



“Vedanta Limited Q2 FY '26 Earnings Conference Call”

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MANAGEMENT: MS. DESHNEE NAIDOO – CHIEF EXECUTIVE OFFICER, VEDANTA GROUP
MR. ARUN MISRA – EXECUTIVE DIRECTOR, VEDANTA LIMITED
MR. AJAY GOEL – GROUP CHIEF FINANCIAL OFFICER, VEDANTA LIMITED
MR. RAJIV KUMAR – CHIEF EXECUTIVE OFFICER, ALUMINIUM BUSINESS, VEDANTA LIMITED
MR. ANUP AGARWAL – CHIEF FINANCIAL OFFICER, ALUMINUM BUSINESS, VEDANTA LIMITED
MR. JASMIN SAHURITY – COO, OIL AND GAS BUSINESS, VEDANTA LIMITED
MR. HITESH VAID – CHIEF FINANCIAL OFFICER, OIL AND GAS BUSINESS, VEDANTA LIMITED
MR. CHARANJIT SINGH – GROUP HEAD INVESTOR RELATIONS, VEDANTA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Vedanta Limited's 2nd Quarter and 1st Half Financial Year '25-'26 Earnings Conference Call.

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

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

Charanjit Singh: Thank you, Yashashri. Good evening, everyone, and welcome to Vedanta Limited H1 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 earnings presentation and the detailed financials that we have released.

On this call, I have with me Ms. Deshnee Naidoo – our group CEO; Mr. Arun Misra – our Executive Director; Mr. Ajay Goel – our Group CFO; Mr. Rajiv Kumar – CEO, Aluminum Business; Mr. Anup Agarwal – CFO, Aluminum Business; Mr. Jasmin Sahurity – COO, Oil and Gas 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. Goel. And thereafter, we will open the lines for Q&A. Over to you, Deshnee.

Deshnee Naidoo: Thank you, Charanjit. Good evening, everybody. It is a pleasure to address you once again as we close the first half of FY '26, a period defined by volatility, resilience and record performance.

On the macroeconomic side:

The first half of FY '26 unfolded against backdrop of significant global uncertainty. The ongoing tariff disputes and conflicts in the Middle East and Europe created substantial turbulence in the commodity market.

Aluminum prices on the LME ranged between \$2,285 and \$2,736 per ton, while zinc fluctuated between \$2,521 and \$3,019 per ton, a swing of nearly 20%. In addition, the early onset of monsoons across several operational regions and planned maintenance shutdowns added further complexity to our operating environment.

Yet despite these headwinds, we delivered our strongest first half performance on record. Our Quarter 2 EBITDA stood at INR 11,612 crores and our H1 EBITDA at INR 22,358 crores,

representing year-on-year growth of 12% and 8% respectively. This outcome underscores the strength of our diversified portfolio, operational discipline and focus on cost efficiency.

Turning to the business performance.

Our aluminum business achieved its highest ever quarterly and half year production. Metal output reached 617,000 tons in Quarter 2 and 1.22 million tons for H1. Alumina production also set new record at 653,000 tons for the quarter and 1,240,000 tons; 1.2 million tons for the half year, growth of 31% and 19% year-on-year respectively. While planned maintenance led to an uptick in power cost versus Quarter 1, we achieved a margin of \$943 per ton, the highest in the last 14 quarters.

On a half-year basis, power costs were reduced to \$529 per ton, the lowest level post COVID, demonstrating our continued progress towards cost optimization and full-year guidance on past metal cost.

Hindustan Zinc delivered a record 2nd Quarter mined metal production of 258,000 tons and a half year total of 523,000. Silver production was at 144 metric tons for Q2 and 293 metric tons for H1, in line with our lower lead volume. Yet silver contributed over 40% of total segment earnings. We achieved a five-year low cost of production at \$994 per ton for Quarter 3 and \$1,002 per ton for H1, reflecting year-on-year reductions of 7% and 8%, respectively.

Zinc International recorded a 38% year-on-year increase in metal in concentrate production in Quarter 2, supported by a 54% increase at Gamsberg. For H1, production rose 44% year-on-year, led by a 63% increase in Gamsberg. The cost of production at Gamsberg declined 8% year-on-year to \$1,172 per ton, driven by higher volume, though partially offset by elevated treatment charges and currency fluctuations.

At Oil and Gas, production stood at 89,000 barrels of oil equivalent per day in the quarter, impacted by natural declines in the MBA fields and delays in ASP (Cluster C) injection. These were partially offset by new wells at Aishwariya and ABH field. OPEX decreased 4% quarter-on-quarter due to the optimization of polymer injection and reduced plant maintenance activity. We expect ASP injection to stabilize production volumes from Quarter 3 onwards.

In power, the early monsoon moderated power demand in some regions impacting operations at Meenakshi. Nevertheless, the business achieved record high quarterly generation of 3.9 billion units. That's up 8% year-on-year and 4.4% quarter-on-quarter. Quarter 2 EBITDA stood at INR 228 crores, lower than Quarter 1, which had included a onetime gain of about INR 160 crores awarded by the Appellant Tribunal for electricity for the prior- period charges, that's between 2016 and 2018.

