



“Vedanta Resources Limited  
H1 FY 2025-'26 Earnings Conference Call”  
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**MANAGEMENT: MS. DESHNEE NAIDOO – GROUP CHIEF EXECUTIVE OFFICER – VEDANTA RESOURCES LIMITED**  
**MR. AJAY GOEL – GROUP CHIEF FINANCIAL OFFICER – VEDANTA RESOURCES LIMITED**  
**MR. CHARANJIT SINGH – GROUP HEAD, INVESTOR RELATIONS – VEDANTA RESOURCES LIMITED,**  
**MS. POOJA SOMANI – SENIOR VICE PRESIDENT, CORPORATE FINANCE – VEDANTA RESOURCES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Vedanta Resources Limited First Half Financial Year 2025-'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 star then zero 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. From the company side, we have with us Ms. Deshnee Naidoo Group CEO, Mr. Ajay Goel, Group CFO, Mr. Charanjit Singh, Group Head, Investor Relations, and Ms. Pooja Somani, Senior Vice President, Finance.

Without further delay, I would now like to hand over the call to Ms. Deshni Naidu for her opening remarks. Thank you and over to you.

**Deshnee Naidoo:** Thank you, operator. Good day, everyone. The first half of FY '26 marks a period of remarkable progress and resilience. Despite global headwinds, we have delivered record operational performance and strengthened our foundation for future growth.

Commodity markets remain volatile during the period with aluminum prices ranging between \$2,285 and \$2736 per ton and zinc between \$2,521 and \$3,019 per ton, a swing of nearly 20%. Yet, our businesses rose to the challenge and delivered VRL's second highest ever H1 revenue of around \$9.4 billion and second highest ever H1 EBITDA of \$2.8 billion.

Turning to the business performance, starting with Vedanta Limited, our aluminum and zinc India business achieved the highest ever half-year metal production, reaching 1.22 million tons and 0.5 million tons respectively, whilst alumina production also set a new record at 1.24 million tons, growing 19% year-on-year.

At Zinc India, cost of production fell to a five-year low of 1,002 dollars per ton. That's an 8% year-on-year reduction. Zinc International recorded a 44% year-on-year increase in MIC production in H1, driven by a 63% surge at Gamsberg.

Our oil and gas production stood at 91,000 barrels of oil equivalent per day, impacted by natural declines and ASP delays, partially offset by new wells at Aishwariya and ABH. Our power business achieved the highest ever half-yearly power generation of 7,613 million units, up around 3% year-on-year, despite moderated power demand in some regions due to early monsoons. Our iron and steel business grew saleable ore production by 11% year-on-year.

Pig iron output hit a record of 451 kilotons in H1. The planned maintenance at ESL and our ferrochrome facility impacted volume in the first half, but both businesses are now fully operational. At KCM, our crown jewel in Zambia, with a copper grade of around 2.5%, the finished metal production rate almost doubled in the initial six months of FY '26, from 5.9 kilotons in March of this year to 11.3 kilotons in September.

Overall production in H1 stood at 51,000 tons, representing a 13.45% increase over the total output of FY '25. On our current expectations, we anticipate KCM's copper production, including integrated and third-party sources, to be approximately 137,000 tons in FY '26. KCM will be owned and operated by CopperTech Metals, a company registered in the U.S.

CopperTech Metals has submitted a draft registration statement on Form S-1 to the U.S. Securities and Exchange Commission in connection with its proposed initial public offering. We see this as an important milestone in the company's strategic growth journey. At this stage, we can't provide any further details. However, we aim to share more information at an appropriate time in accordance with the SEC regulations.

Turning to capital expenditure and growth projects, during the first half of the year, we achieved various capex-related milestones, including the first metal from BALCO's new smelter, the commissioning of Train 2 at Lanjigarh, which is another 1.5 million tons per annum, and Hindustan Zinc, 160,000 tons per annum Debari roaster. Internationally, the Gamsberg Phase 2 project is 80% complete. We are targeting commissioning by FY '26 end. In power, Meenakshi and Athena added 1.3 gigawatts of power, taking our merchant power capacity to 4.2 gigawatts.

At KCM, we initiated exploration with the objective of transforming the 660 million tons of resources into reserve that can support a mine life of over 45 years. We have partnered with leading contractors in the region to carry out drilling operations at both mines, the Konkola Mining Complex and Nchanga.

