



“Vedanta Limited  
Q1 FY’24/'25 Earnings Conference Call”  
August 06, 2024



**MANAGEMENT: MR. NAVIN AGARWAL – VICE CHAIRMAN – VEDANTA LIMITED**  
**MR. ARUN MISRA – EXECUTIVE DIRECTOR – VEDANTA LIMITED**  
**MR. AJAY GOEL – CHIEF FINANCIAL OFFICER – VEDANTA LIMITED**  
**MR. AJAY AGARWAL – PRESIDENT, FINANCE – VEDANTA LIMITED**  
**MR. JOHN SLAVEN – CHIEF EXECUTIVE OFFICER – VEDANTA ALUMINUM**  
**MR. HITESH VAID – CHIEF FINANCIAL OFFICER, CAIRN OIL & GAS – VEDANTA LIMITED**  
**MR. CHRIS GRIFFITH – CHIEF EXECUTIVE OFFICER, BASE METALS – VEDANTA LIMITED**  
**MR. STEVE MOORE – DEPUTY CHIEF EXECUTIVE OFFICER, CAIRN OIL & GAS – VEDANTA LIMITED**  
**MS. PRERNA HALWASIYA – DEPUTY HEAD, INVESTOR RELATIONS AND COMPANY SECRETARY – VEDANTA LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Vedanta Limited Quarter 1 Financial Year '24, '25 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference to Mr. Prerna Halwasiya, Deputy Head Investor Relations and Company Secretary, Vedanta Limited. Over to you, ma'am.

**Prerna Halwasiya:** Thank you, Yashashri. Good evening, everyone, and welcome to our first quarter earnings call. I'm Prerna, and on behalf of the entire team of Vedanta Limited, I would like to thank you all for joining us today to discuss our financial results and business performance. The transcript and audio of this call will be made available on our website. The financial statements press release and presentations are already available on the website.

I'm delighted to introduce our esteemed Vice Chairman, Mr. Navin Agarwal. Many of you might have engaged with him in the past. He's joining today's earnings call probably after 10 years. Today, he will be sharing insights into our quarter 1 performance and also outlining our strategic growth map.

Additionally, we have from the leadership team, Mr. Arun Misra, our Executive Director; Mr. Ajay Goel, our CFO; Mr. Ajay Agarwal, our President, Finance. Also joining with us are a couple of leaders from our key businesses, Mr. John Slaven, CEO, Aluminium business; Mr. Steve, Deputy CEO, Cairn Oil & Gas; Hitesh Vaid, CFO, Oil and Gas; and Mr. Chris Griffith, CEO, Base Metals.

Please note today's entire discussion will be covered by cautionary statement on slide number 2 of the presentation. We will start with an update on our operational and financial performance, and then we'll open the floor for the Q&A.

Now I would like to hand over the call to Vice Chairman. Thank you.

**Vice-chairman:** Good evening, everyone. Thank you. So as Prerna mentioned, I guess I'm attending this call after 8, 10 years. But however, we had the opportunity to recently engage with several of you during our recent analyst meet, and also during the recent site visits that many of you went on. Thank you for joining today's quarterly business update.

The Vedanta story goes beyond numbers. We'll come to numbers, but Vedanta's story goes beyond numbers. It's about unlocking exponential growth opportunity. We are on a mission path to become world's leading and most sustainable producer of critical minerals. Our focus on capital efficiency translates to faster project execution and, of course, superior returns for our shareholders.

Let me begin with some key highlights, as you can see on this slide. This is really our scorecard for the last quarter. And this is the result of the very sustained and structural initiatives and efforts that we have made over the last 1 or 2 or 3 years.

These highlights, as you can see, quarterly EBITDA surged remarkably an outstanding 47% to INR10,275 crores. Important here is our EBITDA margin experienced a significant boost, increasing by 10% from a robust 24% in quarter 1 FY '24 to now an industry-leading 34% in Q1 FY '25. This growth is a testament to our rigorous structural and strategic initiatives aimed at optimizing our cost. As a result, our overall cost successfully decreased by an impressive 20% year-on-year.

More notably or as notably, our profit after tax increased sharply to 54% Y-o-Y and to INR 5,095 crores. Continuing on cost, our cost performance is a cornerstone of our success. We are proud to be among the global leaders in cost efficiency, a critical factor, we think, in ensuring long-term competitiveness.

Our aluminium and zinc operations consistently outperformed industry benchmarks, ranking in the top quartile and top decile respectively of the global cost curve. Sustainability leadership also as important, extremely important. Our leadership extends beyond operational excellence. We are also leading in sustainability.

Our company was ranked third in the S&P Global Corporate Sustainability Assessment. Our subsidiary, Hindustan Zinc, ranked first in the metals and mining peer group, and Vedanta Aluminium ranked first among global aluminium peers. This is a true reflection of our commitment to building a stronger Vedanta together.

Our assets are also quite unparalleled, right? And if you look at other assets or other large manufacturing businesses in the country, cement, steel, they can be invested and created, but most of our assets now cannot be replicated. And we guess that the replacement cost of our assets today across aluminium, zinc, oil, gas, iron ore, steel, et cetera, is the replacement cost is in excess of \$50 billion.

