Management Discussion

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Thank you, Rupika. Good evening, everyone. Thank you all for joining us today, and I am hopeful that I am audible to all of you and very clear. Coming to the results, Q2 FY27 was a landmark quarter for Vedanta Power, with the business delivering record quarterly revenue and EBITDA, supported by stronger volumes, improved operating performance, and continued progress across our portfolio. Revenue for the quarter increased 38% year over year to 2,908 crore, while EBITDA more than doubled to a record 421 crore, an increase of 122% in a year-over-year basis.

Profit after tax before exceptional item improved to 101 crore. Operationally, we sold 5,593 million, which was 26% up on YOY basis. The improvement was broad-based across our operating portfolio. At Talbandi Sabo, our sales reached 2,945 million, during the quarter. The plant also continued to create value from byproduct, with ash revenue increasing from 1.6 crore in Q2 FY26 to 8.7 crore in Q2 FY27. At Jhachipura, plant availability reached 98% compared to 48% in the same quarter last year.

The plant delivered its highest ever quarterly EBITDA of 478 crores. Which included recovery of 58 crores of legacy ash disposal cost following a favorable OERC judgment. Meenakshi Energy continued its strong ramp-up. Plant achieved its highest ever quarterly sales of 1,417 million units, up 112% on YOY basis, and delivered EBITDA of 101 crore compared with 28 crores in Q2 last year. Importantly, domestic coal constituted 87% of coal consumption during the quarter. The transition towards domestic coal in Minakshi remained an important lever and helped us save 127 crore as compared to imported coal.

If you could agree with that, we also achieved an important milestone at Chhattisgarh with Unit 1 now successfully synchronized on grid on 25th of October 2026. This following the completion of the restoration program by teams on ground, which restored a significant operating asset to the portfolio. At Unit 2, overall project progress stood at 70% at the end of Q2, with planned startup of Unit 2 by Q4 FY27. The commissioning activities will start Fuel security remains one of our key priorities across VEDANTA Power.

Approximately 85% of coal requirement is secured through long-term linkages, which provides sustainability to the business outcome. Our focus remains on maximizing linkage costs, diversifying domestic sources, and reducing dependence completely on imported coal in this year. On power sales, Our portfolio remains predominantly contracted. Approximately 74% of our capacity is tied up through long-term PPAs across our portfolio, and our strategic focus is on securing 85 to 90% of the capacity in the long-term or medium-term PPA while retaining flexibility to participate in short-term market, which is very favorable looking at the shortage across India.

On ESG and community, which remains core to our operations, our specific freshwater consumption stood at 1.64 meter cube per megawatt hour, which is one of the lowest in across the industry. Local procurement reached 53% and local employment stood at 76%. During H1 FY27, our CSR program reached to 48,331 beneficiaries across sectors of healthcare, livelihood, education, integrated village development, community infrastructure, and skill development. Looking ahead, our priorities are clear: stabilize and ramp up Unit 1 at Shakti Thermal Power Plant, commission Shakti Unit 2, strengthen Minoxidil domestic coal security, and convert Minakshin to 100% domestic coal usage, improve plant availability, and maintain discipline around contracting, cost, and capital allocation.

At the same time, we continue to evaluate the long-term growth opportunity for Vedanta Power.

India's growing electricity requirement and increasing requirement for reliable base load power provides a strong structural backdrop for efficient commercialization. Our approach to growth will remain disciplined, linked to secure fuel offtake and acceptable returns. With a stronger operating portfolio, improving fuel security, and return of the Chhattisgarh back into operation, we believe Vedanta Power is well positioned to build on the momentum achieved during the quarter and deliver sustainable long-term value for our stakeholders.

Thank you. I will now hand over to our CFO, Mr. Pankaj, to take you through the financial performance in greater detail. So, uh, thank you, and good evening everyone. As highlighted by the CEO, Q2 FY27 was a strong quarter financially with improvement across revenue, EBITDA, underlying profitability, and leverage. Let me begin with the income statement. Revenue from operations increased 38% YOY to 2,908 crore compared with 2,104 crore in Q2 FY26. This was supported by a 26% increase in sales volume to 5,593 million units, improvement in LSR to 5.2 per kilowatt-hour from 4.7 in the corresponding quarter last year.

EBITDA increased 122% YOY to 421 crore compared with 192 crore in Q2 FY26 and was also 45% higher sequentially compared with 291 crore in Q1. The year-on-year EBITDA improvement was supported by higher volumes, better NSR, improved operating performance across the portfolio. An important contributor was Minarji, which generated 101 crore of EBITDA during the quarter. The increasing share of domestic coal is an important part of our effort to make this performance structurally more sustainable.