Alongside this, we are strengthening the core infrastructure, including the smelter and transportation network. These investments are already delivering the results, with MIC production increasing by 44% from 5.8 thousand tons in March to 8.3 thousand tons in September of this year.

Turning to ESG and community impact, Hindustan Zinc Limited became the first Indian company to join the International Council on Mining and Metals, the ICMM. It also continues to hold the number one position globally in S&P CSA25 for the metals and mining sector for the third consecutive year, while Vedanta as a group moved up a rank since last year to reaffirm our place amongst the global top ten this year.

On de-merger, we are now at the final stage of the NCLT approval process. At the last hearing convened on November 12th, the bench announced reserving the order. This marks a pivotal milestone in our journey, bringing us closer to formal conclusion of the process and the realization of the strategic vision underpinning the de-merger.

Looking ahead, I am confident that FY26 will mark Vedanta's strongest year yet, surpassing our previous record EBITDA of USD6.25 billion in FY22. This performance is powered by capacity expansion, production growth across the various businesses, and supported by recovering commodity prices.

Thank you for your continued confidence and partnership as we advance towards another record year. I will now hand over to Ajay, who will provide us with a summary of financial performance. Ajay.

**Ajay Goel:**

Thank you, Deshnee, and good day all. Looking back at H1, we continued the momentum and carried forward the progress in our operations, financial performance, balance sheet, and strategic initiatives. The macro environment is improving with uncertainties receding. Vedanta's portfolio, business model and disciplined execution enabled us to deliver our second highest ever H1 revenue of USD9.4 billion, up 8% Y-o-Y, and second highest ever H1 EBITDA of USD2.8 billion, up 6% Y-o-Y, reflecting resilience and consistency across the portfolio.

Our profitability remains robust. H1 PAT, before special items, stood at \$ 738 million, up 7% Y-o-Y, while reported PAT at 559 million after special items. Our EBITDA margin stood at a healthy 36%, up 7 basis point versus last year, supported by positive pricing, marketing premiums, and continued work on cost efficiencies.

Our ROCE stands at about 23%, reinforcing our disciplined allocation of capital and focus on value creation. Our top business segments delivered standout performance. Aluminum reported an EBITDA of \$ 1.2 billion with a margin of 33%, up 157 basis point Y-o-Y, supported by competitive COP of \$1,796 per ton.

Similarly, Zinc India delivered an EBITDA of 954 million with an industry-leading margin of 52%, up 148 basis point versus last year, driven by its lowest H1 cost in the five years of about \$1,000 per ton, down 8% Y-o-Y. Other business segments have also made steady progress. On KCM, our KCM mines have been on a steady ramp-up and production upswing, achieving 41 KT MIC and 51 KT finished good volumes in H1.

Backed by critical projects like KDMP and expansion programs at the smelter and TLP, KCM is building a strong foundation for the future. These initiatives are well-positioned to deliver higher outputs, improved efficiencies, and stronger returns on our investment. For developing KCM as a world-class production asset, we are committed to expand the production capacity to 300 KT by 2031.

On capex, Deshnee already covered a couple of things. We remain focused on disciplined growth in H1, and we have invested about \$0.9 billion in growth capex, well on track towards our full-year guidance. Multiple growth projects, such as new smelter commissioning and Zinc and power expansion, are progressing collectively to drive future earnings across pricing cycles.

On VRL balance sheet side, we have made further progress on our leverage. With a strong liquidity position at 2.6 billion, our net debt stands at 11.4 billion, and our leverage ratio has improved to 2x from 2.3x in H1 last year. In the first half, we also refinanced 550 million of last high-cost debt, reducing the overall interest cost from 11.6% to about 10%.

So, it's 160 basis points, lower costs on a Y-o-Y basis, and flattening the maturity curve to just about half a billion every year over the next several years. Over the last two years, our average debt maturity profile has improved significantly from 1.3 years now to almost 4.5 years. So, it has improved almost 3x over the last two years.

On the credit rating, the VRL credit strength remains well recognized with S&P and Fitch rating of B+, and Moody's is maintaining its B1 rating. S&P earlier this week has augmented the outlook to positive from stable while reaffirming the B+ rating. With most high-cost debt now

retired, VRL is positioned to operate on an autopilot mode supported by dividend payout of 4% to 5% and a routine and contractual brand fee.