On growth, we have had an unparalleled growth story. We have expanded our capacity rapidly, achieving tenfold growth since our IPO in 2004. We are still a young and dynamic organization with the agility of a startup. Commitment to growth is unwavering as a champion of India natural resources, which strives to contribute to our country's vision of self-efficiency in natural resources.

In the near term, we are poised to deliver \$ 30 billion in annual revenue and \$ 10 billion in EBITDA. Our large-scale growth projects are in advanced stages of development with majority of them ready to commission in the upcoming quarters. We are in a sweet spot at the right time, and our focused growth approach is reflected through our commitment to execute about \$ 8 billion of growth capex in the next few years.

Some more color specifically on some of the businesses. Aluminium, of course, John will cover this and so will Arun. But with our expansion and integration projects, we will be a fully integrated 3.1 million tons per year producer, while maintaining global lowest cost positioning.

With our value-added product capacity expansion, 90% of our products are value-added products and alloys. We are already the global leader in wire rod production. This value-added

expansion will further cement our position by making us the second largest producer of billets in the world.

As we complete our full backward integration to ensure 100% self-efficiency in bauxite, alumina and coal, we are well positioned to deliver EBITDA in the region of about \$4 billion from our aluminium business at LME of about \$2,600. Just to highlight, with completion of our ongoing integration, we believe we will be the most integrated large aluminium producers in the world. Similarly, in Zinc India, with defined metal capacity of 1.2 million tons and 800 tons of silver production as HZL is poised to generate annual EBITDA of \$2.7 billion.

So in the story on Zinc International, less understood by most investors, and we will get Chris to talk about this. Our Zinc International business with substantial zinc ore reserves, has the potential to mirror our Zinc India business with an impressive zinc ore reserve and resources of 662 million tons and 35 million tons of metal reserve, we are committed to deliver 1 million ton of zinc production from Zinc International.

Oil and gas is India's largest private sector oil producers and remains committed to maximizing resource recovery and discovering resources for future growth by focussed development and exploration. During the last fiscal, we added 200 million barrels to our resources, increasing our R&R to 1.4 billion barrels. Our near-term target is to deliver 150,000 barrels production a day and 1.6 billion barrels in reserve and resources.

With this, our oil and gas business will generate over a \$1 billion of EBITDA. Our vision, however, is to reach production of 300,000 kboepd barrels a day. Key activities here include scaling up ASP injection across MBA fields, monetization of tight oil and satellite fields and exploration in Northeast, deep water in the East Coast and onshore Cambay.

The next big growth opportunity in iron ore is in Liberia. We are on track to realize the full potential of our iron ore business. Our Liberia asset has over 3,000 million tons of established R&R and best-in-class ore grades. Our near-term projections at Liberia indicate an annual production of approximately 30 million tons of iron ore. And similarly, we have opportunities to grow our output in Karnataka and in Goa.

ESL, one of our trophy assets, the steel asset, it is the only steel asset in India that can be ramped up to 15 million tons a year at a single location. It is strategically located, fully integrated, highly scalable steel platform and enjoys an added benefit of green steel potential, given proximity to the gas pipeline it has spread across, gas pipeline.

This asset is spread across the contiguous land of 2,300 acres. At this point of time, we are completing the expansion to 3.5 million tons to be commissioned by end of this year. And we believe at 3.5 MTPA, this business will deliver \$500 million in bottom line.

On power, we are one of the largest power producers in India, of course, with 11 gigawatts of total capacity. In merchant power, we have 5 gigawatts of total capacity spread between TSPL in Punjab, Athena in Chhattisgarh and Meenakshi in Andhra.

At FACOR ferro chrome, we have already doubled our production since acquisition and we are now on track to become India's largest ferro alloys producers with 500 KTPA capacity, a threefold increase in production from where we are now.

Moving on to some strategic inputs, demerger, you would have heard that our game changing, strategic demerger is now a reality. As you may be aware, we have already filed the demerger scheme application with NCLT. And therefore, we are in the final stage of creating industry-leading focused entities with sharper investment propositions.

On management and leadership, we have a strong line of global leadership team who are ready to lead these large, high-quality businesses with 100-plus expats and experienced specialists and of course, a very vibrant young leadership team, we are ready to unlock the largest shareholder value.

And in conclusion, finally, while we can look back with pride on our accomplishments and initiatives at Vedanta, we remain firmly focused on the exciting road ahead for us. FY'25 will be a transformative year for us on many fronts, as we prioritize disciplined growth, operational excellence and exploring opportunities along the value chain.

Our strategy is clear, our foundation is solid and our team is energized to capitalize on the tremendous growth potential and prospects that lie before us. We thank you for your continued support and confidence in our journey and in our story. Thank you very much, and we look forward to engaging with you in the Q&A session.

But for now, over to you, Arun.

**Arun Misra:**

Thank you, Vice Chairman. I'm pleased to address all of you today to share Vedanta's exceptional performance in quarter 1 of this current fiscal, a quarter marked by robust growth, operational excellence and a strong commitment to sustainability.

Our journey has been defined by strategic delivery and operational excellence with a strong pursuit of value creation for all stakeholders. As a global industry leader in ESG practices, our dedication to ESG is reflected in our operational strategy. Our group has already secured a total of 1,826 megawatts of renewable energy, power delivery agreements.

