Management Discussion

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
Thank you, Sagar. Good evening, everyone, and welcome to the Q1 FY27 earnings call jointly hosted by Vedanta Limited, Vedanta Aluminium, Vedanta Iron and Steel, Vedanta Power, and Vedanta Oil and Gas. On behalf of Team Vedanta, I sincerely thank you all for joining us today.

To provide a comprehensive and efficient update while making the best use of your time, we are hosting a combined call covering all five entities. I trust you have had an opportunity to review the respective earnings presentation, press releases, and the detailed financial statements, which have been filed with the stock exchanges and are also available on the website of each of the companies. Joining us on today's call are the CEOs and CFOs of each entity who will discuss their operational and financial performance for the quarter.

In the sequence, we will begin with Vedanta Oil and Gas, led by Mr. Jim Das and Arpit Mundra, followed by Vedanta Power, represented by Rajinder Ahuja and Pankaj Jha. Vedanta Iron and Steel, led by Pankaj Sharma and Navin Jaju. Vedanta Aluminium, represented by Rajesh Kumar and Anup Agarwal. Finally, Vedanta Limited, addressed by Mr. Arun Misra and Ajay Goel. Following the updates, we will open the floor for questions.

With that, let me hand over the call to Jim. Jim, over to you.

Jim Gast - Interim Chief Executive Officer, Vedanta Oil & Gas
Thank you, Charanjit. Namaste. We welcome you to the first quarterly Vedanta Oil & Gas results call as a newly listed company. Safety remains our number one priority, and while we continue to strengthen safety leadership, critical risk management, and frontline engagement, our safety performance shows that there is more work to do. At the same time, we have made good progress across ESG. Higher commodity prices supported our Q1 performance, but our focus remains on safe operations, production delivery, cost discipline, and execution of our growth portfolio. Our assets continue to demonstrate resilience whilst maintaining natural reservoir decline. Gross operated production averaged 77.7 thousand barrels of oil equivalent per day during the quarter, comprising 63.1 thousand barrels of oil equivalent per day from Rajasthan, 11.6 from offshore assets, and 3.1 from OALP blocks. Working interest production averaged 51.1 thousand barrels of oil per day.

In Rajasthan, production was supported by well productivity improvement programs, targeted well recovery, and continued operational optimization. Offshore performance benefited from production optimization initiatives, including low-pressure operations and focused well interventions, while OALP production remained stable. Our priority remains to strengthen decline management, accelerate well interventions, improve execution, and maintain high asset reliability. Over the last few years, we have delivered a positive change in our operating cost profile, particularly for mature tertiary recovery portfolio.

The direct operating cost trend demonstrates that cost discipline has been sustained, with full year 2027 currently expected to be aligned with the full year 2026 levels. This improvement has been driven by optimizing commodity consumption, especially through monitoring well patterns and by maximizing well gains through targeted rigless interventions. These interventions are generally faster, lower cost, and more flexible than conventional workover activity. The focus is to remain strong cost discipline while supporting safe operations, production reliability, and future volume delivery. Cost efficiency must therefore go hand in hand with execution and the growth.

I will now hand over to Arpit, our CFO, for the financial update.

Arpit Mundra - Chief Financial Officer, Vedanta Power Limited
Thank you, Jim. Good evening, everyone. On the financial results, let me elaborate the key numbers for our performance in the Q1 FY27. Our revenue stood at INR2,507 crores, which is 3% lower quarter-on-quarter basis, and EBITDA at INR1,232 crores being 16% higher on quarter-on-quarter basis, resulting in an EBITDA margin of 49% for the current quarter. Our unit operating cost for the period was $17.4 per barrel, down 3% quarter-on-quarter basis despite the production decline and a lower base. The lower cost was driven by efficiencies and optimization in our workover and well intervention programs. These initiatives reflect our intrinsic focus on cost leadership with persistent rigor while holistically supporting the reliability matrices.

Our profit after tax before exceptional items from continuing operations stands at INR194 crores. The exceptional cost net of tax is INR345 crores towards provision for impairment and one-off exceptional items during the quarter. The PAT from continued operations hence stands at a negative INR151 crores. Following the transfer of the non-oil and business undertaking that were earlier held in the Malco Energy Limited, there has been a one-time profit from discontinued operations, which stood at INR1,097 crores.