Demerger, we are at the conclusion stage of the NCLT process. With the final hearing done, an order has been reserved. We remain confident of completing our demerger by the end of this fiscal year, unlocking focused value across our five verticals by creating pure play, sector-focused, and market-leading companies.

Finally, in summary, 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 \$ 6.25 billion in FY '26 at VRL, surpassing previous records, and supporting Vedanta's transformation into a global leader in critical minerals, energy transition, and technology.

Thank you, and I now hand over to the operator for Q&As.

**Moderator:** Thank you very much. We will now begin the question and answer session. We'll take our first question from the line of Imtiaz from Barclays. Please go ahead.

**Imtiaz:** Thank you. Congratulations. Moody's has just also put you on a positive outlook. On the earlier call, you indicated that for the second half of the current FY '26 at the VRL level, you had 217 million of intercompany loans and between 270 and 280 million of debt servicing obligations, and that you plan to fund this via dividends.

Also, that funding for KCM will be done at the KCM level and be ring fenced. Has that been changed now? The reason I ask is that we have reports of Vedanta supposedly in discussions over 500 to 600 million of loans and suggestions that proceeds will be used for intercompany repayment and funding of the KCM.

**Pooja Somani:** Yes. Imtiaz, hi. Pooja here. I'll take this question. Thanks. Yes, you're right. Moody's report is out. So, happy to report that both S&P and Moody's have now changed their outlook from stable to positive. And it's, again, a step in the right direction, crediting all the work that we have all done together.

Coming to your questions, I think in September end, when we have come in the market to raise our last bond offering, we have mentioned that that was to take care of our financing need for H2. And the need was financing for the current year, it was completed with assuming large part of our dividend upstream from Vedanta Limited, which remains to be the plan. Planning is something which will definitely work here.

Having said that, I think we are now, as is required, proactively working for our next year's cash flow. We have about \$ 1.2 billion of payment plus interest obligation in the next year, including investments that are required. And I think the idea would be to arrange for them well in advance.

Q1 for us is slightly heavier than, the rest of the year. And that is why we are looking for proactive refinancing. That will still mean that the amount for the overall year, I think we will have an opportunity to again deleverage. But there will be a timing mismatch between the

funding required and the repayments of the leverage in the next year, and which is where, some part of proactively financing in the current quarter, you could see.

To your second question on KCM, yes, a billion-dollar investment in KCM over the next five years is what has been committed as part of the shareholder agreement. We have said that it is linear. One part of that commitment is due this month. And as indicated in the last slide, we were working on all the options.

The good part is that, one, as Deshnee updated in her commentary, KCM is ramping up to its full potential and has progressed in the last few months. We do have options to fund at KCM, but it may, from the opportunistic point of view, make sense to bring the debt here and fund from here initially.

And then, as we work on the project more, we will likely do a proper project financing in due course at KCM level. So, that, I think, is the reason why we will look to fund this project in current year from VRL balance sheet, as it may come out.

But that will be, obviously, for this year. Next year financing, we are working on more options, including, if you are aware, we have also filed S-1 with the SEC for KCM. So, all options we are working on.

**Imtiaz:** Okay. If I can just quickly follow up. In terms, you said that you had some funding due at KCM in this quarter. How much is that, if you don't mind highlighting?

**Pooja Somani:** Yes. So, this year, of the total funding of \$1 billion, \$200 million is due in December.

**Imtiaz:** \$200 million for KCM due in December. Okay. And then, what about your debt? Is the 217 million of intercompany loan, is that the only debt maturing between now and year-end?

**Pooja Somani:** Yes, yes. So, the number is 417 total, 200 due in January, and balance 217 due in May.

**Imtiaz:** Okay. And then, there's nothing else in terms of your gross debt, Yes?

**Pooja Somani:** Yes. Apart from that, no other debt due in this year. Yes.

**Imtiaz:** Okay. And so, whatever you might be in discussions with regards to the loan, it's more to do with going forward in Q1 of the next financial year.

**Pooja Somani:** Correct. Correct. And just to -- I mean, in Q1, we have about \$200 million of external loan, \$200 million of this ICL due. So, I think we would want to plan proactively on that.

