“Vedanta Limited Q4 FY '25 Earnings Conference Call”

April 30, 2025

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Moderator: Ladies and gentlemen, good day and welcome to Vedanta Limited's 4th Quarter Financial Year '24-'25 Earnings Conference Call.

As a reminder, all participant lines will be in 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.

Charanjit Singh: Thank you, operator. Good evening, everyone. And welcome to Vedanta Limited Q4 and full year Financial Year '25 Earnings Call.

On behalf of team Vedanta, I thank you all for joining us today. I hope you had the chance to look at our press release, earnings presentation and detailed financial statements uploaded on the website of stock exchanges and also on the Company website.

On this call, from Vedanta side we have with us our newly appointed Group CEO – Ms. Deshnee Naidoo, a seasoned leader in the metal and mining space, with over 27 years of global experience. This appointment marked the homecoming for Ms. Naidoo, who was previously with Vedanta from 2014 to 2020, and leading the Base Metal and Vedanta Zinc International business as the CEO.

We also have on the call Mr. Arun Misra – our Executive Director; Mr. Ajay Goel – Group CFO; Mr. Sunil Gupta – Chief Operating Officer (Aluminum Business); Mr. Anup Agarwal – CFO, Aluminum Business; Mr. Hitesh Vaid – CFO, Oil and Gas Business; and Mr. Chris Griffith – CEO, Vedanta Base Metals.

We will begin with the opening remarks from Ms. Naidoo, followed by an update on the Company's operational performance by Mr. Arun Misra, and financial highlights by Mr. Ajay Goel. And thereafter, we will open the lines for Q&A. This call is covered by the cautionary statement on Slide 44 of the results presentation.

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

Deshnee Naidoo: Good evening, everyone. Thank you, Charanjit. It's a pleasure to address you all as the newly appointed Group CEO. Returning to Vedanta feels like coming home, and I am excited to lead us into our next era of growth and transformation.

Over the last 25 years, Vedanta has grown into India's foremost natural resources conglomerate. Under the visionary leadership of our Chairman – Mr. Anil Agarwal, we are entering an exciting chapter we call "Vedanta 2.0". The goal is clear, to transform the Company into a $100 billion critical minerals, energy, technology powerhouse, serving not just India, but the world. This vision is rooted in creating long-term value for our shareholders, the communities we operate in, and the planet we all share.

Looking at the broader economic landscape:

FY '25 was a good year for commodities. Global primary aluminum demand grew by 2.7%, and zinc demand saw a 2% increase. In India, primary aluminum demand increased by 12% year-on-year, and zinc around 6%. That's a 4% and a 3% increase over and above global growth, respectively, driven by robust domestic economic expansion and infrastructure development.

Now, FY '26 has started on a relatively volatile note, with the global economy facing uncertainty due to the announced US tariffs and the retaliatory tariffs we have since seen. However, we are well positioned to weather these uncertain times. With over 50% of our aluminum production and around 75% of our zinc production sales in India, Vedanta's performance is strongly integrated with India's growth story. Economists are forecasting India's GDP to grow by over 6% in FY '26, and that's despite the tariff impacts.

Our margin improvement story remains largely intact. While the LME prices of commodities such as zinc and aluminum are lower compared to their annual average levels of FY '25, input costs have also seen a material decline. For example, aluminum prices have declined by approximately $300 per ton from their peak of $2,700 per ton just in March 2025, while alumina prices have dropped by around $450 per ton from their peak of $800 per ton in December 2024.

We are all set to benefit from our enhanced asset base given the commissioning of our second 1.5 million tons per annum train at Lanjigarh, our 435,000 ton smelter at BALCO, and the new value-added product capacity that we are bringing on in FY '26 in aluminum. The benefits of our backward integration efforts will be realized during the year with the commissioning of our Bauxite Mine and new coal mine. We see the incremental value creation from our new assets offsetting any downside that the weakening in broader macroeconomic terms may pose for Vedanta. So we are well positioned.

ESG principles are integral to our strategy. Safety is a core value for us in the Company. We are dedicated to learning from our safety incidents and are committed to our zero fatality goal. Every leader at Vedanta is expected to challenge unsafe practices and uphold our safety standards, ensuring that our workforce returns home safely every day.

In FY '25, we secured power delivery agreements of over 1 gigawatt of renewable energy, and we will enable significant reduction in emissions from our operations in the coming years. We are proud to have directly benefited 26 million women and children and empowered 1.46 million families through skills training. Our efforts have been validated by third-party agencies. Vedanta Aluminum ranked second while Hindustan Zinc secured first place in their respective peer groups in the S&P Global Corporate Sustainability Assessment. We are making good progress with our demerger plan, aiming to create pure-play entities that will enhance strategic focus and operational flexibility.

In FY '25, we delivered our highest annual revenue of Rs. 150,725 crores and its second highest EBITDA of Rs. 43,541 crores. We also made progress on our $9.5 billion capital expenditure program with $5.5 billion already spent, including $1.5 billion in FY '25. The remaining $4 billion will be invested within the next three years, supporting our strategic projects on volume expansion and backward integration.

So in conclusion:

"Vedanta 2.0" is about our new vision for growth, governance, and stakeholder interest. We are transforming the Company into a global leader in critical minerals, energy, and technology, and ensuring long-term value creation for all stakeholders. This exciting transformation will redefine Vedanta's position on the global stage and position us as a key player in the industries of the future.

Thank you. I now hand over to Arun.

Arun Misra: Thank you, Deshnee. Good evening, everyone.

As we initiate our journey on "Vedanta 2.0", it gives me immense pleasure to share with you the performance of the year that has gone by and reflect upon some of the key milestones that demonstrate the strong foundations on which the Vedanta Group stands today.

I am happy to share that Vedanta has delivered the highest annual revenue in its history of Rs. 150,725 crores, up 10% year-on-year. We also reported our second highest EBITDA of Rs. 43,541 crores, up 37% year-on-year, reflecting strong operational performance. I am pleased to highlight that our key businesses, Aluminum and Zinc, have continued to maintain their cost leadership positions on the global cost curves, reinforcing our competitive strength in the industry despite the volatility of global commodity markets.