Below EBITDA, finance cost was 200 crore for the quarter compared with 172 crore in Q2 FY26. The increase is due to capitalization at Sakthi and Minakshi. Consequently, PAT before exceptional items improved to 101 crore compared with a loss of 142 crore in Q2 FY26. Exceptional items net of tax were 18 crore during the quarter Resulting in reported PAT of 83 crore. This translated into our first positive quarterly EPS of 0.21 per share. Turning to the balance sheet, our focus on deleveraging and liquidity remains unchanged.

Our balance sheet and liquidity remains strong with cash and cash equivalent at 1,063 crore and net debt reducing to 7,444 crore from 7,704 crore a quarter ago. Our net debt-to-EBITDA ratio improved materially to 4.47 times from 9.82 times a year ago. Our credit profile also remains strong with ICRA increasing the rating of AA- with stable outlook. At the half-year level, revenue increased 35% year over year to 5,515 crore [Foreign Speech] EBITDA increased 17 percent to 712 crore, electricity sold 2820 million units in actual and delivered stellar half yearly EBITDA of 213 crore, PAT before exceptional items included to 42 crore compared with a loss of 54 crore in actual appointment six.

[Foreign Speech] priorities Maintain discipline over working capital and manage cost, continue reducing leverage, and ensure that growth capital is deployed against projects with secure offtake and appropriate returns. With the improvement in our operating portfolio, strengthening balance sheet, and the return of Shakti Unit 1, we entered the second half of FY27 from a stronger position. With that, I am handing over to operational operating systems.

Operator
Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on the telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants to ask questions, please press star and 1 now. The first

question is from the line of Kirtan Dunga from Leo Capital.

Please go ahead.

Kirtan Dunga - Analyst
Hello. Yes. Ah, good evening. Ha, good evening, sir. Congratulations on the spectacular numbers. I had couple of questions. First was for a brownfield expansion. If we get coal linkage from Coal India, what is this cost likely to be for the incremental capacity that we set up? In terms of cost per unit on variable cost and total cost basis.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
So, uh, so basically this brownfield expansion we are planning to bring somewhere near the pit here, and the incremental cost from the coal here, because the factory scheme is there for the IPP units, so we are expecting in the range of 80 per GCV.

Which translates to around 2 per cubic meter, and the variable cost will be another 0.50. So 2.5 is the expected COP we can expect from that Brockville expansion, uh, company. Okay, and what sort of market price would we need, uh, to ensure that we make a reasonable return on equity for this expansion? See, if you see the recent tenders in the market of DDFO, all are ready at a price of 6 or a bit higher than that. So down the line, 4 years or 5 years, we believe that 6 will be the, uh, your base average for the pricing.

So anything above 6 will be at a comfortable ROE and a payback of less than 6 years.

Kirtan Dunga - Analyst
Okay, thank you. Uh, and second one, sir, what is the status of this expansion and by when do we expect to get approvals to initiate expand? capex. basically like we have always said it is our aspiration to go up to 13 gigawatt, so we are still under discussion and identification of the land. matter will be discussed in the board [Foreign Speech] an appropriate announcement will be made in the correct time. okay, [Foreign Speech] it is right [Foreign Speech]

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Yes.

Kirtan Dunga - Analyst
Okay. And my last question was, for the incremental greenfield expansion, uh, what will unit economics be like? Like, what sort of CAPEX per megawatt do we expect, and what sort of ROE or payback period do we expect for this expansion?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
We have always said that our first focus of expansion is on brownfield and our available lands at our project site. Once we exhaust that, then only we will think about the greenfield. And I think our presentation has very well captured earlier that Shakti is the first priority.

It is there to be said, and then we have land available at Minakshi, Talwandi, and other locations, and then we will accordingly take up. Okay, and in general, so are we likely to go in the direction of long-term power purchase agreement, or, or are we choosing to be a merchant power producer? We are definitely participating in all the DDFO tenders which are up in the market. So we are one of the shortlisted contestants in UP tender. So we are definitely looking DDFO as One of the pillar of our growth.

Second pillar remains the merchant power, so it will be mix of both.

Kirtan Dunga - Analyst
Okay, okay, thank you, thank you very much.