**Imtiaz:** I understand. Thank you. I'll get back in that queue. Thank you very much. Can I just ask the next question?

**Ajay Goel:** Please go ahead. Yes, Imtiaz.

**Imtiaz:** Okay. So, secondly, if you don't mind giving a breakdown, apart from the US\$3.6 billion bonds, can you reconfirm what are your other debts at the VRL standard level, please?

**Pooja Somani:** I'll take that, Imtiaz. So, we have \$3.6 billion of bonds outstanding. And then, we have two syndicated bank loans that we have tied up this year that are outstanding, 530, the first one, and 500, the second one. And then, we have SBI loan of about \$175 million due. So, these are the current outstanding loans for Vedanta Resources.

**Imtiaz:** Sorry. If I can just repeat, \$3.6 billion of bonds, two syndicated loans, one is 540, and what is the other one?

**Pooja Somani:** 530 and 500, Imtiaz.

**Imtiaz:** 500. Okay. And then, SBI loan of 170.

**Pooja Somani:** 175, SBI loan.

**Imtiaz:** Okay. Thank you. Do you want me to get back in the queue?

**Ajay Goel:** You can complete your questions, Imtiaz.

**Imtiaz:** Okay. Another question I have is with regards to your reduction sharing contract for the Cambay block. The application for the extension of the contract was rejected. You made an appeal in September. If you could just provide some color with regards to the status of the appeal and your expectation and potential implications.

**Deshnee Naidoo:** I did not get -- I know it is on Cambay, but I did not get the full question.

**Ajay Goel:** Imtiaz, your line is not clear. The question is the status of the appeal.

**Imtiaz:** Okay. So, I was asking about the production sharing contract for the Cambay block. You made an appeal in September. Just wondering what is the status of the appeal now and expectations and potential implications.

**Deshnee Naidoo:** So, I am sorry. I am not able to...

**Ajay Goel:** Imtiaz, why don't you please come back into the queue? Your audio is very muffled. There is a bad reception, maybe at our end.

**Moderator:** We'll take the next question from Bharat Shettigar from Standard Chartered. Bharat, you are online. You can go ahead.

**Bharat Shettigar:** Yes. Hi, management. Thanks a lot for the call. Just continuing with KCM, you mentioned \$200 million investment requirement this year and you said it will be funded through debt at Vedanta Resources. Is that my correct understanding?

**Pooja Somani:** Bharat, what I mentioned was that \$1 billion investment is required, of which the initial tranche for current year will be funded from VRL is what we confirmed.

**Bharat Shettigar:** Yes. So, that means you will need to raise some debt at the VRL level to fund it this month, right?

- Pooja Somani:** That is right, Bharat.
- Bharat Shettigar:** Okay. And next year, again, \$200 million, but you think that can be funded either through the IPO or at the asset level?
- Pooja Somani:** Yes. Yes. That is what we want to do.
- Bharat Shettigar:** Right. My other question is on this loan of \$500 million to \$600 million that has been mentioned in some news reports. Just wanted to check, can any loan going forward be secured against the brand fees using the carve-outs in the bond covenants or is that not possible?
- Pooja Somani:** Security on brand is not permitted under the bond, Bharat.
- Bharat Shettigar:** Right. But my read of the covenant was there is some carve-out up to 10% of total assets. So, can't you use that carve-out to secure any future loans?
- Pooja Somani:** That 10% carve-out may not apply to the brand particularly because it is a specified asset where I don't think that carve-out works.
- Bharat Shettigar:** And then you mentioned the \$1.2 billion of cash requirements for next year. Can you give the breakdown of how much of that is for principal, repayment, interest and other expenses?
- Pooja Somani:** So, 1.1 probably is the right number. 300 is the term loan, 220 or 217 is the ICL and around 500 will be the interest and 50 will be the expense. So, around 1.1.
- Bharat Shettigar:** Thanks a lot for this. I'll get back into the queue. Thank you.
- Moderator:** Thank you. We'll take the next question from Love Sharma from JPM.
- Love Sharma:** Thanks for taking the question. I just wanted to check on the cash balance if you can update. So, my understanding would be that the September end cash balance was somewhere around \$340 million. And post that, you had the bonds which would have been factored in and then, of course, you paid the brand fee facility. That's almost equivalent.
- So, apart from that, I believe you fully drew down the 500 million syndicated loan, which was I think, 250 million drawn down at September end. So, that should give you 250 million cash. So, if you could just first indicate what is the current cash balance. I noticed that you also announced a dividend to Vulcan about \$100 million. So, where would we be currently on the cash balance side if you could just first share?
- Pooja Somani:** So, Love, I think the balance we normally maintain at VRL is about \$100 to \$200 million. And September balance was around 150 only. Exact number I'll have to check. Since then, as you rightly mentioned, we have drawn on the \$500 million bond and we also drew upon \$250 million of the proceeds from the undrawn portion of the loan.
- So, that took the balance to about \$850 million, of which we have repaid \$550 million of PCF and the interest thereof. And the balance has been used towards the interest and other obligations at the VRL level. So, as we have indicated at that point in time, this covers us towards the interest