Now, let me share some individual business-specific insights:

Starting with the Aluminum business:

The Aluminum business has achieved its highest ever annual metal production of 2,422 kt, thereby surpassing our volume guidance for FY '25. In Quarter 4, the business delivered an all-time high quarterly volume of value-added product sales of 338 kt, implying 16% year-on-year growth, which has translated into best-ever net effective premium of around $300 per ton.

On the cost side, the business achieved hot metal production cost, excluding alumina, at $920 per ton, which is the lowest in the last four years. Our total cost of production, inclusive of alumina, saw an increase due to the carry forward of a high-cost alumina inventory from the previous quarter. The benefit of softening of the global alumina prices will be reflected in the cost of production numbers of Q1 and Q2 of FY '26. The EBITDA margin per ton of our Aluminum business in Quarter 4 jumped 47% year-on-year to $880 per ton.

Moving to Zinc India:

We achieved 310,000 tons of mined metal production and 270,000 tons of refined metal production in Quarter 4, which enabled us to deliver highest ever annual mined metal production of 1.095 million tons and refined metal production of 1.052 million tons this year. The production cost of the quarter stood at $994 per ton, which is 5% year-on-year improvement. We surpassed 13.1 million ton of available metal reserves for the first time since underground transition.

In our Zinc International business:

Overall volume increased 52% year-on-year and 9% quarter-on-quarter to 50,000 ton. Our Gamsberg mines delivered a strong 89% year-on-year and 15% quarter-on-quarter increase in MIC production of 41,000 tons. We are currently producing at a monthly run rate of 18,000 tons. With continued improvement in mining performance and ore availability, we are confident to achieve our production guidance of 235,000 tons to 265,000 tons.

On the cost side, we achieved our guidance of $1,300 per ton on a full year basis, driven by higher and efficient production and lower TcRc.

Talking about Oil and Gas business, Quarter 4 production stood at 96.2 kboepd, impacted by natural decline in MBA fields and offshore blocks. We drilled 10 infill wells across the Saraswati and Aishwarya fields in Quarter 4 FY '25, thereby taking the total count of infill wells to 28.

I am pleased to note that Cairn managed to acquire seven of the 28 blocks in the latest round of OALP auctions, taking our total portfolio to 63 blocks spanning 73,000 square kilometers.

Our Iron Ore business has seen a strong increase in quarterly production, rising 24% year-on-year and 40% quarter-on-quarter, driven by steady ramp-up of Bicholim Mine operation in Goa.

Now let me provide an update on our key growth projects:

Starting with aluminum – we are on track to commissioning the Lanjigarh Refinery Train 2 with the first metal production from the train targeted in the current quarter. The BALCO smelter expansion of 435,000 tons per annum is in advanced stage, and with the commissioning targeted in the first half of the current financial year.

At Zinc India, our 160,000 tons per annum roaster at Debari will be commissioned in the current quarter and a 510,000 tons per annum fertilizer plant in Quarter 4 of this current fiscal year. At

Zinc International, our Phase-2 expansion project is targeting commissioning in the second half of the current fiscal year.

In our merchant power business:

300-megawatt of Meenakshi power plant is now commissioned. The remaining 700-megawatt capacity is targeted for commissioning in the first half of this current fiscal year. The Unit-1 of Athena power plant is also scheduled for commissioning in first half of this fiscal year, while Unit-2 is expected to start operation in March '26.

Speaking about our ESL facility:

We are expecting total hot metal capacity to increase from 1.7 million tons to 3.2 million tons per annum by FY '26 end, with plans to further debottlenecking to 3.5 million tons per annum in FY '27.

In conclusion:

We have delivered an outstanding Quarter 4 performance and ended the year on a high note where we not only delivered the highest ever annual volumes for aluminum and zinc but also dropped down the cost of production significantly, reaching a four-year low cost in Zinc India and ex-alumina cost of production at our aluminum business.

Looking ahead, we believe that FY '26 holds tremendous potential for Vedanta. The completion of key growth and integration projects will continue to drive our volumes and margins. We are confident of continuing to create long-term value for all our stakeholders.

I will now hand over to Ajay for an update on financial performance.

Ajay Goel: Thank you, Arun. And good evening, everyone.

I am pleased to share that this year we have achieved a significant milestone with our highest ever annual revenue crossing Rs. 1.5 lakh crores. In addition, we have also delivered our second highest EBITDA of Rs. 43,541 crores, driven by structural changes in operations and strategic initiatives with a strong domestic demand. This performance is further supplemented by key corporate actions that have a significant impact on our balance sheet and capital structure positioning.

Coming to 4th Quarter FY '25:

I am pleased to share that we have delivered our highest ever quarterly revenue of Rs. 39,789 crores, up 14% Y-o-Y. EBITDA reached Rs. 11,618 crores, reflecting an impressive 30% growth Y-o-Y. EBITDA margin increased to 35%, which is highest in the last 12 quarters, representing a surge of 465 basis points Y-o-Y. PAT of Rs. 4,961 crores, marking an exceptional growth of 118% Y-o-Y.

Now coming to highlights for the full year:

Annual revenue is up 10% Y-o-Y, and EBITDA is up 37% Y-o-Y, with EBITDA margin of 34%. This Y-o-Y comparison focuses on core performance and excludes a one-time gain from Cairn arbitration that we recorded last year. Our PAT for the full fiscal stands at Rs. 20,535 crores, marking a remarkable increase of 172% growth Y-o-Y. And finally, ROCE at about 27% with a 371-basis point improvement Y-o-Y.

Turning to our balance sheet:

And as on March 2025, our net debt stands at Rs. 53,251 crores, which represents a decrease of more than Rs. 3,000 crores Y-o-Y. This reduction is primarily attributable to cash from operations, at the same time various actions that we took last year. For example, the QIP or Offer for Sale for Zinc shares, which has been partly offset by CAPEX growth and sustaining, at the same time rewarding our shareholders through dividend. Additionally, we also maintained our maturity of debt, which is more than three years.