Consequently, the reported PAT for the company from continuing as well as discontinued operations stands at INR945 crores. Also, we are pleased to inform and share that we have been assigned a long-term credit rating of AA+ stable by both CRISIL and ICRA during the recent months, which reaffirms company's strong credit profile and robust ability to meet its financial obligations. The rating further validates the company's continued resilient operational performance and positive growth outlook.

Let me cover some of the specifics on the EBITDA bridge. Quarter-on-quarter basis, our EBITDA is higher by 15%, which is supported mainly by the Brent prices, which were 50% higher quarter-on-quarter basis. This was offset by lower volumes due to the natural decline as one of the key reasons. While year-on-year, our EBITDA remains flat. For the closing remark, I now pass on to our Interim CEO, Jim.

Jim Gast - Interim Chief Executive Officer, Vedanta Oil & Gas
Thank you. Overall, the quarter has had a steady performance. The company continues to focus on volume delivery on capex projects and infills, keeping our costs low and building our exploration and development pipeline, all built on a strong foundation of safety and environment. Thank you.

I will now pass it to Mr. Rajinder Ahuja, CEO, Vedanta Power, for insights on their Q1 performance of power entity.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
Thank you, Jim. Good evening, everyone. The quarter marks an important milestone in our journey with Vedanta Power becoming demerged entity effective 1st May 2026. As a standalone power business, we now have a greater strategic focus, sharper accountability, and a stronger platform for long-term value creation in power sector. To give brief overview of power landscape, India has recorded all-time high power demand of 277 gigawatts in May 2026.

To support this, Vedanta Power is India's fifth-largest private thermal company with 4.2 gigawatts current operating asset. Aims to reach 4.8 gigawatts by the end of this financial year. Further, we are working on plan to add around another 7.2 gigawatts starting from FY30 onwards, it will start getting kicked in. Fuel and volume security remain the key focus area for us. Today, approximately 74% of our total volume is secured through medium and long-term PPAs. While 85% of our coal

requirement is backed by long-term coal linkage that provides us with strong stability and visibility of the revenues and the costs.

Coming to quarterly performance, Vedanta Power delivered a resilient operational performance during quarter one FY27. We achieved sales of 5,224 million units, up 38% yoy basis, and revenue increasing 31% to INR2,607 crore. Meenakshi Energy delivered highest ever quarterly EBITDA of INR112 crore, backed by the highest sales volume of around 1,350 million units. Despite import coal prices increasing by over 60%, our team on ground has an exceptional work by containing the coal cost by 12% yoy basis. This was achieved by replacing the imported coal with Indian coal, and this time when we are talking, team was able to consume around 65%-70% of Indian coal in their operations.

Our plan to achieve 100% domestic coal at Meenakshi remains on track, which will improve our cost competitiveness and margins way forward, further insulating us from the geopolitical risk. Talwandi Sabo improved its plant availability to 86% from 77% on QoQ basis and achieved highest biomass co-firing of 7.9%, which is highest among the NCR region power plants. The ash utilization remains 94%, with increased ash sales revenue to INR9 crore. Yashpura maintains stable operational performance. However, we receive favorable regulatory outcome in short supply matter, with potential refund of INR300 crore in days to come.

Also, we have got positive order from the State Regulatory Commission for recovery of ash cost by up to INR40 crore annually. These positive outcomes are expected to support the future cash flows. At Sakti, despite the operation disruption, the team has demonstrated tremendous resilience, and we remain focused on restoring Unit One and completion of Unit Two, which will be key for our growth catalyst for the company. We plan to start Unit One by the end of Q2 FY27, and Unit One remains on track for completion by Q4 FY27. Parallelly, we have also notified our insurance provider, who are assessing the impact and the claims for Unit One, which is duly covered for the losses through insurance. Looking ahead, India's power demand outlook remains very strong, and Vedanta Power is well positioned to capitalize for future opportunities.

With that, I now hand it over to our CFO, Mr. Pankaj Jha, who will take you through the financial performance.

Pankaj Jha - Chief Financial Officer, Vedanta Power Limited
Thank you, and good evening, everyone. I will briefly cover the financial performance and capital structure highlights for Q1 FY27. During the quarter, Vedanta Power reported revenue of INR2,607 crore, 31% YoY growth, on sales of 5,224 million units, which increased 38% YoY. While EBITDA for the quarter stood at INR291 crore, the overall performance was impacted by the Sakti boiler incident. Nevertheless, the business demonstrated resilience through strong operational delivery and reported highest ever EBITDA at Meenakshi.