cost for the H2, which for last year, because of the loan that we were carrying, were ranging towards H2 interest was about \$300 million.

And then these repayments. And with the balance amount of dividend that is planned for the current year, we are covered for the current year, saving the KCM investment that was not planned earlier, but will be funded now through Vedanta Resources. So, that I think is the only difference between how we were seeing the cash flow last time to now. Does that reconcile with your number or you would want me to touch upon anything separately?

**Love Sharma:** Okay, no, I think I'll probably follow up on the cash balance side later. So, I think and how about the dividend, has the dividend been paid to Vulcan?

**Pooja Somani:** We have, I think in the last three years, we haven't declared any dividend to Vulcan or any significant dividend. The dividend has been in the mere range of \$10 to \$15 million for the last three years. The company would come out with a proper dividend policy going forward. However, in the current year to commensurate all the efforts that have been done over the last few years, a dividend of \$100 million has been declared. However, this will be paid in tranches. First tranche of \$50 million has been paid and the balance will be paid in due course.

**Love Sharma:** In Q4, okay, understand. And just lastly, on the, I think on the ICL side as well. So, you said 200 million due in January and then 217 million in May. So, the plan is to basically and then combined with the KCM expenses of about 200 million this month, is the plan to combine all of them together and then use through a new facility?

**Pooja Somani:** Yes, we are working on proactive refinancing of to take care of the upcoming maturity till Q1. Now, the planning that we are doing is for H1 next year as well. And looking that in mind, we will definitely look for proactive refinancing. Having said that, I think the overall deleveraging story that we've been working on. The current year, we will still deleverage.

We were aiming for about a half a billion dollar deleveraging this year, but with investment of KCM, that will be lower by \$200 million. Next year, I think, next year because we will have firepower to deleverage more, given the interest costs have now come down. Timing difference may be slightly, which we will work on because Q1, as I mentioned, is slightly heavier on the repayments.

And deleveraging will happen as we can generate cash and pay down towards the next, second half of next year. We do have optionality of calling on some of the bonds in next year. One of the bonds becomes callable in June. The second one become callable in September. September call options are the bonds that are due for call are \$1.2 billion. So, we will probably look for a plan to repay some and refinance some and therefore, creating the necessary bandwidth to do that.

**Love Sharma:** Okay. Understood. Thanks. And then lastly, I think you mentioned \$500 million interest for next year is what you're looking at. I believe it should be lower given, I think some of the refinancing you have done, but is that because you're going to add this new debt, et cetera?