I'm thrilled to share with you that our Zinc India business has started receiving the renewable energy in line with these agreements. This initiative will be progressively adopted by our other businesses in the upcoming quarters. In the first quarter of FY'25, Hindustan Zinc successfully sourced approximately 8.5% of its total power consumption from renewable energy.

This has helped Hindustan Zinc to launch EcoZen, Asia's first low-carbon zinc product. This is a significant milestone in our sustainability journey with a carbon footprint of 75% lower than the global average because it reflects our dedication to reducing environmental impact of our product.

Today, Vedanta proudly has a portfolio of three low-carbon products, two in aluminium named Restora and Restora Ultra, and now one in zinc named EcoZen. It reflects our strategic intent

and the actionable steps we are taking towards our ambitious environmental goal of achieving net zero carbon emission by 2050.

On quarter 1 key highlights, moving on quarterly performance, I am pleased to report an outstanding quarter 1 performance that underscores the strength and agility of our operations. We delivered strong quarterly revenue of INR 35,239 crores, 6% increase year-on-year, a quarterly EBITDA increasing remarkably by 47% year-on-year to INR 10,275 crores. Our EBITDA margin increased by 10%. Our profit after tax increased by 54% year-on-year.

Moving on operational performance. Our aluminium and zinc operations continue to set industry benchmarks consistently, ranking in the top quartile and decile in the global cost curve on the back of very structural initiatives, which helped in reduction of costs year-on-year.

Aluminium business achieved a strong quarterly production of 596 kilo tons coupled with an 11% reduction in cost year-on-year. Despite rising alumina market prices globally, we maintained a flat hot metal cost, demonstrating the strength of our assets and our operational excellence and our ability to sustain and increase the margins.

Hindustan Zinc has achieved its highest ever first quarter mined metal and refined metal production at 263 KT and 262 KT, respectively. We are on a clear trajectory to achieve the lowest cost production in our last four years of operations, with a Q1 cost of \$1,107 per ton.

In Gamsberg mine, we witnessed a 19% increase in ore mined and a 25% increase in MIC production quarter-on-quarter, strongly reflecting our progress towards operational stability and efficiency.

ESL Steel also delivered a robust performance with crude steel production increasing by 10% year-on-year to 356 KT, driven by strategic debottlenecking and enhanced operational efficiency.

On growth projects, we estimate our remarkable growth across entire portfolio and we remain committed to our near-term \$10 billion EBITDA target that has to be achieved through operationalizing all these growth projects.

Aluminium ramp-up of Lanjigarh refinery's Train 1 is progressing smoothly, and we are on track to commission Train 2 in quarter 3 of current FY'25 with a full ramp up expected by quarter 1 of FY'26. BALCO smelter expansion is advancing steadily with all equipment orders fulfilled and installations underway.

These developments along with some volume debottlenecking projects will enable us to reach the production capacity of 3.1 million tons per annum of aluminium, with 90% comprising of value-added products and alloys. Zinc India, 160,000 tons per annum roaster at Debari and 510,000 tons of fertilizer plants are progressing smoothly. Additionally, we are exploring avenues to expand our metal production to 2 million ton per annum in near future.

Zinc International, as Vice Chairman stated, is one of the largest zinc deposit globally. Our Phase 2 expansion project is in full swing with full ramp up expected in quarter 2 of FY'26. In iron ore, we remain on track in our FY'25 production target of 12 million ton per annum with an additional 1 million ton from our value-added business. To realize the full potential of our assets in Liberia and align with our growth objective, we are initiating construction of our first 3 million ton per annum concentrated plant in that region.

In ESL, the expansion to 3.5 million tons per annum is estimated to be completed by FY'25. In power, we are well placed to generate 5 gigawatts of commercial power over the next two years. The fiscal year will see the full commissioning of Meenakshi power of 1,000 megawatt. In FACOR, after concluding the last fiscal year, with a production rate of 110,000 tons per annum, we are gearing up to increase our capacity to 150,000 tons per annum in FY'25.

In summary, our exceptional Q1 performance has set the stage for a transformative financial year 2025. We are on track to complete several landmark projects, including one of the world's largest single-location alumina refinery at Lanjigarh and the expansion of our aluminium and steel capacities.

Across our portfolio, we'll also add about 10% additional capacity by aggressive debottlenecking efforts and asset optimization. These strategic initiatives, combined with our continued focus on cost reduction, that too very, very structural and operational excellence, will drive significant growth and value creation.

In conclusion, FY'25 is going to be a landmark year for our company as we achieve new high steel production, revenue and profitability. The strategic demerger presents a unique opportunity and is on track to create industry-leading focussed entities and sharper investment propositions. Vedanta is well positioned to capitalize on emerging opportunities and deliver sustained value to our shareholders and stakeholders.

With this, I hand over to Ajay Goel.

**Ajay Goel:**

Yes. Thank you, Arun, and good evening, everyone. First quarter has been an outstanding start of the year in terms of operations, financials and capital structure. I'm pleased to share that we have delivered an EBITDA of INR 10,275 crores, clocking a 47% growth Y-o-Y. And 20% of EBITDA growth comes from structural and sustainable cost omission. This quarter witnessed our highest PAT in the last seven quarters at INR5,095 crores, reflecting a growth of 54% Y-o-Y.