Saleable iron ore production rose 11% year-on-year in H1 despite monsoon related disruptions. Our value-added business achieved a record pig iron production of 238,000 tons in Quarter 2

and 451,000 tons in H1. We also received the Letter of Intent for the Janthakal mine in Karnataka, strengthening our resource base.

At ESL and FACOR, planned maintenance temporarily impacted volumes. ESL's first half output was at 623,000 tons, down 4% year-on-year, while FACOR's H1 production declined 12% year-on-year following a one-month planned shutdown. With operations now fully resumed and the Kalarangiatta mine reactivated, both businesses are positioned for strong profitability in the coming quarters.

On Capital Projects and Capital Expenditure:

We invested approximately US\$0.9 billion in growth CAPEX during the first half of FY '26 and are well on track to achieve our enhanced full-year capital guidance of between USD \$1.7 to \$1.9 billion.

Key milestones include the commissioning of the 435,000 tons per annum smelter at BALCO, with the first metal production achieved earlier this month. At Lanjigarh, we began commissioning Train II, which is an additional 1.5 million tons per annum capacity and produced the first alumina from the new facility earlier this month.

Hindustan Zinc commissioned 160,000 ton per annum Debari roaster, completed debottlenecking at Dariba and secured Board approval for India's first Zinc tailings reprocessing plant at Rampura Agucha. That's at a 10 million ton per annum capacity, reinforcing both our commitment to capital and our sustainability focus.

Internationally, the Gamsberg Phase-II expansion, targeting 220,000 tons per annum incremental capacity, is now at 80% completion and is on track for commissioning by the end of FY '26.

In power, the Meenakshi and Athena plant added a combined 1.3 GW in the first half of the year, bringing our total merchant power capacity to 4.2 GW. These additions underscore our progress towards energy security and portfolio diversification.

ESG and Community Impact:

At Vedanta, responsible growth remains central to our purpose. The safety of our workforce remains our highest priority and a non-negotiable aspect of our business. We continue to strengthen the safety culture across our facilities through the implementation of critical risk management. Our safety performance metrics demonstrate continued improvement with the total recordable incident frequency rate at 1.23 for the first half compared to 1.32 at the end of FY '25 and a lost time injury frequency rate of 0.42, down from 0.52 in FY '25.

Tragically, however, during the quarter, we lost a colleague in an incident at our Lanjigarh plant and a detailed root cause analysis has been conducted and the learnings are being implemented across all of our sites to prevent such incidents in the future.

We are proud that Hindustan Zinc became the first Indian company to join the ICMM, the International Council on Mining and Metals, a global benchmark for responsible mining practices. Our environmental stewardship also advanced meaningfully. Across operations, we planted over 200,000 saplings and harvested almost 0.23 billion liters of rainwater in Barmer, reinforcing our focus on water sustainability.

In line with our commitment to inclusive growth, our community development initiatives continued to make a meaningful impact. During the period, our programs reached over 930,000 women and children, while our skilling initiatives benefited about 500,000 families, enhancing livelihoods and promoting self reliance.

Further reinforcing our dedication to cultural preservation and community development, we signed an Rs. 85 crores MoU to restore heritage sites in Rajasthan, supporting the state's rich culture legacy and fostering sustainable tourism.

Vedanta 2.0:

Our Vedanta 2.0 transformation continues to gain momentum, positioning us to lead India's growth in critical minerals, energy transition and technology. During the first half of FY '26, we secured three new strategic mineral blocks under India's Critical Minerals mission, expanding our portfolio across nickel, chromium, cobalt, vanadium, potash and manganese. This brings the total number of secured blocks to 11.

We have also made substantial progress on the proposed demerger, which is a pivotal step towards unlocking further shareholder value. The final NCLT hearing is scheduled for November 12, and we expect approvals to follow. This will set the stage for the listing of all five demerged entities by the end of FY '26, enabling greater strategic focus and enhanced value creation for all stakeholders.

At the start of FY 2026, global markets faced pronounced uncertainty, including a sharp decline in commodity prices. Yet our resilience has stood out. Even with lower average prices of most of our key commodities compared to FY '25, we achieved an 8% year-on-year EBITDA growth in the first half of the year.

Looking ahead, I am confident that FY '26 will mark Vedanta's strongest year ever, surpassing our previous record EBITDA of \$6 billion in FY'22. This performance will be powered by capacity expansion, production growth across aluminum, power, Zinc International, iron and steel and supported by recovering commodity prices. Thank you for your continued confidence and partnerships as we advance towards another year of record for Vedanta.

I will now pass over to Ajay to take us through our financial performance. Ajay?

Ajay Goel:

Thank you, Deshnee, and good evening, everyone. We continue the momentum and carry forward the progress in our operations, financial results, balance sheet and strategic initiatives. The macro environment has improved, and still there is uncertainty.

Vedanta's diversified business model and disciplined execution has enabled us to deliver our highest ever 2nd Quarter revenue of INR 39,218 crores, up 6% year-on-year and a record 2nd Quarter EBITDA of INR 11,612 crores, up 12% Y-o-Y.