- Pooja Somani:** I gave a ballpark number. Number definitely will be lower, much lower. I gave the ballpark number, including expenses and stuff like that. So, including expense, you could count about \$500 to \$550 million, I would say.
- Love Sharma:** Okay. And for KCM as well next year the amount to which you need to pay is about \$200 million, right? So, 1 billion over five years, essentially?
- Pooja Somani:** So, 250 or a roundabout is what the total commitment is for the next year. \$250, \$260. Somewhere in that ballpark. And yes, but it is back-ended, large part is back-ended towards the year end. So, we will have enough time to arrange for that cash in a more asset-backed manner.
- Love Sharma:** Fine. Understood. Okay.
- Ajay Goel:** So, maybe if I may add, for Vedanta Resources, one can look at the three years of modeling. So, next year in terms of principal dues between the loans and ICL, it is about 0.5 billion. That 0.5 billion remains same for FY '28 and '29.
- So, give and take next three years, every single year, it's 0.5 billion is principal. Interest costs, you're right, at about 450 or thereabout next year, and 400 and 300 in year three. So, the total requirement overall, a billion next year, sub-billion year two, and almost 800 in year three.
- Now, by paying, say, about a billion dividend at Vedanta Resources and the brand fee, 1.5. So, organically, 500 to 700 will be organic deleveraging. And we have the optionality of doing a larger dividend from India side and any strategic deals at Vedanta Resources or Vedanta India. So, overall, over next three years, debt should go down to almost 3 billion, about 1.5 billion to 2 billion organically, and last 1 billion inorganic. That's our picture for next three years.
- Love Sharma:** Got it. Thanks, Ajay. Actually, while I have you, can I just ask on hedging, if you have done any proactive hedging, given the commodity prices where they are, if you could quantify that?
- Ajay Goel:** No, no, indeed. But in fact, looking at the last couple of years, and more so in the current year, the environment is quite tumultuous and volatile. And we are managing the hedging portfolio quite dynamically, including we have an expert in-house.
- So, if I give you a picture in terms of hedging on commodity side, for aluminum, for the current year, FY '26, our hedging is almost 300 KT. And that's almost 12% of our annual volume. The pricing is almost \$2,625 per ton.
- So, \$2,625 per ton, 12% volumes for aluminum, and total quantity is 300 KT. In case of zinc, the hedging is about 100 KT, and that's about 10% volume for the current fiscal. The pricing is at about \$2,900 per ton.
- And finally, for silver, the hedging for the current year is at about 120 tons. It's about 17% volume for the year, and the pricing is at about \$37 per troy ounce. Now, obviously, as you know, with the environment evolving, we keep looking at should we look at more quantity and what price. It is being managed practically on real-time basis.
- Ajay Goel:** All right, great. Thank you, Ajay. That's it from me.

- Moderator:** Thank you. Next question is from the line of Bharat Shettigar from Standard Chartered. Please go ahead.
- Bharat Shettigar:** Yes, hi. Thanks for taking my follow-up question. First one is the \$500 million and \$530 million loans. Can I have the exact maturity profile of those?
- Pooja Somani:** Bharat, the \$530 million is annual amortizing over three years, April '27, April '28, and April '29, equal amortizing. The \$500 million is ballooning amortization, \$100 million in FY '27, \$125 million in FY '28, \$150 million in FY '29, and \$125 million in FY '30.
- Bharat Shettigar:** Okay, understood.
- Pooja Somani:** These are biannual amortization February to August.
- Bharat Shettigar:** And then one other question was, just trying to understand the guidance on deleveraging that you had mentioned during the bond roadshows two months back versus what you're seeing now. There seems to have been a bit of a change, right? In the sense, the \$200 million for KCM, the intercompany loan being refinanced through external debt, then the \$100 million dividend payment to Volcan.
- So just trying to understand, how come in the last two months the plan has changed, which effectively means the deleveraging, at least in the near term, will not be as much as what you had guided for?
- Pooja Somani:** Bharat, I think on an overall basis, I don't think there is a change besides the KCM investment. I think we have been transparent in terms of KCM as well, saying that KCM, a \$1 billion of investment on a linear basis is what is required to be done. Initial payments potentially will be with some support or from some direct funding from KCM, and the later part probably will be funded primarily at KCM level.
- So yes, it has now got really confirmed that we will be now funding it from Vedanta. The reason for doing that is basically to optimize the cost as well, because we are also concerned of not raising the loan at the level that we regret later.
- So, we have and do see there is a merit of raising this capital here. So, yes, to that extent, the deleveraging goal for current year will get slightly lower with this investment amount. But apart from that, ICL was always planned to be repaid and will be repaid.
- So, I think overall year, current year, if you see, we started the year committing a \$0.5 billion kind of deleveraging, upstreaming of about \$800 million and \$400 million of brand fee, a total \$1.2 billion of upstreaming to VRL, of which the plan was that about 650 or 650-700 will go towards interest, expense, and dividend, which is where it is. And the balance will be toward deleveraging.
- Of that, yes, one change that is now happening is the \$0.5 billion deleveraging getting reduced by to the extent of investment in KCM. So we will probably close at about \$250 million to \$300 million deleveraging this year.