This quarter also witnessed significant improvement in our net debt-to-EBITDA ratio, which has improved to 1.2x as compared to 1.5x in FY '24, reflecting effective debt management and much more strengthened financial position. And finally, we ended the year with a strong liquidity position of Rs. 20,602 crores, representing a 34% increase Y-o-Y.

On demerger, I would like to share that following a favorable voting from shareholders and the creditors in the meeting held on 18 Feb 2025, we have moved to second motion petition before NCLT, seeking Tribunal's approval to proceed on demerger. We anticipate completing the demerger by September 2025.

Quickly in terms of corporate actions and deleveraging:

Vedanta, you may have noted, last year has firmly established itself as one of the most proactive companies in terms of executing strategic corporate actions. This year we witnessed number of such actions, including Rs. 8,500 crores via QIP, Rs. 3,150 crores via OFS for Zinc shares, $0.5 billion through equity partnership at our parent Company Vedanta Resources, and also refinancing $3.1 billion bond portfolio for parent Company at lower cost, longer maturities and much congenial terms and conditions.

All these actions have supported us in achieving a deleveraging of $1.2 billion at group level, out of which $0.7 billion at parent Company, VRL; and $0.5 billion at Vedanta India VEDL. As a result, the debt of our parent Company, VRL, has decreased to $5 billion, which is the lowest in a decade. And the leverage at the group level has improved to 2x from 2.7x a year ago. With this progress, both Vedanta Limited and its parent entity now maintain a strong leverage position than most of our key global peers.

Furthermore, the credit rating has also seen substantial improvement last year. Both CRISIL and ICRA have augmented the VEDL rating to AA from AA-. And VRL, our parent Company, has seen an impressive three-notch improvement reaching B+, from CCC+, by S&P.

In conclusion:

FY '25 has been a landmark year for Vedanta, driven by operational excellence, disciplined capital management, and timely strategic initiatives. These actions yielded returns for shareholders and established Vedanta as a major wealth creator in India for FY '25.

As we usher into FY '26, we do so with renewed energy and strategic clarity. Our focus will remain sharp on scaling up volumes, unlocking further cost opportunities, fast-tracking high-impact growth projects, and executing the demerger to unlock long-term value.

And with these changes, “Vedanta 2.0” is not just a new chapter, it is a fundamentally transformed enterprise. Thank you. And now, I will hand over to moderator for any Q&As.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal: Yes. Hi. Good evening, everyone. Thanks for the opportunity. And many congratulations for a good set of numbers on this. Sir, I have a couple of questions, to start with, alumina. So, we have been consistently getting somewhat delayed in our ramp-up of alumina plant, though we have capacity of 3.5 million tons but we were running at 2 million tons. So my question was, the guidance which we have given for 3 - 3.1 million tons for FY '26, is this based on Sijimali Mine coming in? Or without that also can we do that? And when can we see this run rate? That's my first question.

Deshnee Naidoo: Thank you, Ashish. It's Deshnee. Ashish, I will start and then I will hand over to Sunil to complement. So firstly, Ashish, to your point, the first 1.5 million ton train is actually in production. But of course, it does take time to ramp up. So current production is in place, and that's just under 2 million, 1.8 million to 2 million tons. And our first 1.5 million tons is in train. If I look at this past year's performance, as a site, we delivered 1.9 million tons of total production.

In terms of your question, and I will put it into two parts, the overall ramp-up is going to be 5 million tons. But at the end of this fiscal year, for us, we intend to be at an exit run rate of close to 4 million tons. And the total production for the year will be just over 3 million tons. That's taking into account our ramp-up plans.

In terms of the 5 million tons by FY '27, we hope to be close to those numbers. But to show you the confidence in the process that the team has, we have already started to commission Train 2. And we have actually started to have our first alumina from Calciner-4, in fact, this past month.

Now, you asked us about Bauxite and how that is linked to what's happening in the ramp up of the plant. I am going to hand over to Sunil. But I can tell you that we are working on many plans. Firstly, it includes what do we do with integrated production. But Sunil and the team has a Plan B as well. So Sunil, over to you.

Sunil Gupta: Thanks a lot, Deshnee. And thanks, Mr. Kejriwal, for this question. So, what Deshnee has just now said that we are ready for the Lanjigarh Refinery and this year we are planning to have the production of 3.1 million tons of production from Lanjigarh. And for that we have sufficient bauxite. Your question that whether Sijimali will come, and it will not affect our production, we are ready with the Sijimali. We are hopeful that the Quarter 3 we are going to start the Sijimali mines. And even if we slip in the Sijimali also we have an alternate plan to cover up. So, I am assuring that for want of bauxite we are not going to lose any alumina production because we have several other domestic sources also. And we have other imported places, imported bauxite is also available from different sources which we have identified. So, for want of bauxite, the alumina production is not going to stop. Even in this case, the Sijimali.

Ashish Kejriwal: Thank you, sir. But again, we have been definitely talking about that we have the capability to produce. But because of one of the other reasons, we are not able to produce in last one half. So out of 3.5 million tons, we still are running at 2 million tons run rate. So I do not know if our Sijimali Mine does not come in, from where we can source bauxite and run the plant at 3 million ton run rate. So when can we see this run rate, sir?

Sunil Gupta: So the 3 million run rate is now we are going to, in the May month itself we are going to touch the 2.6 million, 2.7 million. And 3 million, by June we are going to touch the 3 million run rate.

Ashish Kejriwal: So in 2nd Quarter definitely we can see 3 million ton run rate.

Sunil Gupta: Yes.

Deshnee Naidoo: Yes. Maybe to simplify it, we need 9 million tons of bauxite or 3 million ton in terms of run rate, right, for this year. And what Sunil has just summarized, we have sources for all of that. Sijimali Mine development continues. And for the year, we are looking at just over 1 million tons, assuming everything goes according to plan and we start producing by August this year. And the point I want to make is, even when Sijimali comes online this year, we are still going to need other sources of bauxite.