On a half year basis, we delivered our highest ever H1 revenue of INR 76,652 crores and a record H1 EBITDA of INR 22,358 crores, growing 6% and 8% Y-o-Y, respectively, reflecting resilience and consistency across portfolio.

Our profitability remains robust. Second quarter PAT before exceptional items stood at INR 5,026 crores, up 13% Y-o-Y, while reported PAT at INR 3,479 crores impacted by certain one-time exceptional items. This quarter, we have recorded two exceptional items of INR 1,547 crores net of taxes.

The first matter is regarding TSPL mega matter. Now pursuant to Supreme Court's judgment, we have recognized the impact of Rs. 1,407 crores provisioned against accounts receivable in the matter of a dispute with the TSPL's claim regarding benefit of custom duty received in TSPL. A review petition has been filed against this order, but on accounting basis, we have taken the provision.

The second matter is regarding SEPCO settlement. As part of demerger proceedings, a full and final settlement of Rs. 660 Cr has been done with SEPCO, thereby resolving a long-standing dispute, paving the way for a proposed demerger process.

Similarly, in Q2 last year, we have recorded net exceptional income of Rs. 1,160 crores, mainly on account of oil and gas impairment reversal. Our EBITDA margin expanded to 34%, improving at about 70 basis points Y-o-Y, supported by favorable pricing, marketing premiums, exchange rate gains and continued cost efficiencies.

Our large businesses, which together contribute over 90% of Vedanta's EBITDA, continue to deliver strong earnings. Aluminum EBITDA at INR 5,532 crores, up 33% Y-o-Y with a 35% margin driven by record production and cost optimization.

Zinc India EBITDA of Rs. 4,434 crores, up 8% Y-o-Y with a best-in-class 54% margin driven by record mined metal and a five-year low cost of production.

Similarly, in Cairn Oil and Gas, EBITDA of INR 1,029 crores, maintaining a healthy 44% margin, where operational improvements have offset the natural declines. Other businesses,

including Power and Iron and Steel, are progressing well to accelerate on its strong growth trajectory.

Our ROCE improved sharply by 347 basis points Y-o-Y to at about 26%, reinforcing our disciplined allocation of capital and focus on value creation. We remain focused on disciplined growth. In H1, we invested about \$0.9 billion in growth CAPEX. Multiple growth projects such as new smelter commissioning at zinc and power expansions are progressing collectively to drive future earnings across pricing cycles.

On balance sheet side, we have further strengthened our leverage. Our net debt to EBITDA ratio stands at 1.37x, improving from 1.49x last year. Both CRISIL and ICRA has reaffirmed Vedanta's rating at AA. We are making solid progress of attaining AA+ rating in near future.

We closed the quarter with INR 21,481 crores of liquidity, ensuring ample flexibility for growth and contingencies. Further, we paid an interim dividend of Rs. 16 per share this quarter, delivering a TSR of about 13% on a YTD basis.

At Vedanta, we have reduced our interest cost to 9% with average maturity tenure of about three years, a direct outcome of our proactive rate management. We are targeting to bring down our average cost of borrowings to below 8% in near term.

At our parent company, Vedanta Resources, we have refinanced \$550 million of last high cost debt, reducing the overall interest rate from 11.6% to about 10% and flattening the maturity curve to just \$0.5 billion per year in the near future.

Over the last two years, our average maturity profile at VRL has improved significantly from 1.3 years to now at 4.5 years. With most high cost debt now retired, VRL is positioned to operate on autopilot mode, supported by a dividend payout of 4% to 5% in future and routine brand fee.

On the demerger, we are at the final stage. We remain confident of completing our demerger by end of this fiscal, unlocking focused value across our five verticals.

In summary, we remain encouraged about our commodity macro fundamentals, operational momentum and strengthened balance sheet. With several growth projects coming online and a stronger expected run rate in H2, we are confident in achieving an annual EBITDA of more than \$6 billion in FY '26 at Vedanta India consol level, surpassing previous records and supporting Vedanta's transformation into a global leader in critical minerals, energy transition and technology.

Thank you, and over to operator for Q-and-A.

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 Equities. Please go ahead.

Ashish Kejriwal:

Quickly, three questions from me. One, if you can help us understand about the situation of Jaiprakash Associates deal, which we have done. Is there a possibility of rebidding over there? Or it is just a COC giving the final verdict, and then one can go ahead with that? That is my first question.

Second is on the demerger. We have seen multiple delays on account of it, especially in the second motion. So, do you think that 12th November could be the final hearing, and after that, the things can be decided?

Deshnee Naidoo:

Thank you, Ashish. Before I answer the question on Jaiprakash, I just want to remind everyone about our interest in this. While Jaiprakash has five different segments, as you all know, the key catalyst for us is actually always going to be the power business, to bid Jaiprakash.

JP Group has a power portfolio of 2,200 Megawatts, which is expandable to 4,000 Megawatts, given the availability of land that it has at these two power plants. So, this acquisition is an important milestone, as you all know, in our journey to increase our merchant power capacity by 20 Gigawatts as we have guided previously by 2030.