- Bharat Shettigar:** Right, understood. Thanks a lot for this.
- Ajay Goel:** Thank you.
- Moderator:** Thank you. We'll take our next question from the line of Manuj Jain from Wellington Management Singapore. Please go ahead.
- Manuj Jain:** Yes, two, three questions for me. One is on inorganic growth, given JAL didn't work as planned. How should we think about inorganic growth plans for the group? And a related question I want to check is like, in case you go for any acquisition, will that be happening at Vedanta limited level, or there is a chance you could acquire something at resources level as well?
- Manuj Jain:** You previously mentioned that you're quite keen to grow your power asset business, which is not easy to grow organically. So that's where I'm coming from.
- Ajay Goel:** Yes, Deshnee, you want to go ahead?
- Deshnee Naidoo:** Yes, I'm going to start Ajay, you can add. Thank you so much for the question, Manuj. You know, our Chairman has built this company in the last 25 years, both on organic and inorganic growth. And up until today, the Chairman still drives the organic growth opportunities directly.
- And we are a company that, you know, really appreciates the R&R that we have in the ground, the optionality that we have in terms of organic growth across the portfolio, but we're also a very opportunistic company. And for the right synergies, we absolutely look at it.
- Now with the de-merger plan, you know, we don't have to hold ourselves into an entity level in terms of VDL and VRL. We can absolutely look at growing the verticals across the five verticals that we have, we can absolutely look at any opportunities as close to the vertical level as possible, going forward.
- And I mean, from an overall leverage point of view, it's going to be all dependent on what the balance sheet, individual balance sheet can actually support, go forward. But to the point you raised on power specifically, and we made that very clear, at the VDL results call, that was really the primary synergies on why we went after JP, because it made a lot of sense with our power portfolio.
- So I'll talk a bit more from a strategic point of view, but our overall strategy is to look at this on a case by case basis, opportunistically looking at either synergies with the current portfolio and or growth opportunities that will fuel India's growth. Ajay, anything to add?
- Ajay Goel:** Yes, maybe I'll give the numeric dimension as well, Manuj. And if you look back over the last 3 years, and allocation of capital for Vedanta has been quite balanced. All our investment in the growth capexes has been in terms of volume augmentation and cost compression. Maybe the third area remains in terms of the portfolio rehashing from basic towards value added activities, where the premiums are much higher.
- Within, Vedanta is a growth company and will remain so. But in terms of overall guidance, our priority number one remains at Vedanta Resources, our debt from current \$ 4.8 billion going

down to \$ 3 billion. At Vedanta India, leverage has come down to 1.4x, it will become almost 1x in the next one year's time.

Within those overall allocation of capital constraints, any acquisitions may happen. So overall, those guardrails will not be breached. VRL, 3 billion debt, Vedanta India, debt to EBITDA, 1x.

**Manuj Jain:** I understand. So you are open for acquisitions like, but you're going to have like a very strict guardrails around that. That's how should we read, right?

**Ajay Goel:** Just to make it amply clear again, Manuj, so no significant or large acquisitions are being planned, nothing in the pipeline as well. Overall, our debt guidelines remains our guiding force. And within those constraints, any small acquisitions may happen, but nothing significant, but mostly at Vedanta India level.

**Manuj Jain:** And second question is also related, like my expectation or like something like maybe guidance and I could be wrong here, but there are going to be another set of dividend coming from Vedanta Limited, which is going to cover maturities or coupon or like a KCM thing in second half, but it seems like the plan has slightly changed.

We have to assume like dividend expectation in next 3, 4 months won't be that high, which also means that more cash going to stay at Vedanta Limited level. May I check, like if we are planning to increase capex there or like some other plans or it's going to be more like deleveraging at Vedanta Limited level, or if my, like, understanding is right or I'm missing something here?

**Pooja Somani:** So Manuj, I think this year we've already done dividend of about \$1.3 billion at Vedanta Limited and about \$600 million has already reached VRL. And the plan remains that there'll be one last tranche of dividend further will be done to cover the interest expense for the H2. So, that I think, as we had discussed earlier, remains the plan.

And as I reiterated for H2, yes, there is the only difference remains regarding the investment in KCM, which we could have funded at KCM level, but we are now going to fund at VRL level. So that I think is obviously one update.