PAT for the quarter was impacted due to one time exceptional item of INR487 crore. By neutralizing it, PAT before exceptional one-time impact is negative INR59 crore. Our balance sheet and credit profile continued to strengthen. During the quarter, Indian rating agencies ICRA and CRISIL have upgraded our instruments. Our long-term rating remains strong at AA Negative, with stable outlook. We have very healthy cash and cash equivalents of around INR1,130 crore. Net debt remained flat-ish compared with the previous quarter, reflecting our continued focus on cash flow management and deleveraging.

We also successfully raised commercial paper at 8.25%, demonstrating continued lender and

investor confidence in the business. Going forward, our capital allocation priorities remain clear: maintaining liquidity, reducing leverage, enhancing fuel security, and completing our key growth projects, particularly Sakti Unit One restoration and Unit Two project. These assets are expected to materially strengthen earnings, cash generation, and return metrics over the next two to four quarters. With a stronger credit profile, improving operational performance, and clear growth visibility, we believe Vedanta Power is well-positioned to deliver sustainable value creation for all stakeholders.

I now hand over to Mr. Pankaj Sharma for covering Iron & Steel.

Pankaj Sharma - Chief Operating Officer, Vedanta Power Limited
Thank you, Pankaj, and good evening, everyone. Let me take you through the performance for the first quarter of FY27 for Vedanta Iron & Steel. Vedanta Iron & Steel operates fully integrated business model, supported by strategically located mining assets in Odisha, Goa, Karnataka, Liberia, and downstream steel operations in Goa and Bokaro. This enables value creation across the entire value chain. During the first quarter, we have delivered a strong operational and financial performance with the revenue increase of 18% year-on-year and EBITDA growth of 54%.

Margin expanded from 11% to 14%, and PAT stood at INR121 crore. During the period, steel and iron ore production increased by 4% year-on-year, supported by stable and safe operation and enhanced efficiencies. In steel business, sellable production stood at 582 KT, with robust EBITDA margin of 12%. This was driven by better realization, a favorable export market, and continued cost and operational initiatives. In iron ore business, production increased by 4% year-on-year to 2.6 million tons, and EBITDA margin improved by 24% year-on-year on the back of better realization and cost efficiencies. Sequentially, the volume were moderated by seasonal impact during later part of the quarter.

On quarter-on-quarter basis, margin lowered due to higher discounts on low-grade ore and elevated ocean freight costs. On the growth front, our expansion projects continue to progress as planned. During the quarter, we received stage 1 forest clearance for Bokaro expansion project. We remain on track to deliver the project by end of financial year. The Ductile iron pipe project in Goa is progressing well and is expected to be completed during the later part of the year.

I'll now hand over to my CFO, Naveen, to take you through the financial performance.

Navin Jaju - Chief Financial Officer, Vedanta Iron & Steel Limited
Thank you, Pankaj. Good day, everyone. During the quarter, revenue stood at INR3,662 crore, an 18% increase year-on-year, and EBITDA of INR515 crore, a 54% increase year-on-year. This was on the back of strong operational performance and better realization. The company continues to maintain a strong balance sheet with net debt-to-EBITDA ratio of 1.3x and return on capital employed of 16%. This is also reflected in the credit rating of AA Stable by CRISIL. Net debt post-demerger adjustments stood at INR2,733 crore as on June 26. Strong operating cash flows helped fund pre-monsoon working capital requirements and ongoing growth projects.

Back to you, Pankaj.

Pankaj Sharma - Chief Operating Officer, Vedanta Power Limited
In conclusion, we have delivered a strong start to FY27 with resilient operational performance, improved profitability, and disciplined balance sheet management. Our ongoing growth project, expanding mining capacities and integrated business model, position us well to capitalize on India's

long-term steel and iron ore growth opportunity. We remain focused on creating sustainable value for all stakeholders through operational excellence, responsible growth, and disciplined capital allocation.

Thank you. Thank you very much. With this, I hand over to Rajesh, CEO, Aluminium.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Thank you, Pankaj. A very good evening, everyone. Thank you for joining the Vedanta Aluminium Metal Limited earnings upgrade -- update. VAMAL delivered a strong quarter driven by industry-leading safety, sustainability, and operational performance. During the quarter, we had only one lost-time injury. Environment performance remained robust, with 20% ash utilization contributing to increased dike space, while our newly commissioned RO facility improved the wastewater recycling and reduced freshwater consumption by 8%.