So, the current portfolio of 2,200 Megawatts includes 1,800 Megawatts of thermal capacity and 400 Megawatts of hydro. So, that generates an EBITDA of INR 2,100 crores to INR 2,600 crores. The replacement cost of this 2,200 Megawatts is around INR 24,000 crores, which translates into about, I think, INR 6,000 crores for the 24% stake which JAL holds in these assets.

I just wanted to make that point because considering the cost and time that we know it takes to actually build a greenfield power plant or to restore one, that is the cost and time savings from that 1,800 Megawatt brownfield expansion at the existing plant site, the net replacement cost to JayPee power portfolio will work out to be maybe Rs. 8,000 crores to Rs. 9,000 crores at our estimate, which is about 70% of our bid NPV.

I wanted to put that into context in terms of the rationale or as I put it, a key catalyst for the acquisition from our side. And I also want to make the point that this split doesn't impact our deleveraging plan or our demerger plan. And as you rightly said, it's now led to process. Currently, the COC is evaluating this and the resolution will be submitted or the resolution plan will be submitted by the bidders. We will share our way forward post the COC decision. Ajay, would you like to supplement?

Ajay Goel:

Yes. Very specifically, Ashish, in terms of can this bid go for rebidding, you may recollect since IBC enactment in December 2016, it is less than a decade, and hence, the entire legal landscape is still stabilizing in the country. There are multiple rulings by the court, which speaks about eventually, it is the wisdom of the committee of the creditors that selects the eventual outcome in terms of who is the final bidder, and hence, it may or may not be the H1 bidder.

Now having said that, on today's rebidding news, you may have seen earlier the bid by the same group was rejected by COC. Now somebody may also look at how this Rs. 18,000 crores will be funded by the same group. So, in summary, we think it is highly unlikely that Jaiprakash will go for rebidding, and we feel quite confident that Jaiprakash is coming to Vedanta.

Deshnee Naidoo: Maybe then again, Ashish, I will take the other question around demerger timeline. The Mumbai Bench of the NCLT heard the petition on the 29th and that posted the matter for final hearing on the 12th of November. We are confident that the matter will be brought to resolution on the 12th, which will be in time then for what we have already guided the market in terms of getting this done by the end of FY '26.

Ashish Kejriwal: Understood, ma'am. Actually, why I am asking is because I think we have already submitted the written application, and we have given the response to Ministry of Petroleum and Natural Gas also. So, on that basis, do we think that we have given the reasonable satisfaction to those guys?

Deshnee Naidoo: Yes, we did. And that is why we believe that that matter heard on the 12th with the MoPNG should be sufficient.

Ashish Kejriwal: That's great. And lastly, my question is on alumina price. When can we see the effect of lower alumina price in our numbers? And have we done any commodity hedges? If yes, how much it could be?

Deshnee Naidoo: Thank you, Ashish. I think I am going to go straight to Anup.

Anup Agarwal: So, thank you, Ashish. Now coming to your question on alumina, Ashish, you can see in Quarter 2, our cost in alumina had come down by \$50. And as we ramp up Lanjigarh and we have the advantage of lower API, we expect in the next two quarters, the prices to go down further by \$50 each. So, actually, exit this year, you will see, we will be closer to \$700 to \$710.

So, that benefit is going to come from three counts. One, the higher captive mix coming from Lanjigarh, where we will ramp up our production to a run rate of, say, 4 million as we exit the year. The second from a lower cost at Lanjigarh and third, as you rightly said, from the lower buying.

Now some difference is coming because last time also, I had said that some of our third party purchases are also linked to the LME. And because of the higher LME, it is taking this time to transit. But as we increase our captive mix, you will see that benefit coming. Ashish, hopefully, I have answered your question.

Ashish Kejriwal: Yes. Sir, just to make it clear, you said \$50 per ton fall in price in each of the quarter for next two quarters for alumina for us?

Anup Agarwal: Yes, from the Quarter 2 levels, \$50 per ton in Quarter 3 and \$50 per ton in Quarter 4.

Ashish Kejriwal: That's great, sir. That's very helpful. And lastly, on commodity hedges, have you done anything in aluminum?

Anup Agarwal: Ajay?

Ajay Goel: Maybe, Ashish, I will give you overall for Vedanta as a group. Hedging is one area in terms of the margin protection and the cash we are actively hedging across the portfolio. If I speak of aluminum, for the current year FY '26, the quantity hedged is almost 300 Kt, and that makes almost 12% of the volume on a full yearly basis. And pricing remains \$2,625 per ton.

We have also hedged almost 470 Kt for next year FY '27. That is about 17% of annual volume. And here, the pricing is about a little over \$2,600 per ton. So, in summary, \$300 for the current year, \$470 for next year. That is about 12% and 17% current year and next year, and the pricing little over \$2,625.

Our second equally important portfolio is zinc at Zinc India, and there, the quantity hedged is about 97 Kt for the current fiscal. It is about 10% for the volume, and the pricing is almost \$2,900 per ton.