Ashish Kejriwal: Thank you. That's helpful. The second question is on our demerger only, because what we understand is that we need to transfer mining lease also to different companies, and then only we can have our demerger complete. Because we remember, in 2010-2011 when Sesa Goa and Sterlite was there, we'd need to reverse merge with Sesa, because mining transfer was an issue.

Now here we are seeing that Sijimali mine, bauxite mine, as well as coal mines, that's under Vedanta Limited's label, and now we have to transfer it to Vedanta Aluminum.

So do you think that first we have to transfer or sign the mining lease under Vedanta Limited, and then we have to transfer to Vedanta Aluminum? And after that only we can complete our demerger plan? Or am I missing something?

Deshnee Naidoo: Ashish, you are right. This is part of the overall approvals that we have in our sight. So, of course, the process that's happening right now in NCLT is to approve the overall scheme. But the team has a detailed approvals plan, including all of the mining licenses that will start being approved, in fact, have already started the process. We are still confident, with all of the processes that are happening in parallel, to complete the process by September '25.

Ashish Kejriwal: Sure. And lastly, we have been committing that we are going to reduce our Vedanta Resources' debt by around $3 billion. And out of that, $2 billion we have already paid, that's very commendable. Going forward, if I look at the repayment schedule, it seems that next four years we have to repay something like $2 billion. So my question is, whether this entire debt we are going to repay, or part of it we are going to refinance also? Because for the next four years we have a repayment schedule of just $2 billion. And in that question only, I hope that brand fee is still 3% of standalone revenue, and which is continuing till when?

Ajay Goel: Yes. That's correct, Ashish. Thank you. So you have right, you have witnessed over the last couple of years the entire path of deleveraging at Vedanta Resources. At the same time, the entire $3.1 billion worth of bonds getting refinanced, it also flattens the maturity curve. And in the last bond refinancing the maturity is as long as more than eight years. That means less cash requirement at Vedanta Resources.

Now let us look at FY '26, the ongoing fiscal year. The total loan maturities is about $920 million. And if you also add the interest cost, $0.5 billion or $550 million, total cash requirement at Vedanta Resources in the current year is about $1.4 billion to $1.5 billion. This number used to be almost double in the years just gone by. Now against $1.5 billion of the cash requirement, what are the sources? So brand fee, you are right, it remains 3%. That number is almost $400 million in the current year, which has already been paid contractually, as we do in the first month for the fiscal.

The second source of cash is dividend. Even if you pay a normalized dividend with about 6% yield, that amount will be almost $800 million receipt at Vedanta Resources. So $400 million brand fee, $0.8 billion is a dividend, is $1.2 billion. And that leaves only a small delta of almost $270 million odd, that always can be refinanced. So overall, by paying almost half the dividend than the recent average, we can deleverage Vedanta Resources by $600 million in the current fiscal. So, our overall target of reaching to $3 billion debt in two years remains intact. It will be mostly through operating free cash flows, at the same time, without leveraging Vedanta India.

Ashish Kejriwal: Thanks, Ajay. My only question was, because for next four years our repayment schedule suggests a $2 billion debt repayment only. So we do not need to refi actually, or if we refi only for lower interest costs, then that's a different issue.

Charanjit Singh: Yes. Ashish, given that there's a big queue of people waiting for asking questions --

Ashish Kejriwal: Yes. Thank you so much.

Charanjit Singh: Yes. I will take it offline with you after this call.

Ashish Kejriwal: Sure. Thank you and all the best.

Moderator: Thank you. We will take our next question from the line of Amit Lahoti from Emkay. Please go ahead.

Amit Lahoti: Thanks for the opportunity. Given that bauxite and alumina prices have come down significantly, how do we think about the benefit in terms of cost of production in FY '26 from the current cost of $2,000 per ton? I have seen the guidance, but if you can basically walk me down to how do we reach there. So that's my first question.

Deshnee Naidoo: Thank you, Amit. I am going to hand over to Anup.

Anup Agarwal: Thank you, Deshnee. And Amit, to your question, Quarter 4, we did a cost of $2,000. And you can see, alumina was somewhere around closer to $1,100. This is already covered and also mentioned by Sunil ji, that given that we are targeting Lanjigarh at 3 million tons annual production, and in the 1st Quarter itself we are looking at doing around 55% of our alumina requirement from our captive sources. So this is one. And second, with the imported prices coming down from the levels that we saw closer to $800 to where we are now $400 - $350, you will see that around $225 to $250 cost we see optimization in Quarter 1 itself.

Now coming to the power cost, if you would have observed the last few quarters, okay, we have done substantial improvement, both in terms of coal prices, coal materialization, logistics, in terms of improving the rake coefficient, and improving our power plant PLF. So we expect another $40, $45 coming from the power cost. We are seeing a small headwind in terms of carbon. But net-net, we see very clearly the cost coming down, closer to maybe the guidance that we have given, maybe Amit the upper side even in Quarter 1. So Amit, hopefully, I have answered your question.

Amit Lahoti: Yes, sure. Thank you. And my second question is on the updated timelines of Sijimali and coal mines commissioning. So, I sense that there has been some delay in Sijimali because in the last quarter it was supposed to be commissioned in Q2 of FY '26, and now it seems to have moved to Q3. So that is one. And then if you can outline the coal mine commissioning timeline.

Sunil Gupta: So, I think for the Sijimali mines we have already completed the land acquisition, 97% land acquisition is there. We are almost on the last leg of the forest clearance, first one. And if you ask me the EC, already we have preponed the EC. We are targeting that we are going to get the EC in the June 2025. So we are hopeful that we are going to commence the operation of Sijimali mines by Quarter 2 FY '26. This is what's for the Sijimali mines.

Coming to the coal mines, the Kuraloi mines, which we have said, in the Quarter 3 FY '26, we are going to commence the operation. And for our Ghogharpalli coal mines, we are expected that we are going to commence the operation from last quarter of the FY '26.