Renewable energy supply from Serentica increased to 198 megawatts, a 60% sequential growth, and we remain on track to achieve more than 371 megawatts of green power by the end of this financial year. VAMAL delivered a record quarterly performance, achieving all time high aluminium production of 632 KT, up 5% year-on-year and 3% quarter-on-quarter. Alumina production was 826 KT, up 41% year-on-year. Alumina production was however, 6% lower than the previous quarter due to stabilization issues in the power plant, red mud filtration, and bauxite handling.

Value-added product output rose to a record 389,000 tons in the quarter, up 14% year-on-year, reflecting the continued shift in our product mix towards our goal of 90% share of value-added products. The billet production increased by 18%, and the alloy production increased by 38% with respect to the previous quarter. From a market perspective, global aluminium prices have remained buoyant, supported by supply side constraints. Looking ahead, our focus remains on accelerating growth through ramp-up of Lanjigarh and increased volume from BALCO Potline 3 and sustained cost optimization through additional domestic bauxite. Our captive coal, we have received the mining lease and mine opening permission for Kuraloi, we plan to start the mine in this quarter.

Supported by a strong execution discipline, we remain well-positioned to deliver a long-term value for all our stakeholders.

Thank you. With this, I hand over to our CFO, VAML, Mr. Anup Agarwal, to take you through the financial performance.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Thank you, Rajeshji. Good evening, everyone. We closed Q1 FY27 on a strong note, marking an important milestone for Vedanta Aluminium as our first quarter post-demerger. At a headline level, we delivered an all-time high revenue and EBITDA on the back of strong realization, disciplined cost management, and continued operational execution. Revenue for the quarter stood at a record INR21,105 crore, reflecting a 45% increase YoY and a 13% increase quarter-on-quarter.

On the cost side, our hot metal cost in Q1 FY27 stood at $1,698 per ton, lower by 4% YoY and lower by 3% quarter-on-quarter, despite inflationary pressures due to the Middle East disruptions. This is within our guidance rates as communicated in April. Coming to EBITDA. EBITDA was at INR10,499 crore, up 134% YoY and up 24% quarter-on-quarter. Sequentially, EBITDA per ton expanded from $1,511 per ton to $1,804 per ton. This was driven by a combination of volume growth, cost optimization, marketing initiatives, and favorable market conditions.

The profit after tax was at INR6,597 crore, up over 200% YoY. Our return on capital employed stood

at 42% at the end of quarter one, reflecting our focus on driving profitable growth while maintaining disciplined capital allocation. During the quarter, our balance sheet became even more stronger. Our net debt to EBITDA ratio improved from 1.3x to 0.9x. Our cost of borrowing is now at sub 9%, and this will improve further in the coming months. We closed the quarter with a cash and cash equivalent of over INR6,000 crore.

This provides us with a strong liquidity cushion and enhances our financial flexibility. The board has approved an interim dividend of INR8 per share this quarter, the very first for Vedanta Aluminium. Both CRISIL and ICRA have upgraded Vedanta Aluminium to AA+ with a stable outlook. This is an important validation of the market's confidence in our balance sheet strength, earnings resilience, and financial discipline. Our guidance on the cost for full year remains unchanged at $1,650-$1,700 per ton.

Though in Q2, the cost may be marginally higher due to the planned power plant shutdowns timed with the monsoon period. On the hedging front for the balance year, we are hedged 28% of our volumes at an average of $3,062 per ton. We are confident that our EBITDA run rate will remain resilient across commodity cycles, driven by higher volumes from BALCO expansion, increased value-added product and domestic market penetration, and continued cost reductions through backward integration.

Thank you. With this, I hand over to Mr. Arun Misra for an update on demerged Vedanta.

Arun Misra - Chief Executive Officer, Vedanta Limited
Thank you, Anup. Good evening, everyone. As you will all know that this quarter marks the first reporting period of demerged Vedanta, India's most diversified base metal and specialty alloy company, providing investors with exposure to zinc, copper, silver, lead, manganese, nickel, and ferrochrome. I'm pleased to note that in the maiden quarter itself since demerger, we have delivered EBITDA of INR8,469 crore and PAT of INR5,294 crore for the continuing businesses.