Coming to first quarter financial highlights. Revenue of INR35,239 crores, up 6% Y-o-Y. EBITDA, as I mentioned, INR10,275 crores, a jump of 47% Y-o-Y. EBITDA margin at 34%, reflecting a surge of 948 basis points Y-o-Y, which is an industry benchmark. PAT of INR5,095 crores demonstrates a robust 54% growth Y-o-Y, and a staggering 124% growth quarter-on-quarter. FCF before capex of INR4,371 crores, up 41% again Y-o-Y. Finally, net debt-to-EBITDA ratio improved to 1.5x Y-o-Y from 1.9, which again is the best in the industry.

Moving on to balance sheet and debt. Net debt as of June 30, stood at INR61,324 crores against INR56,338 crores as on March 31, 2024. We finished the quarter with a very strong liquidity position of INR16,692 crores, up 17% Y-o-Y with an average maturity at 3 years. This quarter, we also continued with our consistent track record of rewarding shareholders with dividend.

On QIP and capital structure. As you may have noted, in July, we have raised \$ 1bn / INR 8500 crores via QIP, marking one of the largest transaction. The funds from the QIP will be used to deleverage Vedanta Limited. This will also significantly reduce our interest cost by more than INR1,000 crores on an annual basis.

The oversubscription by almost 3x from marquee long-only investors underscores the confidence that domestic and global investors community has in Vedanta. I move on to VRL parent company, both in terms of deleveraging and recent rating augmentation. I want to emphasize the substantial progress towards deleveraging made by our holding company- Vedanta Resources Limited.

After reducing debt by 3.7 billion over the last 2 years, we have further announced deleveraging of 3 billion over the next 3 years. Against this, we have achieved a reduction of 650 million in the first quarter itself. The closing debt at VRL now stands at 5.5 billion. Also, S&P Global has augmented various rating to B-, citing improved capital structure and liquidity, while assigning a stable outlook. On demerger, we have filed the scheme with NCLT. This is a significant milestone towards unlocking the value for all our stakeholders.

In conclusion, I reaffirm our commitment to full year guidance and will continue on our current momentum forward. Our transformative cost optimization across our portfolio will continue to deliver results. Vedanta's credit profile and capital structure will see a substantial change in coming quarters. And with this, we are very well positioned to achieve our historical best performance in FY '25. Thank you.

And with this, I hand over to operator for Q&A.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We'll take our first question from the line of Amit Dixit from ICICI Securities.

**Amit Dixit:** Congratulations for a great set of numbers. I have two questions. The first one is on aluminium division. I understand that there are quite a few milestones in Q2 FY '25, including commencement of mining in Radhikapur and Kurloi blocks plus the second train of alumina refinery being launched. So just wanted to understand your update on each of these, plus BALCO expansion aspect?

**Vice-chairman:** Yes. Go ahead, Amit. What else?

**Amit Dixit:** The second question is on oil and gas, essentially. So while in the PPT, it was mentioned that we have initiated the ASP injection at Mangala, and we saw that the preparation was going on when we visited the site as well. So, I just wanted to understand whether in Q2, we will finally see that the production from oil and gas would increase because we have drilled infill wells.



So, because as a combination this infill strategy plus your ASP, could we see production creeping up finally in Q2 of FY '25? These are my two questions.

**Vice-chairman:**

Thanks, Amit. I will, of course, ask first John or maybe Steve first to address the oil and gas, and John in aluminium. But a broader comment, Amit, that while your question around in which month or which period will the refineries start this month, which period will the coal mining start. While relevant, but the way we look at this is that structurally, we have addressed this, and now it's a matter of execution.

It may take a month here or quarter here. But from our point of view, the refinery has been in its last stages of commissioning, both Train 1 and Train 2. It may happen 1-month earlier, 1-month later, but we don't stress over that. So that is going to happen in any case.

As far as coal mining is concerned, similarly, we have started to work on the coal mine. It may happen 1 month early, 1 month delayed. But we know that all this integration of coal, alumina bauxite is in the execution space and will start commencing. But let me get Steve on, Steve are you on?

**Stephen Moore:**

Yes, I'm here.

**Ajay Goel:**

So you heard the question Amit had?

**Stephen Moore:**

Yes, I got it. Yes, let me give the answer. Yes. Thank you, Amit, for the question. So yes, you're right, obviously, our production have been declining. We are obviously producing most of our oil and gas from very mature fields, 15 to 25 years old. We have a natural decline of about 20% per year with no infill drilling. We are infill drilling modestly at the moment in Rajasthan and maintaining the decline at about 15%.

Obviously, that isn't acceptable. We want to bring the production up. We've got a huge reserve base and resource base to draw upon. And phenomenal exploration portfolio that's going to add to the reserve and resources.

So ASP, you mentioned, is one of the key technologies. We've kicked off the first stage finally after many years delay in Mangala. ASP been injected into the ground. And we should see over the next few months because we're putting it into a pattern, which should respond quite quickly. The gradual increase. But remember, this is the first part of a very large project. The second stage will kick off early next year.

My expectation for second quarter is we're going to be quite flat. So we did 112 in the first quarter. We're going to be sitting at 112, 113 in the second quarter. Third and fourth, we'll start to see the gains, not just from the ASP, but also from the additional infill drilling because we're mobilizing rigs to both the East and the West Coast.