Deshnee Naidoo: Thank you, Sunil. And Amit, just to confirm, the Sijimali timeline is still the timeline that we committed to in the previous reporting period of first or the 2nd Quarter FY '26 and full ramp-up by the 4th Quarter FY '26. So no changes.

Moderator: Thank you. We will take our next question from the line of Aditya Welekar from Axis Securities. Please go ahead.

Aditya Welekar: Yes. Thanks for the opportunity. I just want to know currently what is the sourcing mix for bauxite and alumina in terms of captive and third-party? And once the Sijimali Mine comes online, how that mix will change?

Sunil Gupta: Anup ji?

Deshnee Naidoo: Yes, Anup, I think this is an extension of the previous question. Anup.

Anup Agarwal: Thank you, Deshnee. And Aditya, see, alumina, I have already covered. In Quarter 1, we are seeing 55% of the alumina coming from our captive source, with the balance imported. And as we ramp up, you will see that as we go into the Quarter 4 and we reach production capacity closer to 4 million tons, 65% of it will be the captive and the balance will be imported. Now coming to bauxite, see, bauxite, you can divide it into two parts; one, the H1 when we do not have Sijimali; and then the H2. So 60% of the bauxite we have secured through domestic sources, OMC and other domestic sources. And the balance in H1 is finally imported. And in H2, it will be domestic sources and Sijimali. Aditya, hopefully, I have answered your question.

Aditya Welekar: Okay. Yes, yes. Thanks for that. Secondly, on the conversion costs in this quarter, we can see on a sequential basis the conversion cost for aluminum has dropped sharply. So in the previous quarter it was $107 per ton, which has come down to $49 this quarter. And just looks structural in nature, so is it sustainable going forward?

Anup Agarwal: So Aditya, you are right in picking up this. Out of this, $40 is a one-time cost, which is due to recovery of some old dues and write-back. So that is not structural. Balance, yes, it's structural, maybe $10-$15.

Aditya Welekar: Okay. Understood. Thank you. That's it from my side.

Moderator: Thank you. We will take our next question from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: Hi. Thank you for the opportunity. My first question is on hedging. What are our current hedging positions that we have across metals?

Ajay Goel: Sure, Indrajit. I mean, over the last couple of years we have been actively tracking and participating in the hedging program. And even in the current year when the pricing has been a bit of volatile as the year begins, this area is under active consideration. So, hedging position for the current fiscal is mostly in LME terms. So almost our annual volumes 12%, almost 275 kt has been already hedged. And the hedging rate is $2,655 per ton. Secondly, in case of Zinc International, a small quantity, 50 kt, is already hedged. It's almost $2,840 per ton. But in summary, we are watching this area very closely, and we will take the positions as market moves.

Indrajit Agarwal: Sure. Thanks for that. This is helpful. Also, if you recall, in last year's Investor Day you had highlighted two EBITDA targets, $6 billion for '25, and $7.5 billion for '27. While we have fallen short of FY '25 despite commodity prices being resilient or robust, how confident are we of the '27 target of $7.5 billion?

Ajay Goel: Historically, our guidance has been, Indrajit, around volume, cost and CAPEXes. And EBITDA guidance during our conversation was about $6 billion. So against $6 billion, it was at the group level. So we are at about $5.5 billion. So there is some gap, but not miles apart. In the current year, if you look at one page in the IR document, it talks about guidance again on the volume, cost and CAPEXes. We are not guiding for now for EBITDA. And as pricing stabilizes, we may guide on EBITDA as well. But important thing to note, if you look at the guidance, the volume at the midpoint of the guidance is about 10% growth versus last year.

Cost, again, from the midpoint is about, again, 9%. And 1%, 1.5% is NEP. Net-net, in FY '26, we are foreseeing 20% growth, led by operations, which is volume, cost and NEP. Now even with the current pricing, current spot, our EBITDA with these numbers will be far bigger than the last year. And as I mentioned, as pricing stabilizes, if you see 10th or 11th of April post tariff, the pricing, and right now pricing across Zinc, Aluminum and the Brent has recovered by 5%. So, one should look at the growth led by volume, cost and NEP. Pricing, we have to wait and watch.

Deshnee Naidoo: I think, Indrajit, just to add to that. On Aluminum, as we have just been discussing, we would have been shy of our cost numbers because of the spike in alumina prices that we saw globally last year, and that contributed to not meeting the internal or the EBITDA number. Similarly, on Hindustan Zinc, slightly shy of the metal that we would have liked to produce, despite the good efforts that Arun and the team have made in terms of their mining tons. And Zinc International, I think when Chris talks, it's good to see where we ended the year, but we did fall short of our targets in terms of production in the first half because we chose to catch up on our mining tons.

So, those were, I would say, the levers that Ajay just spoke about. Those were the reasons why we were slightly shy of hitting our EBITDA numbers against the improved LME.

Indrajit Agarwal: Thank you. And lastly, how is Konkola Copper Mine ramping up? And any plans of getting it into or moving it to India entity yet?

Deshnee Naidoo: Thank you for that. I am going to hand over to Chris to talk about our very exciting copper growth story in Zambia. Chris?

Chris Griffith: Hi, Deshnee. Thanks very much, and thanks for the question. Yes, so I think we are making very good progress in the ramp-up of KCM. Remember, we only got the mine back in August, started production in September. And we have ramped up KCM to about 45,000 tons of integrated copper, of which about just under 30,000 tons was from our own production and 17,000 tons from the custom production. So we are ramping up very nicely.

I think this year we will give some updated guidance, I guess, Deshnee, in the next call. But previously when we gave market guidance in October, we said that we will do about 150,000 tons of copper in 2026. I am very pleased to say that we are on track to deliver that and probably a bit more. So, as I said, we will probably give you more updated guidance, but the ramp-up of KCM is going really well. We will be above the 150,000 tons, probably closer to sort of 170,000 tons, 180,000 tons. But that's not the guidance for now, but just to let you know what that ramp-up is looking like.