As regards the next year's plan, I think our strategy would remain that we would continue the dividend yield of about 4% to 5% at Vedanta opco level, which would mean that the deleveraging plan at VRL continues with the same momentum of about half a billion dollars plus deleveraging every year. So no change there. There could be timing difference, because I think the repayments and the payments can be front-ended, whereas the dividend could be back-ended, but that I think we will manage within our balance sheet.

**Manuj Jain:** I understand that, that's very clear. And my last question is like on the KCM, is it possible to share, like some financials around KCM? You mentioned that you gave like, I think, monthly volumes, but was it possible to share something on the cash cost, EBITDA, what kind of cash flows you're generating there? And when are we really start going to report KCM numbers. When can we expect to see KCM numbers in your reports?

- Pooja Somani:** So, Manuj, I think historical cost has been included in the OFR statement that we have released. So H1 guide, H1 numbers are already included. We are under silent period given that we have filed the S1 with SEC. A forward-looking statement at this stage may not be possible to provide. But I think we are working towards making this mine to bring it to its full scale - full capacity in near term that remains our plan.
- Manuj Jain:** And given the copper price, can we expect any kind of dividends coming from KCM to the resources in the next one to three years? Is that something that's modeling or that is way off too early?
- Charanjit Singh:** Manuj, request you to wait for some time given the silent period we are in. So hold on your questions for some time. Very soon we'll be answering all your questions.
- Manuj Jain:** Okay. Perfect. That's all from my side, Management. Thanks a lot. Really appreciate it.
- Moderator:** Thank you.
- Ajay Goel:** Thank you, Manuj.
- Moderator:** Next question is from the line of Imtiaz from Barclays. Please go ahead.
- Imtiaz:** Thank you. I just have a couple of questions with regards to KCM. One is, what's your debt level at KCM? And secondly, when did you find out about the fact that you need to have this \$200 million investment in KCM in December? I'm just wondering purely, because just on the 31st of October call, you had mentioned KCM is going to be self-funding or any funding that's going to be done at KCM level was going to be ring-fenced.
- Pooja Somani:** Imtiaz, on the first question on KCM, we have about \$25 million of working capital lines at KCM. The rest of the loan are the shareholder loan that has been infused prior to liquidation and in the recent times, which has gone in by way of settlement of the scheme creditors and investment. About \$400 million has been reinvested post acquisition and \$1.7 billion gross amount was outstanding prior to that. So that I think is the one.
- And they have, as per the scheme document, they have some pre-historical liabilities towards the government of Zambia as well. And there is a waterfall that will come through once they start generating cash, as per which by and large, 80% of cash will flow to us and 20% will go towards the scheme liability.
- So by and large, in our shareholding ratio is where the cash will move, once they start generating cash. I think in terms of our obligation to KCM, I think we have been, I think a billion dollar investment over five years is what was got committed last year. And we have been communicating that proactively, and that this \$200 million that we are going to invest now is part of that \$1 billion investment that we have mentioned.
- So nothing new, I would say this one. And in terms of funding that, yes, there are obviously options even available today to fund it at KCM level, but we would want to be mindful of the

cost of borrowing as well and do the borrowing in the best optimum way, on the overall group balance sheet.

**Imtiaz:** And when are you expecting to close this \$500 million to \$600 million loan that is being reported?

**Pooja Somani:** We'll update you once we are done, but we are in discussion, I can say.

**Imtiaz:** Okay. Thank you.

**Moderator:** Thank you.

**Ajay Goel:** Thank you, Imtiaz. Maybe Imtiaz, your last question, I think if we heard it, it was a faint voice. In terms of the Cambay block for oil and gas, this matter was listed for hearing today, which is December 4th, this has been now postponed to 8th December, Monday. And basis our interaction with the government and many more parties. We are very, very hopeful, it will be resolved positively on Monday, December 8th.

**Imtiaz:** Okay. Thanks, Ajay. Thanks very much.

**Moderator:** Thank you. Thank you. We'll take that as the last question for today. I now hand over the call to management for closing comments. Over to you.

**Charanjit Singh:** Thanks, everyone, for taking out the time and joining us for our H1 results. We will assemble again for full year results sometime in June next year. So have a good day and we'll speak after six months. Cheers, bye.

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