We also hedged silver. It's about 123 tons at about 17% volume for the full fiscal, and the pricing is about \$37 per troy ounce. So, across the portfolio, we have reasonable hedge, and this is one area we will keep watching given the tumultuous pricing in the current fiscal.

Moderator: Next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: I have a couple of questions. First, on aluminum, can you help us understand the other costs, the power cost, conversion costs, et cetera, how those will trend in the next couple of quarters? So, the point is, would the entire \$50 reduction in alumina flow to cash cost or that could be offset by the other cost?

Second is on the other assets of JPA, what kind of roadmap, what kind of plan do you have? Do you have a timeline in mind whether do you want to divest or do you actually want to operate those assets for some time?

Third, a bookkeeping question, what is the current debt at VRL level?

Deshnee Naidoo: Let's start first, Indrajit, with the aluminum cost. I am going to hand over to Anup, but maybe before I do, we delivered a COP, hot metal COP of \$1,826 per ton in the quarter versus the \$1,765 that we did in Quarter 1.

And just to reconcile the numbers quickly, the power cost increased of \$75 per ton, as I mentioned as well in my opening remarks. We offset that with and carbon increases as well and other costs have increased around \$40 per ton.

And then our alumina cost, as Anup just mentioned, it was reduced to offset some of that by \$53 per ton quarter-on-quarter. So, I think, Anup, when you speak, let's go in terms of Quarter 3, just high level what the production numbers will look like and where do we see the cost improvements coming. And then the one area I do want us to focus on is on power cost. So, let's start there, and we will come back to you on the JayPee question. Anup?

Anup Agarwal:

Thank you, Indrajit. Thank you, Deshnee. So, Indrajit, okay, before I come to your question, so let me reiterate that we are on the track for full-year guidance with H2 hot metal cost being sub \$1,650.

Now I cover your power cost. See, we guided last time also in Quarter 1, if you recall, that we had taken some major power shutdown. Now the timely power plant shutdown will enable us to achieve sub 500 per ton power cost in H2 FY '26. We expect average alumina cost, as I said, to be lower \$50 each in Quarter 3 and Quarter 4. Okay.

Carbon has been slightly rising, around \$15 increase from Quarter 1 to Quarter 2. But on the other operating efficiency, we believe that we should have an advantage of, say, \$20, \$25. Out and out from Quarter 2, as Deshnee said, from a COP of \$1,826 per ton, H2, we expect it to be sub \$1,650. Indrajit?

Indrajit Agarwal:

Yes. That is helpful.

Deshnee Naidoo:

Thank you so much, Anup. I think, Indrajit, just on the JAL acquisition, we know the process is still, there is still a process underway. And only once the COC process has been finally resolved, will we come back to the market with the details and there is a lot of options within the five different business segments. But I tried to upfront explain what the primary catalyst was. And the rest of it, following the COC, we will definitely come back to the market. I don't want to be preemptive at this point. Ajay, you take the next one.

Ajay Goel:

Yes. The third part that you asked, Indrajit, debt at Vedanta Resources. So, as on September end, it's the actual debt at about \$4.4 billion. And plus, as you know from Vedanta, there is an ICL, which is, again, 400. So, overall debt, internal and external, is \$4.8 billion.

Maybe I will also take this opportunity covering how do we want to look at financing in second half at VRL and a next couple of years. So, for the current year, between Q3 and Q4, we have no impending maturities. And what remains to be cash out at VRL in second half is the interest cost at about \$270 million- \$280 million and one of the options remain to fund that using dividend.

Now over the next couple of years, for example, the next year, the actual maturity is about 300 plus 200 is ICL, the last tranche. Total need for maturity at VRL next year is about \$0.5 billion. This number in FY '28, second year, is about \$450 million. So, over the next three years, the

maturity at VRL will be about \$0.5 billion and that can be easily managed by paying 4% to 5% dividend yield.

Secondly, the interest cost at VRL, given both deleveraging and lower cost of funding, will be almost \$400 million or thereabouts, and that will be equal to the routine brand fee even at the current levels.

So, in summary, over the next three years, both the maturities and the interest cost at VRL, as I earlier mentioned, will be practically on autopilot mode.

Moderator: Next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: I just wanted the update on the various approvals for the various mines, which we are awaiting. So, first is Kuraloi, Ghogharpalli and Radhikapur, if you can share in the last one or two quarters, has there been any progress on the pending EC and FC? And also on Sijimali, I read that FY '26 is when we are expecting to start, end of FY '26. So, if you could just share what is the status of the EC, FC there?

Deshnee Naidoo: Thank you, Sumangal. Rajiv, I will go straight to you.

Rajiv Kumar: So, we will start with Kuraloi, FC Stage 1 approval on 12th of May 2025. We are in the last stage of compliance of FC Stage 1 and complying to FC Stage 2, then we get the CTE and then the commissioning of the mine. That's Kuraloi.

Radhikapur, mine plan is approved. Forest clearance Stage 1 is granted, and the submission of Stage 1 compliance is in progress. EC is granted.