Our biggest infill opportunities are actually offshore rather than onshore, but that production should start to come in during the year. We've also got 5 more wells scheduled in the gas plant. It should start to coming towards the end of the year. So we're looking at an end rate leaving the financial year, 130,000 to 140,000 barrels a day. And that's all of that work coming in.

Beyond that, obviously, we've got a lot of exploration ongoing. We've got the rigs that are coming on the East and West Coast, not just doing infill, but doing exploration, which will hopefully produce more satellite fields.

We've got five satellite fields already discovered. Field development plan is sanctioned, both onshore and offshore. They will start to produce oil and gas. We've got the ongoing exploration in the North east, where we've got two rigs drilling. We've got a rig in Rajasthan drilling.

We're bringing a second rig right into Rajasthan, heavy-duty rig to focus on our deeper prospectivity, particularly gas prospectivity around the RDG plant, which as you know, has a lot of spare capacity at the moment. Our aimed to fill that up, get it back to doing 35,000, 40,000 barrels a day oil equivalent as soon as possible.

We've got an ambitious program on the unconventional in Rajasthan. And as Navin said, we're aggressively looking at our deepwater and we're negotiating to bring a rig in to drill some deepwater appraisal wells and doing development studies at the moment.

So I think a modest target of 300,000 is quite modest. I think the portfolio we've got; it was in another company. We would be looking at a target of 500 to 600. But in the short-term, by the end of this year, we should leave the year 130,000 to 140,000.

**Vice-chairman:** Amit, that answers your question on oil and gas?

**Amit Dixit:** Yes. Yes. That's very comprehensive and comforting.

**Vice-chairman:** And John, if you are on, he wanted to know about the alumina refinery ramp-up and coal mining, but anything else you want to add?

**John Slaven:** What I will say is we are progressing well on these growth projects. As Vice Chairman has mentioned this is a transformative year for us. We are significantly ramping up capacity in refining which is going to significantly reduce our cost position. Currently, we are well into the first quartile from a cost perspective and as we complete the structural changes that will take us well into the first decile. So we're on track to complete that.

What I will say is the national election has had quite a significant impact on availability of labor for this very labour-intensive project. So our business partners really struggle to mobilize the resources that we have needed on the site which has led to sort of minor delays, but that is now behind us and we are progressively moving forward on those projects.

For the coal mines, with the change in government and as the result which is quite a significant change after many years. There is a slowdown in the approval process there. But we we continue to be pursuing those approvals very successfully. We continue to move those through. And our overall timelines I would say remain sort of largely on track.

So if I talk a little bit more about the Lanjigarh refinery, we have for the purposes of simplicity Train 1, Train 2 but there's actually quite a lot of shared infrastructure. So the red mud

filtration the alumina handling, the bauxite facility. So progressively as we complete that we will be able to ramp up capacity to the 4 million to 5 million tons of capacity. So we expect to be running at an effectively a full 3.5 million ton capacity by third quarter of this financial year and a full 5 million ton capacity by early in the first quarter of '26.

In terms of the coal mines both Kurloi Radhikapur we are targeting good first ore in the first quarter of FY '26 and the same with Sijimali. So not quite what we had hoped, but as I said with now a successful change in government those processes are tracking really well. We continue in our land acquisition processes and so we're sort of pretty pleased with how things continue to progress.

**Vice-chairman:** Thanks, John. Amit, I hope that covered this. But as I said a month here, a month there, but the way we see these are project which have been invested in they are on track and whether it happens by the third quarter or the fourth quarter the integration is getting executed, Amit.

**Amit Dixit:** Understood, sir. And appreciate that. Thanks a lot for the detailed answer and all the best.

**Vice-chairman:** Thank you.

**Moderator:** Thank you. We'll take our next question from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

**Ashish Kejriwal:** Hi, good evening everyone thanks for the opportunity and many congratulations on the superb result. Sir I have two, three questions. One over the last one quarter we have seen different measures taken by the company and at the Vedanta Limited level as well as Vedanta Resources level to improve the liquidity and which we have successfully done. Now my question is whether we are still looking to improve liquidity besides cash flows or any other major besides cash flows or we are done away with that? And with that, how much our...

**Vice-chairman:** Ashish that's your question number 1 what is your other question?

**Ashish Kejriwal:** Yes. So with that obviously how much weighted average cost of debt we think should come down from the current level of something like 10 plus. That's one. Second was because we have already filed with NCLT regarding this demerger. So are we seeing any bottlenecks from the regulatory side or is there any possibility that we can go back from this now or it will be definitely be a done deal? That's my second thing. And third was, is it possible to share what would be the global aluminium cost curve for us so that we can get a sense on where we are in aluminium prices?

**Vice-chairman:** Thanks, Ashish. So we'll answer your question first on the NCLT demerger. In our mind, having been filed with NCLT which is the last process in a way we think that this is for us a final step. But Ajay Agarwal if you're on, do you want to respond in any other way to Ashish?

**Ajay Agarwal:** Yes, Vice Chairman. And I think you have covered it. NCLT is the last process and we have successfully filed it and it's a matter of time that it will get done, Ashish.

**Vice-chairman:** Okay. Ajay Goel he had a question around liquidity and cost of debt. We know that we are now borrowing at single digits in India and also a sharp reduction in our borrowing cost at our parent. He also talked about further liquidity. Over to you, Ajay.

