee that we have given to NCLAT as part of our TSPL demerger. So, as we earlier mentioned, for the power, TSPL demerger, while seeking the stay from NCLAT from NCLT order, Vedanta on its SEPCO matter, the creditor matter, we gave to NCLAT a bank guarantee. It is a fully cash backed. So, Rs. 1,248 crores is a bank guarantee and the remainder is a multiple bank guarantee given to the government in terms of Cairn blocks, which are cash margin backed.

So, in summary, they have cash in with Vedanta in terms of fixed deposits or cash which has been subservient to the bank guarantees. As we augment, increase our limit for the bank guarantees, this cash will get released.

Vikash Singh: Noted, sir. Sir, second question pertains to Gamsberg Phase-2 project. Our Phase-1, we promised 250 KT kind of the volumes has not come yet despite this project has been taken up for almost more than half a decade back. So, just wanted to know the timeline when we are going to hit the 250 KT requirement in the Phase-1. And Phase-2 also entails \$400 million kind of the capital cost. I thought that usually Phase-2s are cheaper in terms of the same capacity addition. So, if you could just give us some insight to what is happening there?

Deshnee Naidoo: Yes, thank you for that, Vikash. I think as we have previously guided, we have had some challenges with mining, and that is primarily the reason why we have not been able to achieve both the grade as well as the volume.

Happy to note, and if you look at the performance on a quarter-on-quarter basis, we are seeing in excess of 50% increase is now coming out of the Gamsberg MIC, which is absolutely the right direction for us.

So, mining is now recovered, and not only has the mining recovered in terms of the waste stripping that we have had to do in the open pit, but we are also getting ready to stockpile for the second plant.

And in terms of your question around the capital guidance, yes, ideally, that should be the case when you are building the second phase and you are kind of using a very similar design. But a few fundamental changes. The first thing as I mentioned on the waste stripping, we have to capitalize a lot more waste stripping for Phase-2. So, that is why the mining capital was slightly higher than the Phase-1 capital.

Secondly, on the plant, so this is where I think credit to the team on the ground where we saw the opportunity of actually taking a 4 million ton run of mine plant too and actually debottlenecking it to over 10% already whilst in design. And that additional 10% has come with an increase in the plant capital cost. And so that is why the capital is slightly increased.

In addition to that, and in compliance with our GISTM standards for tailings, the tailings dam associated with Phase-2 does need to be better aligned than the original design from 2022, and that we have incurred additional cost on the tailings dam as well. That is the reason for the overall, I would say, cost increases, but I am happy and so should Ajay that all of this is coming with some benefits.

And actually, today, even at LME of around 2,400, which is what the project was initially guided on, we are seeing an increase on overall IRR. So, still a good project. We are absolutely backing them to reach to that increase over 500,000 tons in the next two to three quarters. Thank you, Vikash.

Vikash Singh:

Noted. That's all from my side.

Moderator:

Our next question comes from the line of Rashi Chopra from Citigroup. Please go ahead.

Rashi Chopra:

Sorry. I think I just missed some of the detail that you gave about the parent debt. So, you said it was 4.8 billion. Could you just help break this up between bonds and bank loan and what are the repayment?

Ajay Goel:

So, out of 4.8 billion, Rashi, the bonds are about 3.1 billion, and the remainder 1.7 billion are the bank loans. If I look at the maturity schedule, maybe for the current fiscal, so the one quarter is behind us. We can look at the second quarter starting July to March next year, next 9 months. So debt repayment obligation is almost 320 million, and the interest expense is almost 430 million. That makes 750 million in the remainder of the year.

So, the way we explained the, it is a mix of both refinancing and also repayment. If you look at VRL has two source of cash. One is the brand fee. So, 380 million has been paid in the first year as has been the practice in the past.

Secondly, in the current fiscal, our dividend payout is about 1.5% yield. Even if we assume a routine dividend of 5% to 6%, which has been par for the course in the Indian context, it means 850 million will be dividend, 380 or 400 will be the brand fee, 1.25. So, mostly through internal accruals, VRL debt will be managed. That means organic deleveraging of half a billion in the current fiscal.

Overall, if you look at slightly midterm picture, what VRL has in the market committed, 3 billion deleveraging over three years and VEDL being an operating company, our leverage ratio from 1.3x will improve to 1x by the current fiscal.

Rashi Chopra: And so you, in the 1st Quarter, you deleverage by about 200 million .

Ajay Goel: That's correct. By 220 odd million. You are right.

Rashi Chopra: And in FY '27, what is the payment schedule like?

Ajay Goel: Next year, the principal is about 760 million, and the interest cost almost 450 million. So, about 1.1 billion. And that is a very interesting question you asked. If you look at last three years, the principal requirement at VRL about 2 billion, interest 750, total 2.7 billion. This is the last year's Vedanta Resources where the need for cash is about 1.4 billion.

Starting next year, it is about 1.1 billion. In FY '28, it is sub 1 billion. So, going forward, as we have earlier communicated to a contractual brand fee 440 million and even a lower dividend of almost 4% yield, VRL will be managed. So, both brand fee equal to interest cost and hence, operating P&L account will be self funded. And by paying 4% dividend, the entire refinancing will be done. So, dividend of 4% equals deleveraging.

So, in summary, about 1.1 billion requirement next year and less than 1 billion the year next.

Rashi Chopra: And is there in the demerger, any delay expected beyond September?

Deshnee Naidoo: I think as we started, I mean, we are very confident that we have the next hearing coming up on the 20th, and we will see after that what happens in terms of the timeline. But we remain confident of a favorable outcome in both forums that both Ajay and I have guided and continue to progress in line with our previously shared timeline. So, we are still targeting our September, October timeline. Thank you, Rashi.

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

Charanjit Singh: Thanks, Sagar, and thank you, everyone, for taking out the time to join us. I hope your questions have been answered. For any unanswered questions, please feel free to reach out to the IR team. We will now conclude our call and looking forward to connecting with you in October with Q2 numbers. So, have a wonderful rest of the day. Goodbye.

Moderator: Thank you. On behalf of Vedanta Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.