Let me now walk you through the operational performance of the key business segments. At Zinc India, refined metal production grew 4% year-on-year to 260,000 tons. We achieved lowest ever cost of production at $851 per ton. Silver continues to contribute strongly to our bottom line with 46% share of EBIT. At Zinc International, overall mine metal production was 48,000 tons, including contribution of 3,000 tons from Black Mountain Mine. Gamsberg Phase 1 production rose 10% sequentially to 45,000 tons.

Gamsberg cost of production also declined to $1,549 per ton, down 7% quarter-on-quarter, delivering an EBITDA per ton of $900. At BMM, Swartberg Mine end-to-end contract in lieu of this substitution has been completed and ramping up on variable cost model. In ferrochrome business, FACOR delivered its highest ever quarterly ore production, up 41% YoY to 153,000 tons, surpassing previous best of 113,000 tons in quarter four 2026. Improvement in finished goods grade, supported by higher market price, resulted in 2% higher net sales realization alongside lower cost, driven by 100% captive ore availability.

This resulted in EBITDA margin improving from $360 per ton,

Operator
13% sequentially. Also delivering the best ever quarterly EBITDA of rupees 101 crore. Copper India recorded sales of 53,000 tonnes up 3% year on year, our highest first quarter sales in eight years. At Copper International Business gross sales were down 51% year on year as the supply chain in the entire Middle east region was impacted due to geopolitical tension.

Arun Misra - Chief Executive Officer, Vedanta Limited
Up 13% sequentially, also delivering the best-ever quarterly EBITDA of INR101 crore.

Copper India recorded sales of 53,000 tons, up 3% YoY, our highest first quarter sales in eight years. At Copper International business, rod sales were down 51% YoY as the supply chain in the entire Middle East region was impacted due to geopolitical tensions. Moving to growth projects across the four segments at Zinc India. For the fertilizer plant, cold commissioning has been initiated. The hot acid leaching plant at Dariba is also targeted for commissioning in the current quarter.

The 10 million tons per annum tailing reprocessing plant is under construction and is expected to be completed by quarter four of FY28, while the 250,000 tons per annum expansion project of smelter is expected to commission by quarter two of FY29. At Zinc International, Gamsberg Phase 2 plant is likely to commence operations in August. It will add another 200,000 tons of MIC capacity, taking the total capacity to 450,000 tons per annum. At FACOR, production from Ostapal underground mine is likely to commence in the current quarter, yielding better FG grade and metallic volume.

We received a forest clearance Stage 1 for Tatasai Manganese Mine, and is expected to start operation in H2 of this current fiscal year. At Copper India, Phase 1 debottlenecking has augmented installed capacity to 222,000 tons per annum. Further debottlenecking will take this capacity to 229,000 tons per annum. Copper International at our Jabal Sayid exploration block in Saudi Arabia, exploration partner has been finalized, targeting 24 months for the initial phase.

To summarize, performance of continuing businesses is demerged Vedanta is on a steady growth trajectory, as reflected by strong quarter one delivery and project commissioning lined up during the year. We remain focused in our pursuit of growth of the demerged Vedanta to an INR5 billion EBITDA enterprise by FY30.

With that, let me hand it over to Ajay to take you through the financial performance in detail, after which we'll be happy to take your questions. Ajay.

Ajay Goel - Chief Financial Officer, Vedanta Limited
Yes. Thank you, Arun. Good evening, everyone. We're meeting today for the first quarter results after Vedanta's historical demerger, that is unlocking significant value. With a combined market cap of resulting companies growing over INR71,000 crores in Q1 itself. I want to also clarify that, as the demerger became effective during the quarter on 1st of May, the stack numbers which are reported include one month of discontent operations as per the Ind AS 105. For the sake of like-for-like comparison, we will focus on performance of Vedanta's continuing operations, which is for the entire quarter, April to June. Numbers are comparable, and they are for entire quarter, April through June. I will start briefly with Vedanta highlights. On Vedanta Limited's Q1 performance, revenue increased by 51% YoY to INR23,456 crores.

EBITDA nearly doubled, rising by 19% YoY to highest ever INR8,469 crores, with a margin of 57%, up 985 basis points YoY. Profit after tax, PAT, grew to INR5,294 crores, up INR152 crores YoY. Again, best ever on a like-to-like basis. In Q1, Vedanta invested INR1,148 crores in growth capex while de-leveraging the balance sheet by more than INR2,223 crores. At the same time, delivering a strong ROCE of 28%. In Q1, Vedanta's balance sheet remains exceptionally strong, with leverage ratio net debt to EBITDA down to 0.3x, amongst the best in the industry.