So overall, on these amazing KCM assets, this year we will see a ramp-up. We will be cash positive this year, starting to make money, investing in the business, starting to invest in the new capital to complete the KDMP project to ramp up to 300,000 tons. So, I think, overall, this great asset is ramping up nicely now that we have got the assets completely back in our own hands.

And the investment that we have committed to the government of Zambia of $1 billion over five years is very much on track. And we will probably invest just over $300 million for this financial year, both in some growth, but also in the major completion project of KDMP. Yes, so overall going quite nicely in the ramp-up.

Ajay Goel: The second part of the question was, Indrajit, regarding any plans of bringing KCM to India entity. So right now, as Chris mentioned, our focus rightfully so remains in operationalization, and augmenting the volume at KCM. And in terms of any structuring, restructuring, right now, not under active consideration. That may happen in fullness of time, not right now.

Indrajit Agarwal: Yes. Thank you so much for your answers, Ajay. That's all from me.

Moderator: Thank you. 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 couple of questions. First one for Deshnee. I was surprised to see basically a copper smelter, specific to Saudi Arabia, not there on the CAPEX sheet. Any specific reasons over here? And at the current TcRc, if we had to go out with the project, how would we look to justify the underlying economics?

Deshnee Naidoo: Yes. I will start and I will hand over to Chris actually to support. So we have signed the MoU. And of course, we are still in the study phase, looking at the options. Once we have concluded and have a final feasibility study with us, that's where we will actually indicate the capital amount. And maybe I will hand over to Chris to talk about the progress of the study. Chris?

Chris Griffith: Yes, thanks, Deshnee. And thanks, Ritesh, for the question. Yes, look, I think Deshnee was correct in saying, look, we have signed the MoU, so it's still very, very early days. We have done a high level feasibility study that we are in discussions with the government of Saudi. And there's a whole range of enablers that are part of the package of investing in Saudi. And it's currently those enablers that we are discussing. So, what long-term loans, what grants, what other duty protections, and the like. So there's a whole package of enablers that we are currently in discussions with the government of Saudi. And depending on how those go will depend on sort of how the project may progress or not.

So, I think just very early days, signed the MoU, project looks interesting. Saudi looks very interesting. The government are very supportive and are trying to attract all this investment to Saudi. And it's on the basis of those enablers that we are in discussions with government at the moment. But I guess, it's still very early days and still some, I guess, large yards still have to be covered before we can commit to any capital for that project. Thanks.

Deshnee Naidoo: And maybe, Ritesh, just to add, we would have put a little bit of study money into the growth capital category under Others. And that's in our guidance of about $1.5 billion to $1.7 billion. So, there is some money in there under Others pertaining to study cost.

Ritesh Shah: Sure. Thank you. My second question is for Ajay. Sir, you indicated $600 million of reduction in leverage at VRL. I understood the bridge of Rs.1.2 billion is ask. And then basically you extend $400 million, $800 million, which was brand fee and dividend, leaving the balance $270 million. So, I was not able to reconcile the $600 million number, sir.

Ajay Goel: Okay. So if you look at the source of cash at Vedanta Resources, I'd say the brand fee is $400 million. And dividend, if we assume 6% yield, which is less than half the recent past, so it is $800 million. So $400 million plus $800 million is $1.2 billion. Against $1.2 billion, the interest cost is $550 million. And if you also add, say, $50 million for other expenses, $600 million. So $600 million is expenses. $1.2 billion is a source of cash. That means deleveraging of $0.6 billion in the current year.

Ritesh Shah: I cannot comprehend still.

Ajay Goel: Maybe in that case, Ritesh, I will talk to you maybe offline.

Charanjit Singh: Sorry, Ritesh, I will take it offline with you after the call, Charanjit here.

Ritesh Shah: Sure, sure. And just the last two questions, specifically on Meenakshi and Athena. Possible to highlight what the coal sourcing is? And if at all we have signed any PPAs for both the assets separately? And the last one was on bauxite, what is the rate at which we are procuring bauxite from OMC? I read the annual report, I find the rate of almost Rs. 1,000 per ton, which looks too low. Is there anything I miss over here, if you could just clarify on that? Thank you.

Charanjit Singh: So, Ritesh, I will take the power, and we will let Anup take the bauxite query. See, we haven't signed any PPA as of now for the first year. It'll be all merchant power, short-term contracts. So, I think we will sign for both the FSA first, and then we will go for the PPA, more of a medium term PPA. But if you look to the rates in the merchant power market today, you will get very good rates. So at least for one year our model will be more like going for the merchant power contracts.

Ritesh Shah: Sure. And bauxite costing specifically from OMC?

Anup Agarwal: So Ritesh, so to your question on the bauxite OMC, the cost that you mentioned, that's only the basic cost. And then the taxes, duties and the logistic costs are all extra.

Ritesh Shah: Right. But still Rs. 1,000 is way too low because if you look at the e-auction prices so the numbers are significantly higher. So I understand it will be ex-mine and everything else will be extra. So, is there anything which is baked in contingent liability that we should be aware of? Or is this the pricing that we have that Vedanta as a group has from OMC?

Anup Agarwal: See, this is the price which is there today. Of course, there is a small litigation going around it, but this is the price which is there today.

Ritesh Shah: Okay. So there's no risk of contingent liability over here? Just a clarification.

Anup Agarwal: Not as of now. There's nothing as of now.

Ritesh Shah: Sure. Thank you so much for the answers. Thank you.

Moderator: Thank you. 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, a related question on the alumina cost, because currently the market price is around $350 per ton. And our cost of production at Lanjigarh also seems to be either in that range or a little higher. So, once probably the captive bauxite starts, what sort of cost reduction are we looking at compared to the current cost of production?

Deshnee Naidoo: Thank you. I am going to get Anup to answer that because it's the extension of the same question. Anup?

Anup Agarwal: So Lanjigarh cost, if you would have seen, in Quarter 4 we did a cost of around $370. Now it is two factors. One, the bauxite sourcing, the bauxite that we are getting from the domestic source versus the imported source. So part of it is to do with that. And the part of it is to do with the volume. Going forward, as we ramp up our production in Quarter 1, we expect this cost to be somewhere around $340, $350.