**Ajay Goel:** Yes. Thank you, Vice Chairman. So Ashish you only have noted as on June 30, our net debt-to-EBITDA at about 1.5x. And all of us would agree 1.5x is by far the industry best in the country. This position is as on June end, post raising a billion in July. And July month also is good in terms of working capital. With that, our net debt to EBITDA as on July 31 is at about 1.2x.

There's sufficient liquidity in the company, both for deleveraging at the same time funding for the growth. In Vedanta, our focus remains on the basics which is a cost reduction, volume augmentation and very important in terms of operating free cash flows. In the current fiscal with operating free cash flows we'll have sufficient liquidity. Any other option strategically is something that we keep internally evaluating. Nothing that, that we intend to share as of now. Our cost of funding as on June 30 at about 10.3% we believe all our recent borrowings are at sub 10%, 9.7%, 9.8% and we intend to reach at about 9% very soon.

**Vice-chairman:** Ashish, happy with that?

**Ashish Kejriwal:** Yes. Thank you so much. This is more comforting in terms of interest cost.

**Vice-chairman:** You also had a question on the global cost curve.

**Ashish Kejriwal:** Yes.

**Vice-chairman:** Ashish, my understanding is that at about USD 1,600-1,700 cost we are in the lowest decile of the global cost curve. The world as you know produces about 70 million tonnes of aluminium and we think that our 3 million tonnes is in the lowest decile at the cost of about USD1,600 USD1,700.

**Ashish Kejriwal:** Yes. Sir, I was looking at, in fact, 90th percentile and not our cost because that can give some sense on what could be the bottom for aluminium prices at least from the cost angle side?

**Vice-chairman:** Yes, John?

**John Slaven:** I was going to add some further details to your question about where we sit on the cost curve. And I'll start with that and then you can cover what happens on right hand side. The cost curve that we shared in the recent investor discussions showed that we're in the middle of the first quartile, so the 13 percentile. We have laid out a pathway to getting well to the left, but what's happened since then is the price of alumina, the global price of alumina has increased significantly. It was trading for much in the last quarter well into the USD400, almost USD500 a ton which has meant that the cost of production for pretty much everybody in the industry has gone up by about USD100 a ton.

And what you would have seen in our total cost between quarter 4 and this quarter was essentially flat. So everybody else has gone up by USD100 a ton we have shot well further to

the left. So I would say if we redid the evaluation today you would see us comfortably in the first decile from that perspective.

And that logic extends to what happens on the right-hand side of the cost curve and everybody that at the right-hand side of the cost curve is buying alumina at API at the moment and that's USD470, USD480, USD500 a ton. So that's the steepness of that cost curve has ramped up significantly on the right-hand side.

Now what we've seen is a bit of a demand shock. So we've seen a bit more capacity coming into the market slightly softer demand. So we're seeing slightly lower prices, but that will reverse in time and I would expect to see a much firmer aluminium price in the quarters ahead.

**Vice-chairman:** Ashish, thank you.

**Moderator:** Thank you. We'll take our next question from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

**Sumangal Nevatia:** Good evening everyone and thank you for this chance. First question is given the volatility in commodity prices have we like done in Hindustan Zinc for aluminium also, have you done any strategic hedging for this quarter or for future quarters in the near term?

**Vice-chairman:** Any other questions, Sumangal?

**Sumangal Nevatia:** Yes, a couple of them. One is we have an outstanding intercompany loan of around USD400 million. When is it due? And I mean if you remember correctly this December we are supposed to reverse the entry. Are we on track for that. And the last one is I just want to know what's the latest on to significant mines which are coming up Ghogharpalli and Sijimali one in the coal and the second for bauxite which is a very significant contributor to our entire journey of cost reduction. So what's the latest timeline as far as commissioning is concerned for these 2 mines in particular? These are my questions.

**Vice-chairman:** Thanks, Sumangal. So Ajay, quick one on the outstanding loan, \$400 million.

**Ajay Goel:** Yes, sir. So the USD417 million, Sumangal, is due in December and we intend to pay it. So it will get squared off as scheduled.

**Vice-chairman:** Perfect. On the hedging, Sumangal, as you know, typically, hedging would be done by company who are in the higher decile of the global cost curve. We look at hedging from an opportunity point of view. My recollection is that we have done about 10% hedging for both zinc and aluminium for the year. And at this point of time, we think that at these prices, we would wait and watch and at the right opportunity whether we want to do more hedging, we will take a call but not at these prices. And your third question was on Ghogharpalli and Sijimali. I think John addressed that quite comprehensively unless you want him to repeat what he said.