Questions & Answers

Operator
Thank you. Next question is from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

Aniket Mittal - Analyst, SBI Mutual Fund
Yes, thank you. Um, just wanted a clarification. Um, what's the EBITDA for 1H for Minakshi?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
EBITDA for

Aniket Mittal - Analyst, SBI Mutual Fund
for Minakshi what is the overall EBITDA for for the first half so

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
for this quarter it is 101 crore and 112 for Q1 so if we add up it is around 213 crore for the first

Aniket Mittal - Analyst, SBI Mutual Fund
half okay so I strongly understand you know despite what's the reason v basis basis. And in that context, I just want to understand what's driving the sequential growth in

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
EBITDA. So the EBITDA has been growth because of our other units. Our Jharsura unit has had the best ever availability of 98%. There we have improved NSR. Our Talwandi sales unit has grown. And at Saty also, we have been able to, uh, maintain a couple of the units And a better pricing in the market is helping me to arrive that growth.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay, because I thought the other units are much more sort of, you know, steady state regulated, right? I mean, both Talwandi, Sabu, and Jasarguda are more regulated model. So there I'm assuming the EBITDA should should have been much more sort of steady.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
So at Jasarguda, the EBITDA was steady. But there were a realization of couple of some legacy as matter of around 50-60 crore which was materialized during the quarter. So that has also added up.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay, okay. And just on the, um, on Sakthi, how do I look at the overall spreads now? Maybe if you can give some color on, on realization and with, with domestic costs also coming in, um, what's the sort of broad spread in terms of realization variable costs that we're seeing at, uh, sorry, at Meenakshi?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
so actually Meenakshi mike mike overall realization is around six rupees for the quarter and the overall cost is five rupees because we have migrated from imported to domestic at an imported coal

at a current level the cost could have been at seven rupees I think this quarter we have of shifting to maximizing the Indian coal, which has given a stability in terms of cost benefit. And also now in September, they have funded 95% of Indian coal, and they are very near to reach 100% number now.

Aniket Mittal - Analyst, SBI Mutual Fund
All right, all right. So roughly, we're currently at an 87%. We're making on the, uh, the dark spread would be about 1 per kilowatt-hour. That's the roadmap.

Operator
Yes.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay, okay. And, um, just to understand on, um, on, on Sakthi, um, have we started supplying this on a commercial basis? Like, like when do we start supplying Sakthi commercially into the grid? Um, which is some clarity on that. And how do we look at the ramp-up over there?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Aniket we have started on 25th of September and ramping up is going on. And I am sure there will not be much time needed here in Shakti because this unit was already commissioned kind of 10 days before the incident. So this is Shakti now supplying to medium term tender of Tamil Nadu and we have a tie-up with Maharashtra and other states at a better improved realization because the market rates are really going Uh, up we have seen that there's a huge, uh, uptick in the market pricing. So the open, uh, quantity of 100 megawatt at Athena will be selling in the open market at a better rate, which is moving around, you know, 5 to 6 and above continuously.

Aniket Mittal - Analyst, SBI Mutual Fund
And, and just to get a clarity, the gross sales that we did in Sakthi this quarter, this was based on power that we purchased from the grid, is it? Um, and, and so what did we purchase it at? What did we sell it at? Just to understand how much EBITDA did Sakthi give this quarter.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
So during the quarter, Sakthi, uh, see, it was a flattish because the, uh, number of units or volume is around 300 million units. So it has been purchased at 7 and purchased at 4 and supplied at 7. But for the profitable part, there were some other costs, so which made it a flat level.

Aniket Mittal - Analyst, SBI Mutual Fund
And just given that you've already started supplying on Sakthi, so what's the sort of spreads that we are seeing over there? Um, what's the actual is, is coal availability, you know, any problem that you see on ground? And what is the variable cost that we're seeing at Sakthi right now?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
See, at 70, my overall COG will be around 2.5, and 2, 2 will be the, uh, coal cost, 0.5 will be my non-coal cost. That is what we are looking at 70.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay, and, and realizations under the Tamil Nadu contract are close to 5, is it?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
It is 5.50.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay. You got that. Just one clarification, um, Unit 2, um, um, you know, when do we expect that to start? When will that, um, you know, get completed and start supplying to the grid?

Operator
Hello. Ladies and gentlemen, to ask a question, please press star and 1. Press star and 1. Press star Ladies and gentlemen, to ask a question, you may please press star and 1 now. Participants who wishes to ask a question, Please press star and 1 now. Ladies and gentlemen, to ask a question, you may please press star and 1 now. The next question is from the line of Abhishek Poddar from Citadel Enterprises. Please go ahead.