Now coming to your question on the API or the imported bauxite cost, those are all the ex-works cost, the $350 or the $400 that we saw in the month of March and April. And then you have a $60, $70 on top of it. So, at this point of time also, in Quarter 1, we expect our cost to be $35 to $50 lower compared to even the API that we are seeing in the month of April.

Pallav Agarwal: So the API landed cost you are saying, compared to that?

Anup Agarwal: Landed cost, yes.

Pallav Agarwal: Sure. The other question is, again, on the Athena power plant. So when you look at the CAPEX slide, so there's still a significant amount of unspent CAPEX over there. So, how confident are we of really starting that asset during this year and achieving the targeted PLF?

Arun Misra: No. So do not equate between the CAPEX spend and actual commissioning of the power plant. Meenakshi, first unit is commissioned, and next 700-megawatt will be commissioned this year. So absolutely, there is no concern on that ground.

Deshnee Naidoo: So just to confirm, Athena Unit-1, 600 megawatts it's being scheduled for commissioning right now, Quarter 1. And the second unit is another 600 megawatts, that's being scheduled for commissioning in Quarter 4 of this financial year.

Pallav Agarwal: So, any broad guidance on what type of profitability we can expect from that plant?

Charanjit Singh: Sorry, can you repeat, please?

Pallav Agarwal: No, any broad guidance on what profitability we can expect from the Athena power plant?

Charanjit Singh: So we are targeting roughly around Rs. 2 a unit in terms of the EBITDA level. Our generation cost is likely to be closer to Rs. 3.5, which will be, let's say, a Rs. 3 for the variable cost of coal, and Rs. 0.50 on the fixed side. And with respect to what we are likely to get in the merchant power market is a minimum of Rs. 5.5 to Rs. 6. So if you look at the current prices in the merchant power market for the contracts what we have for Meenakshi, we are in position to generate per unit more than Rs. 6.5 at this moment.

And for the deficit period, when the power peaks up in the summer, we also have some contracts, though for a small quantity, from Meenakshi, signed for Rs. 10 a unit. So the current profitability in the merchant power market is very good. And also the reason that we, at least for 12 months, will take this route versus going for a long-term or medium-term PPA. Does that answer your question?

Pallav Agarwal: Yes, yes. Thank you. That's it from my side.

Moderator: Thank you. We will take our next question from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Hi. Thanks for the opportunity. Congratulations for a good performance. A couple of questions from my side. The first one is essentially on value-added products in aluminium. Now, if I look at this year, it works to around 14%. Now given our production is going to increase to roughly 3 million tons at the lower end of the guidance, what kind of value-added proportion in terms of percentage can we expect for FY '26?

Anup Agarwal: Deshnee, shall I take that?

Deshnee Naidoo: Yes, Anup, please.

Anup Agarwal: So, Amit, so this year, if you'll see, we have done closer to 50%. And next year we expect it to be somewhere around 70% as we ramp up the VAP facilities, both at BALCO and Jharsuguda.

Amit Dixit: Sorry, what did you say, 17, 1-7 or?

Anup Agarwal: Amit, 7-0, 70%.

Amit Dixit: 70%. So that means the premium that we have in this quarter, I mean, which is quite impressive at 301, that premium number should actually go up as we go ahead for aluminium?

Anup Agarwal: Yes. So, Amit, so there are two positives. One, as you rightly picked up, is on the value-added percentage. The second is on domestic share, both of which we are seeing a rise quarter-on-quarter. But there are some small headwinds also, which we should keep in mind. RoDTEP on SEZ has gone away, while that's an advocacy topic and we are taking it up with the government, that's gone away, it takes away around $20. And this lower LME and some lower indices that we are seeing in the market, that takes away another $30. So net-net, if you look at FY '25, we are seeing an increase of $25 to $30. It could have been more, but for the RoDTEP and the lower LME of the indices that I mentioned.

Amit Dixit: Okay. Got it. The second question is on Oil and Gas. So the guidance is 95 to 100 kboepd. Now we have closed the quarter at around 96 kboepd. So, are we expecting an uptick in oil production, possibly from whatever endeavors we have done over a period of time? And if so, from which quarter can we expect that? And also, if you could give an indication of OALP percentage in the total production this year, FY '26.

Deshnee Naidoo: Thank you. Amit, I am actually going to hand over to Hitesh. Hitesh, over to you.

Hitesh Vaid: Yes. Hi, Amit. Amit, yes, you rightly pointed out, our current year number was around 104, and we have guided next year for 95 to 100, while our Quarter 4 number is at around 96. Now, the first part is some of the things which we did during this year is primarily driven by some of the failures which we had in our Mangala wells. Those failures are now behind us, and that's why now quarter-on-quarter at least we are seeing a stable volume compared to what we had seen earlier during the first half of the financial year.

Now going forward, what will work for us, how do we assure to deliver our guided volumes for FY '26? I think one of the key factors would be our ability to manage the declines where we, as I said, last few quarters or a couple of quarters we have done well. Second is, we have drilled quite a number of wells during the last six, eight months, those are being ramped up progressively, which will add around, say, 7,000 to 8,000 of incremental volume for us. Additionally, we are still drilling wells, both in gas fields as well as the oil field, which we expect to add around 5,000 incrementally more.

The third part which is one of the biggest drivers for Cairn going forward on volume is our ASP project. As we had said earlier, we have commenced injection in select pads. Now, for the larger cluster of pads we are almost ready to inject. We will do the first injection in a larger cluster around July of 2025. And that injection would take around, say, five months to six months to give us the volume upside, and we will start seeing the impact of that injection.

And of course, once we see the benefits, say, around end of December, we would obviously extend the ASP project to all the clusters in Mangala, and then of course in Bhagyam and Aishwarya field as well. So these are some of the key things which we are doing as far as Rajasthan field is concerned, not only to contain decline, but help it to grow, especially through drilling more wells and ASP project.