Ghogharpalli, for EC, the collector has issued letter to SPCB, the State Pollution Control Board, for confirming the time, date and venue for public hearing. Anything else I have answered?

And for Sijimali, to get the EC, we have handed over 1,760 acres of compensatory afforestation land to the state. Going by the process, the State Forest Department has taken up the matter with the MOEFCC for the grant of FC1. MOEFCC has sought some clarification from the state, which has been processed. We are hopeful for the mine to become operational in the current financial year.

Deshnee Naidoo: Thank you so much, Rajiv. Maybe just to add, Sumangal, on Sijimali, we have previously communicated Quarter 4 FY '26, so we are keeping the commissioning per Rajiv's guidance. On Kuraloi, previously, we had communicated Quarter 3 this year. I think given the timelines there, we might push it out by a couple of months to Quarter 4 this year. And then Ghogharpalli, we had originally communicated the 2nd Quarter of FY '27, that might move up by a quarter, but still positive. So, that will be Quarter 2, Quarter 3 FY '27. So, just to reiterate the timeline.

- Sumangal Nevatia:** That's very useful. My second question is on the ICL of around \$400 million. If you can share what is the plan to close that? In the past, we have kind of rolled that forward. So, what is the latest timeline for closing it?
- Ajay Goel:** So, the remainder part of the ICL is about \$417 million, out of which \$200 million is due in January, and the balance, \$217 million, sometimes in May next year. We intend to repay it as scheduled. We are not looking at any further rollover.
- Sumangal Nevatia:** And just one last question on the Power division. Now next year, FY '27, Athena, Meenakshi, both would be fully commissioned. So, on a steady-state basis, what is our expectation for the PLF? And in terms of EBITDA per unit, if you can guide what is the ballpark range when that we should bake in?
- Deshnee Naidoo:** Thank you, Sumangal. Maybe I will break it down a little, make it a little easier. So, maybe by the end of Quarter 4 for both Meenakshi and Athena, I will just talk about capacity PLF, maybe cost and realization. I mean, that will give you a better sense.
- So, by Quarter 4, Meenakshi capacity will be at 1 gigawatt. PLF will be around 65%. Cost of generation in rupees per unit, 4.7, and the realization will be around 5.7. At Athena, we would have hopefully both units commissioned then. PLF about 87%. Cost of generation, Rs. 2.8 per unit and realization at 5.7. That should give you a sense of what the profitability would look like by the time both units are ramped up.
- Sumangal Nevatia:** This is exit of 4th Quarter or average 4th Quarter expectation?
- Deshnee Naidoo:** Average 4th Quarter.
- Moderator:** Next question is from the line of Ritesh Shah from Investec.
- Ritesh Shah:** First question is for Ajay. Sir, if you could just repeat, for FY '27 and '28, what was the maturity and the interest amount that you indicated? I think you did include \$200 million of the \$417 million for FY '27, and you indicated \$217 million in May. If you could just refresh for FY '27 and '28 what you indicated?
- Ajay Goel:** Yes, Ritesh. So, for FY '27 next year, the total debt which is external is about \$300 million plus ICL, \$217 million, so about \$0.5 billion. FY '28, there is no ICL, so \$450 million external debt, so \$0.5 billion next year, \$450 million the year next. Interest will be almost \$450 million next year, FY '27 and \$400 million in FY 28. So, \$0.5 billion next year maturities, \$450 million is in interest. So, give and take, \$950 million to \$1 billion total requirement. FY '28, \$450 million are the maturities and \$400 million interest, so about \$800-850 million.
- Ritesh Shah:** That's useful. And congratulations for the recent bond issuance, I think 500, 550. I just wanted to understand the breakup of \$4.9 billion what you indicated because we would have taken out

certain high cost debt at 16%, 18%. So, how should one look at the breakup of bonds and loans for the outstanding debt, say, 4.5 and then the balance, I presume, is ICL?

Charanjit Singh: Ritesh, Charanjit here. You need to look at Slide #25. That has all the details with respect to the breakup and also the cost in the quarter.

Ritesh Shah: Sure. I will just move to the second question. This question was for Deshnee. Ma'am, thanks for explaining the underlying rationale for the JayPee Group. We just wanted to clarify that the number that you have indicated, is it adjusted for economic interest, basically, when we say INR 2,100 crores of EBITDA?

Charanjit Singh: Ritesh, these are the reported performance of the company in the past two, three years.

Deshnee Naidoo: This is JayPee's reported number.

Ritesh Shah: Yes. I appreciate that. But what I am asking is if you adjust for economic interest, the actual numbers would be significantly lower. So, just trying to understand the rationale behind it. And specifically, you did indicate the amount that we have put on the bid. Just wanted to understand how are we looking at, there are multiple contingent liabilities on the asset. So, how do we plan to take care of it?

Charanjit Singh: Repeating what Deshnee mentioned earlier, that we will come up with a very detailed comprehensive explanation, business by business segment, once the COC decision is made.