Abhishek Poddar - Analyst, Citadel Enterprises
Yeah, thank you for taking my question. So regarding this second unit of Shakti, uh, what timelines are we looking at and how to think about the, uh, power sales for that? Any medium-term contract or anything that will be entered? hello hello am I audible

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Abhishek am i audible

Abhishek Poddar - Analyst, Citadel Enterprises
audible yeah now I we can see yeah okay

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
No Aniket, so just to respond to your point. So Shakti unit, so we will be starting the commissioning activity called plan by end of this year. That's the guidance we still hold on to and we are looking very confident that we should be able to do that. And coming to second unit tie-up, so that will only happen once you sync. We will be feeding into the exchange, which is definitely fetching us the better prices looking at the shortage across India and the market demand increasing. And then we continue to scout for all the tenders, market tenders, which comes up for long term and medium term.

So by that time, we want to focus on covering the balance capacity, which is Meenakshi and Athena, which is the open capacity in the market. We should be able to tie up by that time. Understood. So maybe by April this would start getting synchronized, April 27th. Yeah, yeah, yeah. Understood. And so regarding this, uh, point you made on the UP, uh, you are also shortlisted. Uh, just trying to understand, given our balance sheet, uh, how big, uh, you know, projects can we take now? And also, what is the timeline we are thinking of this?

So, uh, see, basically if you see our net debt to EBITDA, like you told that balance sheet, it is 4.47. See, we have to understand that the CapEx follows the operation. Last year when my CapEx was there but plant was not in operation, it was around 10x. Once it is operational, it has reduced to 4.4x. Once my Unit 2 is in operation, this will further improve to around 2. So if I talk around my balance sheet, up to 10 or 12, if I take a leverage, I can put up around 4 units of 800 megawatt.

Abhishek Poddar - Analyst, Citadel Enterprises
Okay, understood.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
And in the UP tender, we have we will not be shy. 800 mega.

Abhishek Poddar - Analyst, Citadel Enterprises
Okay,

Abhishek Poddar - Analyst, Citadel Enterprises
2 units of 800 megawatt is where we are bidding.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
And when you expect this outcome?

Abhishek Poddar - Analyst, Citadel Enterprises
Okay, understood. Uh, and this could be at the brownfield expansion at Sakhi only that you could look at?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Yes, that's the strategically best location available, uh, with the cheapest source of power which you can build there because the coal mining is hardly within the range of 60 to 70 kilometers.

Abhishek Poddar - Analyst, Citadel Enterprises
Given the current challenges around the sourcing of BTG equipment, how do we tie up for those if we get chosen?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
So, uh, we that's something which is a common issue for all the participants in the market.

So we are also, uh, working with the Indian OEMs to supply us and backup for all the tenders which we are, you know, participating. So we have a commitment from the Indian OEMs also when we are participating, uh, back to back. And there are also bids for other states. Are you also looking to bid for those? Yeah, so West Bengal is open, we are participating. And this is, this is something which we just want to tell, you know, we will be looking at all the opportunities for growth since after demerger That's a single focus which we keep, uh, at Vedanta Power.

So we want to grow from 5th largest private sector player to 3rd largest, you know, within next 5 years.

Abhishek Poddar - Analyst, Citadel Enterprises
Yeah, very clear. And just last question, sir, uh, I think your group company Vedanta Aluminum, they were speaking about the aluminum expansion where they did point to power getting sourced from the group company. So Is that a possibility that we could be doing power for them as well? It's definitely a possibility, and when it materializes, we'll definitely come and, you know, brief that. But yes, it's a possibility.

Okay, okay. Thank you, sir, and all the best. Thank you. Thank you.

Operator
Next question is from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

Aniket Mittal - Analyst, SBI Mutual Fund
Yes, thank you. Sorry, I think, um, I got cut off over there. Um, one thing what I wanted to

understand is, is, um, in terms of both Unit 1 and Unit 2 of Sakti, what's the pending CapEx?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
So, uh, around 1,200 crore is the pending CapEx. So which we will be spending in this H2 and some part by the Q1 of next year.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay, and I missed out on the, on the UP front. Um, how large is the overall size over there? You mentioned about 2 units and the conclusion for the same,

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
800 megawatt of 2 units. So around 1,600 megawatt is what we have bid for.

Aniket Mittal - Analyst, SBI Mutual Fund
And what's the overall tender size?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
I think it's for 4,000 megawatts.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay. And when do we expect this to conclude?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Maybe down the line 2 months, it should the results should be out.

Aniket Mittal - Analyst, SBI Mutual Fund
Okay. Um, fair, actually. Yeah, those were my questions. Thank you.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Thank you.

Operator
Thank you very much. Ladies and gentlemen, that was the last question for today. And members of management, on behalf of Vedanta Power Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you. Thank you.