In addition, during the second half of the year, we are also drilling infill wells, both on the East Coast and the West Coast, given the weather window available after monsoon. During that time, what we will also do is, one of our DSF field Ambe, which is offshore West Coast just near to our current producing Cambay field, so we will drill three wells there as well which will add volumes, but it will take around 18 months further down the year to come into play. But it will add substantial volumes. It will be a new field which will give us around 15,000 barrels of production.

Now, the important part which you said is around the timeline. We expect that our volume trajectory will go up from Q2 onwards. We will be at around 98, 99 in this Q1. And then, of course, the trajectory goes up. And we have a higher volume during Q3 and Q4 when we start the payoff infill wells in offshore, as well as the benefit of ASP. Again, I think beyond this, some of the few things for us I think came beyond the current volume is what we are doing to grow our volume, and that is more importantly driven by the robust portfolio which we now have on the exploration side.

And recently, we had said that we are starting the shale drilling campaign in Rajasthan. So, the well gets spudded in July of this year. And we will do three wells, and we will get to know how it works out for us, how are we able to make it economical. And then we will come out based on the results on the fulfilled implementation.

In Northeast, we have got first oil discovery in our OALP block, what we have now named it as Rudra. And we are doing a couple of appraisal wells starting next month, which will then give us volumes later during the year from Northeast as well. The deepwater project is anyway going ahead. We are acquiring data through a CSEM survey. We will have the results somewhere in July, August, and then we lock in the rigs for next year drilling. So, these are some of the key things which will give us larger volume going forward. But I think in the near term, focus is on managing decline, growing the volume, ensuring that we meet our guidance.

The other part I think which you asked importantly is, how much volume has been contributed through our OALP blocks. Currently, it is around roughly 4%. And I think our now focus is also on larger volumes through the OALP as well as the DSF fields, because towards the EBITDA they contribute disproportionately much more, compared to the volume they contribute. So I think that is one of the focus areas.

So, that's all from my side. If you have any questions, you can let me know.

Amit Dixit: So, any indication you will give on OALP proportion, it was 4% in FY '25. For FY '26, how much can we expect? A broad range will also do.

Hitesh Vaid: Correct. So, what we are working on is trying to figure out whether we can reach around 8% to 10% by Q4. It will depend on our current Jaya producing field. We are drilling a couple of more wells in May. They are more appraisal exploration-led. And then Northeast, which I said, we have got the discovery and we are looking to monetize during this year. If both of these work, then it will be 10%.

And the other part, the DSF, which I said where Ambe we are drilling the well, but it takes time. Since it's a new offshore development, we will have to build a platform, connect the pipeline. So while it will take 18 months, but I think the objective is to move to that 20%-25% in at least 18 to 24 months.

Amit Dixit: Perfect. Thank you so much, and all the best.

Hitesh Vaid: Thank you, Amit.

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

Rashi Chopra: Thank you. Sorry, these questions might be a bit repetitive because I got my call dropped. But just on the aluminum side, again, just to clarify. So BALCO has gotten delayed to the first half, the BALCO expansion. Is that correct, from the 1st Quarter?

Ajay Goel: Anup, you want to take it?

Anup Agarwal: So Rashi, we are still maintaining the guidance of the first metal at end of the Quarter 1. So to that extent, while we said that the first half, but we are still maintaining the guidance that by quarter end, June end, we should have the first metal from BALCO.

Rashi Chopra: Okay. And then the alumina 3.5 million ton to 5 million ton, that is in progress already?

Deshnee Naidoo: That is correct. Yes, that is correct, Rashi. That is in progress. So the team is currently, they have commissioned the one and the first 1.5-million-ton train. And on the second train we started to commission. In fact, we have had metal from Calciner-4 already. And by the end of this year, we are targeting to be at a run rate closer to 4 million tons. And by next year, we will hit our 5 million ton run rate. So, that's how we are looking at our Lanjigarh Refinery.

I think just to also add to the BALCO expansion, I also want to give the team credit here. Because when we started the project, the team has since actually done continuous improvement on a project model, which, again, I think is great, given all of the expertise that we uniquely have in this field. And we have actually added to the capacity. And we have reduced, I think, the specific power consumption by about 2.5% to 3%. And they have also made some changes to the cathode block. So that has caused some delay upfront in terms of order placement. And the team is now catching up on that. So that is why we are still holding to the overall timelines. But the comfort for everyone is that we are building a far more improved project in BALCO.

Rashi Chopra: Okay. And then just on the coal blocks, again, if you could just kind of give the timeline for all three again, please.

Deshnee Naidoo: You can take it.

Charanjit Singh: Rashi, I think we have answered this. Good if we connect offline. In the interest of the time, we are already 8 minutes behind the scheduled time. So I think this will be the last question, but I am happy to connect with you because this was already answered on the call while your call dropped.

Rashi Chopra: Okay. No problem. Then just one, I do not know if this has been answered, but what is the debt repayment at VRL for FY '27?

Charanjit Singh: Suggest that you look into the slide. We have given the full details in the deck year-on-year.

Ajay Goel: Maybe I will take it summarily, Charanjit. So first with '26, current fiscal. So $920 million is a debt repayment to do in the current year. Next year, FY '27, it's about $675 million. Very clearly, the need for cash at VRL, in fact, is declining rapidly, led by both deleveraging and refinancing. At the same time, overall cash flow at Vedanta India, given the augmented volume, compressed cost, is much higher. So overall, we as a group in terms of cash management is historical best position.

Rashi Chopra: Got it. Thank you.

Ajay Goel: Thank you.

Moderator: Thank you. 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: Thank you, everyone, for taking out the time to join us. I hope most of the questions were answered. But for any unanswered question, feel free to touch base with the IR team. We will be happy to provide you all the responses in detail today itself. So with this, we conclude our call. We look forward to reconnecting with all of you towards July end to discuss our Q1 performance. So, good day and goodbye.

Moderator: Thank you. On behalf of Vedanta Limited, that concludes this conference. We thank you for your participation. And you may now disconnect your lines. Thank you.