**Sumangal Nevatia:** Just the timeline, if you could repeat? I think I missed that for these 2 mines.

- Vice-chairman:** Yes. As we said to you earlier in the call that we'll give you a timeline. But in our minds, these are strategic long-term projects with investment committed and capital allocation done. So therefore for us, whether a month here or a month there is a separate subject but it is under execution. But John, some specifics.
- John Slaven:** Just repeating what I had said previously. So for Kurloi, Radhikapur, we're looking at first quarter of FY '26. For Ghogharpalli, second quarter of FY '26, Sijimali first quarter of FY '26. And as I mentioned earlier, those processes have continued to track very much as we had expected. There has been an interruption to the government approval processes with the change in government in Orissa and that sort of slowed things down slightly but we are continuing to track. We have absolute confidence that these timelines will be achieved.
- Vice-chairman:** And Sumangal, just as an aside, we will maybe get him next time but we have a very senior global leader named David Stone, who is our new CEO for coal. And so he is looking at this how to expedite, how to open this quicker, how to use latest technology, newer technology, so a lot happening there, Sumangal.
- Sumangal Nevatia:** Great, sir. And great to have you on the call as well. So all the best to the team, sir. Yes.
- Moderator:** Thank you. We'll take our next question from the line of Vikash Singh from PhillipCapital. Please go ahead.
- Vikash Singh:** Congratulations on good set of numbers. Sir, my first question pertains to the aluminium division. The LME has fallen sharply while the cost hit of the alumina is there probably would come in 2Q. So in light of the current situation, do we still feel that we would be able to hold our COP guidance annual basis? And how does the 2Q looks like in terms of cost of production in aluminium division, specifically?
- Vice-chairman:** Any other question?
- Vikash Singh:** Yes, sir. And second question pertains to just reconcile. One more question. Second question pertains to our \$10 billion EBITDA projections. Basically, just to reconciling, we are expecting roughly about 4 billion from aluminium and roughly about 3.5 billion from Zinc India. Is that the number reconciled? Or we have different projections? So these two only.
- Vice-chairman:** Yes. So Vikash, the very broad breakup of 10 billion is as follows. On the aluminium, think of 3.1 million ton, think of a cost of \$1,600, think of LME of \$2,600, think of a premium of about \$350. And on that basis, think of an EBITDA margin of \$1,300 into 3.1 is how you get to \$4 billion. Clear, Vikash?
- Vikash Singh:** Understood, sir. Yes.
- Vice-chairman:** Similarly for zinc, think of 1.2 million ton, think of 800 ton silver, think of a cost of \$1,000, think of LME of \$2,800, think of premium of \$300 and you will get to that number of \$2.7 billion there. Besides that, we talked about at a 150,000 barrels with \$1 billion from oil and gas and the remaining will come from our businesses of iron ore, steel, value-added products at Sesa Goa, FACOR and Power. So that's the broad breakup.

- Vikash Singh:** Understood, sir. Sir, just one further clarification. Any reason why we are taking premium much higher?
- Vice-chairman:** The higher premiums Vikash comes from the higher premium comes from the fact that everywhere, we are investing in value-added products. Be it in zinc, be it in aluminium. For example, in aluminium in a year's time entire portfolio of 3 million tons will be only value-added products. So the higher premium comes from that.
- Vikash Singh:** Understood, sir.
- Vice-chairman:** As far as your question around LME and cost in aluminium is concerned, of course, we have seen some reduction in LME. We have seen some increase in alumina costs but we continue to focus on our cost. Our current costs are around \$1,800, as you know in quarter 1. We think we have an opportunity to reduce that by about \$100 sometime at the end of quarter 2. And considering LME of about 2,400 plus a premium of about 250, so we will yet have a margin of about \$800, \$900 even in quarter 2.
- Vikash Singh:** Point taken, sir. Sir, just one last thing regarding alumina. Since we are, yes, please, sorry, sir, continue.
- Vice-chairman:** Go ahead.
- Vikash Singh:** Yes. Sir, last thing on the alumina side. So considering we are the large importer, how do we see this higher alumina prices in the context of current LME aluminium? So if you could give us your thought process on that, it would be very helpful.
- Vice-chairman:** Yes. Vikash, we don't look at it like a short-term, too short-term because we know that in a couple of quarters, we will not be buying any alumina externally. So maybe in the short term for a quarter or 2 there will be some higher costs on account of buying of alumina but that's just a matter of one or two quarters for us.
- John Slaven:** I'll just add to that.
- Vikash Singh:** Got it. Point taken, sir.
- John Slaven:** The alumina price is going to impact all of the other producers out there where we are going to be fully vertically integrated and effectively insulated from a high API price. So as we complete the Lanjigarh expansion, we actually want a high traded alumina price because it hurts everybody else and we get the benefit of a fully integrated value chain.
- Vikash Singh:** Understood, sir. And sir, repayment pending for the rest of the year?
- Vice-chairman:** Sorry, what is that?
- Vikash Singh:** Sir, the repayments on the VEDL as well as VRL level, if you could give us how much we have paid and how much is pending in FY '25?
- Vice-chairman:** No, Vikash, what is your specific question?