Ritesh Shah: Charanjit, what I am trying to understand is the rationale for bidding the asset, which has several subsets, and there is several contingent liability on each of the assets. Vedanta is going full throttle on the right direction right now. Then why are we going for JAL only for power assets, wherein the other assets, there are significant issues which are there? So, I am just trying to gauge the risk, and, obviously, there would be some quantification of the risk. I am trying to understand that.

Charanjit Singh: See, I think that is what we have been trying to explain even in the one-to-one meetings and all, also on this call, that we are in position to provide a detailed explanation and our reason once the COC decision is made. Until then, I think you need to understand that we have our hands tied up with respect to explaining the detail.

Ritesh Shah: Fair. I will just take one last question. So, ma'am, we understand that we had settlements on SEPCO. Just wanted to understand that we have this thing with Ministry of Petroleum and Natural Gas and something with Department General of Hydrocarbons. Are we ready to furnish certain bank guarantees? If yes, so what is the quantum over there?

What we pick up from the last reported numbers in the press was almost \$520 million. So, I am just trying to understand, given there is a lot of confidence on the demerger timelines, are we

ready to furnish a bank guarantee over here to the extent what I indicated so that the timelines, what we have indicated, probably, we have a far more confidence on that particular variable.

Deshnee Naidoo: Yes, Ritesh. So, you remember, even at the last call, we had taken this question because the objection was raised then. I just want to confirm to everyone, MOPNG's concern is actually, as you rightly mentioned, the financial risk in recovering some of these at this point, alleged claims from the business and basically questioning whether the P&L of the demerged oil and gas business would actually be able to sustain these should they realize. Their concern has been taken care of by us providing a corporate guarantee from Vedanta. So, that is already in place.

Ritesh Shah: Ma'am, would it be possible to quantify the amount over here?

Deshnee Naidoo: I'd say it is a guarantee that does cover up, cover us for the full extent of the alleged claims at this point, Ritesh. Of course, all of these numbers will be finalized once the demerger is actually finalized.

Ritesh Shah: Thank you for the answers. I will join back the queue.

Moderator: Next question is from the line of Vikas Singh from ICICI Securities. Please go ahead.

Vikas Singh: Just my first question pertains to currently assuming the JAL is not clear right now and your VRL requirement is very low. So, ex of these two, should we assume that our net debt would see a declining trend from here onwards?

Ajay Goel: Yes, Vikas, of course. I mean, I will start with the look at, let's say, maybe the past couple of years. And at parent company, Vedanta Resources, over the last three odd years, our debt from \$8.9 billion now down to almost \$4.4 billion September end. So, it is a decade low debt at Vedanta Resources. We also have publicly committed that from current \$4.4 billion will go down to \$3 billion over next two years.

Coming to Vedanta India, the operating company, the way to look at more so when we are on the high growth path, it is debt to EBITDA ratio, which has improved from almost 1.88x leverage to 1.37 as we closed the previous quarter. And from here, we have committed that at Vedanta India consol, our debt to EBITDA will further improve to 1x, so \$3 billion Vedanta Resources, 1x leverage Vedanta India. That goal remains unchanged. Any other priority will remain subservient to that goal.

Vikas Singh: So, absolute debt probably might not go down. My second question pertains to this INR 1 lakh crores investment news in Odisha, which keeps on floating. Could you give us some color on the segments and the timelines for that?

Deshnee Naidoo: Ajay?

Ajay Goel:

So, the INR 1 lakh crores investment that Chairman has committed, it, of course, remains Chairman's long-term vision for the states where we operate. And you may have seen even earlier in couple of large geographies where we operate in terms of zinc, oil and gas and aluminum specifically, the commitment is made.

Now you would appreciate, Vikas, these commitments also need lots of partnership and support from the state government to enable in terms of land allotment and multiple approvals. So, at this point in time, it will be very difficult to give a committed timeline then at what time frame we do spend INR 1 lakh crores.

In the interim, as we have been previously guiding in terms of CAPEX for the current fiscal, our range remains \$1.7 billion to \$1.9 billion. And over the next three years, cumulatively, collectively, it will be about \$4.5 billion to \$5 billion.

Deshnee Naidoo:

Just to add there, I mean, on the Chairman's commitment last week, there was a reiteration of previous commitment that we had made and really the collaboration to development as Rajiv has also guided in the market of 3 million tons per annum additional aluminum plant and the aluminum park that we will be looking to put up. And this would be part of a major hub for downstream producers on aluminum parks within the state as well. So, it is part of a larger, a much larger plan that the Chairman has already spoken in public last year and has reiterated to the Chief Minister in last year's discussion.

Vikas Singh:

And lastly, any progress has been made on the Northeast or Eastern India side of oil and gas fields, which we have acquired?

Deshnee Naidoo:

Thank you, Vikash. Let's add, I would like for Jasmin or Hitesh to take this and also introduce yourself, Jasmin, will be the first time you are speaking to some of the investors.

Jasmin Sahurity:

I am Jasmin Sahurity, COO of Cairn Oil and Gas. I have been in this position for the last six months. In terms of the Northeast, we had very fruitful discussions over the last week with the Chief Minister and we confirmed our commitments of investment, especially in the North east oil and gas business.