Vedanta Limited has been rated AA+/Stable outlook both by ICRA and CRISIL. Highest rating over a decade for us. With a strong cash and cash equivalent of INR19,922 crores, remains resilient at the

same time growth focused. I'll move on very briefly to Vedanta Resources, the VRL highlights. VRL's credit strength is well recognized, with the rating upgrades from all three agencies, S&P, Fitch, and Moody's rating VRL to double B or double B equivalent, again representing a decade-high rating for VRL.

The demerger, as we earlier envisioned, has significantly enhanced strategic optionalities available to Vedanta Resources. You may have made a note that during the quarter, we have sold 1.7% stake in Vedanta Limited. That is almost INR200 million, and that illustrates the range of strategic levers to accelerate on a fast track debt reduction at Vedanta Resources. VRL de-leveraged by INR1.1 billion across the group in Q1 itself. In this quarter, through a broader INR5 billion refinancing program at Vedanta Resources, we are targeting reduction of around 280 basis points in average funding cost at Vedanta Resources.

This would lead to more than INR1,000 crores of interest cost saving on a yearly basis. We have recently raised INR1.7 billion from international bond markets at average 7.4% coupon rates and average maturity of 8.5 years.

Additionally, tied up a syndicate term loan of up to INR2.25 billion at 6.4% interest rate with average maturity of three years. Overall, this would significantly flatten VRL's repayment liabilities, and that can be serviced through regular branch fee and normal dividend yield. In conclusion, the demerger has laid the foundation for next phase of growth, backed by strong VRL balance sheet, focused businesses, and disciplined allocation of capital.

With this, I now hand over to operator for Q&A.

Questions & Answers

Operator
Thank you very much. [Operator Instructions]

Your first question comes from the line of Akhilesh Kumar with MK Global. Please go ahead.

Akhilesh Kumar - Analyst, Emkay Global Financial Services
Yeah. Hi, can you hear me? Hello.

Ajay Goel - Chief Financial Officer, Vedanta Limited
Yes, we can.

Akhilesh Kumar - Analyst, Emkay Global Financial Services
Yes. Perfect.

Ajay Goel - Chief Financial Officer, Vedanta Limited
Yeah. Please go ahead.

Akhilesh Kumar - Analyst, Emkay Global Financial Services
So, my first question is on EBITDA, for the VAML. When I try to add the EBITDA given in the slides for Jharsuguda and BALCO, the total EBITDA comes at close to INR10,527 crore, while total reported EBITDA is, as you mentioned, is INR10,499 crore. Can you explain the difference?

Ajay Goel - Chief Financial Officer, Vedanta Limited
That's a small console adjustment, actually. The difference that you're talking about, it gets

eliminated at level. For the transactions between BALCO and VAML.

Akhilesh Kumar - Analyst, Emkay Global Financial Services
Okay. This is something intercompany, kind of stuff. Is it?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Yes, absolutely. Yes.

Akhilesh Kumar - Analyst, Emkay Global Financial Services
Okay. Okay. My second question is on the aluminum sales made this quarter. I appreciate that you have given the aluminum production for this quarter, but earlier you used to give the sales number as well, which is not mentioned in the slide. If you can provide that number as well, that would be great.

Ajay Goel - Chief Financial Officer, Vedanta Limited
The sales number for the quarter is at 615K.

Akhilesh Kumar - Analyst, Emkay Global Financial Services
615K. Okay, thanks for that. That's it from my end.

Operator
Thank you. Your next question comes from the line of Indrajit Agrawal with CLSA. Please go ahead.

Indrajit Agarwal - Analyst, CLSA
Hi, thank you for the chance. A few questions. First, I'll start with the aluminium business. So our ask rate for alumina production for the last three quarters is almost 1.1 million tons. To achieve the 4.1 odd million tons for the full year, how should we look at the trajectory? Will it be more second half heavy, and given the exit run rate of 1Q and what we are doing in July so far, are you confident of achieving that number?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Typically, the monsoon months, both for the power assets as well as the alumina production, are slightly difficult months. We expect a much higher volume in the H2. If you would have noticed, even the last year the trends were similar, this year also we will follow the same trajectory, and we will meet the estimate which you have given of 4 million-4.1 million tons of alumina production from Lanjigarh.