- Vikash Singh:** Sir, debt repayment in FY '25, how much we have paid and what is the pending that is the specific question on both the parent as well as the listed Vedanta Limited level?
- Vice-chairman:** Yes. I think Ajay Goel answered that by giving you the ratios of our debt-to-EBITDA ratio. But Ajay any further color you want to give him?
- Ajay Goel:** Yes, sir. Vikash, so very specifically starting first with the parent Vedanta Resources. In the remainder of the year, second quarter until the fourth quarter, the remainder 8 months, the total debt at the parent company is about \$ 580 million. And additionally, the interest of almost 420 million, 430 million. So give and take 1 million is total fund requirement at parent company.
- Obviously, with the rating of B family, refinancing at VRL is an option. Payment of dividend in the second half or in the second quarter is an option. And of course, strategic partnership is an option. So give and take, \$ 1 billion is the requirement at VRL between now and 31st March.
- Coming to Vedanta Limited. In the second half now and 31st March, almost \$ 1.2 billion is the requirement. And I like to underscore almost every debt at VDL is secured. Hence, refinancing is an option. And given the current year's elevated profitability and the free cash flow to managing the VDL debt either by refinancing or repaying through operating free cash flow. So overall, we as a group are quite comfortable for debt, both for VRL and VDL.
- Vikash Singh:** Thank you for the elaborate answer, sir, and all the best for future.
- Moderator:** We'll take the next question from the line of Raashi Chopra from Citigroup. Please go ahead.
- Raashi Chopra:** On this 10 billion EBITDA for aluminium, what is the cost that you are building and what is the premium that you are building in? And outside of \$ 4.1 Bn for aluminium and 2.7 for zinc, what is the remaining? Thank you.
- Vice-chairman:** Raashi, in case of aluminium, we are building a cost of between \$1,600 to \$1,700 and a premium of \$300, and LME of \$2,500, \$2,600. That will take you to \$4 billion. Zinc you know, the rest, as I mentioned, oil and gas about \$1 billion, and the remaining \$2 billion or \$2.5 billion will come from a combination of iron ore, pig iron, Zinc International, Electrosteel, FACOR and Power.
- Raashi Chopra:** Understood. And I also missed on what status of the BALCO expansion?
- Vice-chairman:** Okay. John, again, a very specific one. Go ahead.
- John Slaven:** Yes. So we are continuing to progress that construction. We are expecting first metal in the fourth quarter of FY '25 and a ramp-up in the sort of middle of FY '26.
- Vice-chairman:** Operator, I know there is no question yet, but I would like to invite Chris Griffith, our CEO of Base Metals. Chris, are you on?
- Chris Griffith:** I am, Vice Chairman.



**Vice-chairman:** And Chris, maybe you want to tell this audience one more time of our 1 million ton plan at Zinc International and similar on the world-class KCM opportunity.

**Chris Griffith:** I'll do that. Thanks for the opportunity, Vice Chair. So for Zinc International, we are currently running at a run rate of about 250 kilo tons of zinc. Within 2 years, we will be at 500 kilo ton. And as Vice Chairman said in the introduction, we have the same volume of resource and reserve as Hindustan Zinc has that is already producing over 1 million tons of zinc.

We have 4 underground ore bodies that are sitting with our open pit operation at Gamsberg, and we easily could put another 500-kilo ton of production over the next number of years once we finish Phase 2 expansion to get to 1 million tons. In addition to that, we've got both a life extension and an expansion opportunity and still at the same complex, and then also a potential of some expansion in Namibia.

So we have a number of opportunities to get on a high-grade ore body to be able to get to 1 million tons on the same sort of resource base that we have at Hindustan Zinc, which is another way of looking at it that we have easily the capacity to get to 1 million ton. And we can do this in the next 5 years, 6 years, 7 years. So a really fantastic opportunity for us on a really awesome ore body.

That's one of the largest zinc deposits anywhere in the world. Likewise, at KCM, so most folks have been following Vedanta for a number of years, they know the Vedanta has been in dispute with the Zambian government over the Konkola Copper mines ore body in Zambia. We announced at the end of last year that we've reached agreement with government on the return of that asset to Vedanta.

We have processed over the first quarter of this year and have recently as last week, concluded all of the matters outstanding. And the keys finally got handed, the figurative keys got handed back to Vedanta for KCM at the end of July, so the end of last month. So now we have back the keys to the operation of one of the largest and highest-grade copper deposits anywhere in the world at the moment, with the potential for very fast ramp-up from about 100 kilo tons of copper production that we'll get to by the end of the financial year.

So 9 months from now, we will be at a run rate of about 100 kilo tons of copper, and then a very fast ramp-up over the next number of years to be able to get to 300 kilo tons of copper on one of the highest grade ore bodies in the world and over 2.5% copper, where many of the world's ore bodies are running at less than 1% copper with more than a 50-year life of mine. So a really fantastic ore body, but we have committed to spend about \$1 billion over the next 5 years to achieve that ramp-up. I'll leave it there, Vice Chair.

**Vice-chairman:** If do you want to also explain the Cobalt opportunity there.

**Chris Griffith:** Yes, that's a great thing. I should have mentioned that as well, Vice Chair. We currently produce in that 100 kilo tons of operation about 1 kilo ton of Cobalt. We are in the design phases of increasing that or putting in a plant that will extract, Cobalt. And over the next few years, we can extract over 6 kilo tons of Cobalt per annum, with the plan further once we've done that and we ramp up to 300 kilo tons, a potential to get to 10 kilo tons of Cobalt.

Again, one of the leading Cobalt producers in the world once we have, so relatively limited capital investment, be able to produce Cobalt on top of the copper that we produce. So with a focus on the value-added opportunities.

**Vice-chairman:** Thanks, Chris. Back to you, operator.

**Moderator:** I now hand the call over to Ms. Perna Halwasiya for closing comments. Over to you.

**Perna Halwasiya:** Thank you all for taking time to join us. I hope we are able to answer most of your questions. In case you have any further questions, please feel free to reach me or my colleagues at the IR team. This concludes today's call. We look forward to reconnecting you for the next earnings quarter. Thank you everyone and have a good day.

**Vice-chairman:** Thank you.

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