So, far plans are to have two discoveries, besides the one already confirmed, develop and confirm the hydrocarbon with the potential of 200 million barrels of reserves. And after that, all aside investment into the society, into the future development of the Northeast region will be confirmed. This is so far what I can say.

But in nutshell, first valve which will be confirming the new reserves in the Rudra region will be end of November spudded. Second well in Nagaland region will be spudded in February, and we can expect till end of this financial year confirmation of the reserves in between 100 million and 130 million barrels usable.

Moderator: Vikas, does that answer your question?

Vikas Singh: Yes.

Moderator: We will take our next question from the line of Abhishek Roy from JMF Capital. Please go ahead.

Abhishek Roy: What further recent contact has there been from the Enforcement Directorate? And is the ED aware that Vedanta Resources has no corporate office or staff in London to justify the brand and more importantly, the strategic services agreement?

Charanjit Singh: Sorry. Can you repeat the question?

Abhishek Roy: What recent contact has there been from the Enforcement Directorate in relation to the recent reports in your accounts? And is the Enforcement Directorate aware that Vedanta Resources has no corporate office in London or any staff in London, but they are being paid strategic services agreement fees?

Deshnee Naidoo: So, there is no specific engagement, but maybe just to answer the question more broadly first, so in the normal course of business, secretarial agencies just seek information for us. And as always, we have been very compliant in terms of responding, but we have had nothing specific from ED. That is the first.

On the second, in terms of the Vedanta offices, everyone understands our very lean corporate center model. And in London specifically, the corporate offices do run out of Hill Street, which, again, is very well known, and there is a small center there. But that office is also supported by resources dedicated through service agreements from Vedanta Limited as well out of both Mumbai and Delhi. And that is the operating model fairly well understood in the market.

Abhishek Roy: Does that not cause an issue with transfer pricing? It is the services that are actually being performed in India, but there is \$400 million, \$450 million a year going to London for strategic services. If those services are being delivered in India, then presumably that is a transfer pricing issue that the ED is concerned about. We know that they were concerned about back in 2023.

Ajay Goel: Maybe I will take it, Deshnee. See, the rationale for overall brand fee and strategic services has been also addressed in the past in detail. And overall, the entire contract is monolithic. It is not separable between the usage for the Vedanta brand and the Vedanta name as such and also services we get from the VRL team across many areas. They can be in terms of strategic acquisitions, mergers, capital markets, and much more. What I can say is.

Abhishek Roy: But none of that is used in London. None of that is used in London, which is where the money is going.

Ajay Goel: It don't have to be domiciled at a geography. When we use a logo or a name as Vedanta and get services, it is a service that is being rendered and a service that is being received by Vedanta India entities. That is most important.

I may like to also point out that the entire brand fee agreement has been internationally benchmarked. There are multiple studies done by one of the best Big Four firms. The brand fee rate, which has been charged over the last few years, in fact, is lower than the median rate recommended by the Big Four firms.

So, in summary, I would like to say the entire brand fee has been legally vetted. It has stood the test of scrutiny by multiple regulators, and we don't see a challenge from the legal viewpoint.

Moderator: Abhishek, I request you to join back the queue, please. Next question is from the line of Imtiaz Shefuddin from Barclays. Please go ahead.

Imtiaz Shefuddin: I just have one question, and this relates to KCM. Has there been any progress on the initial funding of the \$1 billion over five years that you were trying to raise for KCM?

Deshnee Naidoo: Thank you for that, Imtiaz. So, in the normal course of business and for the shareholder agreement, we remain compliant with what we have agreed with the shareholder agreement. That is about \$150-odd million in the first half of the year.

In terms of the rest of the KCM funding, I think everyone will be very happy to know that KCM is now operating on an integrated vessels basis around 8,500 to 9,000 tons per month, which is actually close to numbers that this business last achieved in 2017. And at these copper prices, they have been able to sustain both the operational cash requirements as well as the sustaining capital cash requirements.

In terms of the larger investment, KCM is in the process of finalizing the KDMP feasibility study. Once that feasibility study is complete and approved, we will make a funding decision for KCM. In terms of the fundraising for that, I think we find ourselves in a very fortunate position given the current integrated production and hence the cash flows the asset is generating, given the current price environment and an appetite for anything associated with copper right now, we are very confident that we would have several avenues available once the project is investment ready. So, KCM is progressing well.

Imtiaz Shefuddin: And just to follow-up, any funding that is going to be done at KCM? I think you mentioned the last time that it will be ring fenced within KCM, yes? Is that still the case?

Deshnee Naidoo: That is still the case. In fact, I think I am more positive today than I was a quarter ago, given what is happening on the production ramp up as well as the copper prices.

Imtiaz Shefuddin: Thank you. And just congrats on your first half performance.

Deshnee Naidoo: Thank you, Imtiaz.

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: Thanks, everyone, for taking out the time to join us. Look forward to our Q3 in January when we report our numbers. So, thanks, and have a nice weekend, everyone.

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