Indrajit Agarwal - Analyst, CLSA
Sure. Secondly, on purchased alumina cost, despite on sequential basis, alumina COP going up and alumina integration going down, your alumina cost and aluminium has gone down. What has been the delta in purchased alumina cost in this quarter? What you have booked in P&L.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Indrajit, on a broad level now, as you rightly said, alumina cost has come down 3% quarter-on-quarter. If you would recall now, even in the last earnings call, we very clearly articulated that, but for the higher LME and the higher API, as we go into the second quarter of this financial year now, we will start seeing alumina cost closer to $750. Okay. $780 is what we've reported in quarter one. With increased mix, and you would have seen that we have done around 70%-72% in quarter one, and with the same captive mix in quarter two and the lower API, we are en route to that

$750 number what we talked. Indrajit.

Indrajit Agarwal - Analyst, CLSA
Is there further room for API prices to go down in the subsequent quarters, or we have already bottomed out over there?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
I can tell you, see, the further reduction will again come as we ramp up Lanjigarh production because, going forward now our captive mix will keep going up and the bought-out alumina will keep coming down, Indrajit. Any reduction from here towards INR700, we will have to look at Lanjigarh ramping up and of course some of our captive bauxite coming into the play.

Indrajit Agarwal - Analyst, CLSA
Sure. In 1Q, what was the hedging volume and price at which we had hedged?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Quarter one, we had hedged around 293 KT, and the strike price was INR2,813.

Indrajit Agarwal - Analyst, CLSA
Sure. One last question too, Ajay, if I may. Given the high capex or the growth projects at Vedanta demerged entity, can we assume that most of the dividend would now be from Vedanta Aluminium of the five entities, in terms of quantum, let's say rupees, crore or dollars kind of terms?

Ajay Goel - Chief Financial Officer, Vedanta Limited
The way to look at, Indrajit, if you look at historically, Vedanta's dividend yield has been quite high. In fact, double digits, 12, 13%. Over the last couple of years, down to six, seven percentage point. Our last commitment was to go down to normalized yield of almost 5%. That, on the combined market capitalization, may mean INR1.5 odd billion payout on a consolidated basis of all the five business units. You'll appreciate, Indrajit, dividends will be a board matter.

One way to model this, look at the combined market capitalization of each business and look at 3%-5% dividend yield. You're right, Vedanta Aluminium being almost at about INR18 billion out of INR35 billion. Practically, one may also assume half the dividend will come from Vedanta Aluminium going forward.

Indrajit Agarwal - Analyst, CLSA
Sure. Thank you. I have more questions. I'll join back.

Ajay Goel - Chief Financial Officer, Vedanta Limited
Thank you.

Operator
Thank you. Your next question comes from the line of Sumangal Nevatia with Kotak Securities. Please go ahead.

Sumangal Nevatia - Analyst, Kotak Securities
Good evening, and thanks for the chance. First question is to Ajay on the overall capital allocation. One is at the VRL level, can we assume that the large part of deleveraging is behind now, given that we have refinanced, and going forward, the focus would be more on growth, or are we expecting further deleveraging from $4.5 billion debt? One is that.

Then at VAML, just want to understand what sort of debt or leverage we are comfortable, beyond which we will consider paying dividends. The chairman has spoken about expansion plans. At what stage do we start spending towards the next phase of expansion, by which we should expect some lower dividends and deleveraging?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Sure, Sumangal. I will start with the first part first. You are right that at VRL, the deleveraging has been accomplished to a large extent. Over the last three odd years, debt of $10 billion down to $5 billion as on June 30. Going forward, what is the path forward? What we have last time committed, that the VRL debt will come down from $5 billion down to $3 billion.

We also committed that Vedanta India, on a combined basis, pre-demerger, our leverage of 0.9x as on March will be coming down to 0.7 as on coming March on a console basis. When we look at capital allocation policy, the central theme is allocation, not capital necessarily. We do not provide guidance in terms of EBITDA. If one has to model looking at the current run rate.

With the current volume, cost, and position entity, and our macro tailwinds in terms of currency and the pricing, the outlook for the EBITDA for Vedanta India on a console basis is at about $9.5 billion to $10 billion. Our EBITDA-to-cash conversion is typically 10%. That means we will be having total free cash flow of roughly $5 billion, INR45,000 crore, at Vedanta India on a console basis. We do not have to make choices between growth and deleveraging.

Going forward, what we are looking at, we will be keep investing for the growth in the current year at about INR20,000 crore will be the capex across the five entities. We are looking at deleveraging at VL level, roughly $2 billion-$2.5 billion, again, INR20,000 crore. At the same time, we will also be rewarding shareholders through dividend. Eventually, growth, deleveraging, and rewarding shareholders should lead to TSR.

In summary, Sumangal, we do not have to make choices between investing for the growth or deleveraging. Both in the current year can coexist, given robust free cash flows.

Arun Misra - Chief Executive Officer, Vedanta Limited
Also Ajay, I think Sumangal can add, last three years of deleveraging has not caused, unlike other companies, any postponement of a declared capex or any intentional slowdown of a capex project that has been announced in the market. Rather, in last three years of deleveraging, we have initiated much bigger projects without things like expansion of a million ton expansion in Zinc, Aluminium, completing the BALCO project, ESL Bokaro, completing that two million ton expansion project, or keep on working on two million ton expansion project. All these, ZARI phase two, all these happened in last three years. These two are, as Ajay correctly says, it is not one or the other, it is one and the other.

Sumangal Nevatia - Analyst, Kotak Securities
Yes. That's very clear. If you can just share some more thoughts on VAML balance sheet and debt levels which we are comfortable and some expansion plan going forward.

Ajay Goel - Chief Financial Officer, Vedanta Limited
I'll refer to Mr. Anup Agarwal. Thank you.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
If you look at our financials now, as at end of June, the net debt in our books is around INR33,000.

For the growth that we're undertaking or we are invested in, we have a capex left of around INR7,000 crore-INR8,000 crore, which we'll be spending in, say, 18-24 months. That includes BALCO, some leftover Lanjigarh augmentation, and the mines project. Coming to the new expansion, three MTPA, presently, we explained last time also, as of now, we are on a drawing board. We are in the process of land acquisition, finalizing the technology partners and the packages. As and when we will have details, we will come to the board. Today, if you ask me, the net debt stands at, sorry, INR29 and a half thousand crore.

The leftover capex to be spent on the growth already announced is around seven, INR8,000 crore, including BALCO. That's it.

Sumangal Nevatia - Analyst, Kotak Securities
And what would be the total capex for 2027 and 2028? Seven, INR8,000 and plus some maintenance, right?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Yes, broadly, yes. For this year, it will be around INR5,000 crore, plus another, say, INR2,000 crore of maintenance.

Sumangal Nevatia - Analyst, Kotak Securities
Understood. Is it safe to assume that the next phase of growth, at least since the plans are not yet formed up, will start towards the end of 2028 capex and/or maybe in 2029 only?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
As I said, Inderjeet, maybe in a quarter or so, we will come back to the market with further details.

Sumangal Nevatia - Analyst, Kotak Securities
Understood. I have a couple of more questions, one on VISL. I just want to understand what are the next key hurdles and milestones we are looking at for starting or completing the expansion of Bokaro phase 2.

Ajay Goel - Chief Financial Officer, Vedanta Limited
Navin Jaju, over to you.

Navin Jaju - Chief Financial Officer, Vedanta Iron & Steel Limited
For ESL, I will say that in this quarter, we have received the stage 1 forest clearance, and we are in the process of getting stage 2, and we are expecting by end of quarter 2, we will be completing that clearance. By end of this financial year, we will be able to complete the expansion project.

Sumangal Nevatia - Analyst, Kotak Securities
Understood. Just one last question on aluminum again, sorry. What is the difference of delivered price of bought out alumina versus captive? With Sijimali coming in, what sort of cost saving do we expect purely from the captive bauxite mine?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
See, broadly at today's API load, assuming that these Middle East prices will normally bottom out or will even out. The difference will be to the tune of $50, $60 when you look at the mix, captive alumina versus the bought-out alumina. Now, this captive alumina also has 50% of the imported bauxite. To address your question that once Sijimali starts ramping up, we can expect, say, another

$40 to $50 per ton reduction. It will all depend on what percentage of Sijimali we will be able to ramp up and how soon we will be able to ramp up. The idea is to start it after monsoon. This year we're expecting one to two million tons, and the next year it can be between six to seven million tons.

Sumangal Nevatia - Analyst, Kotak Securities
Okay. Got it. $40 to $50 at the alumina level, right?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Yes. All numbers I spoke was on the alumina level.

Sumangal Nevatia - Analyst, Kotak Securities
Understood. Sir, we've just got stage 2 forest clearance EC. I think mining lease and then consent to operate, all these approvals can come within the next couple of months, and we can start production by fourth quarter. Is that a realistic expectation?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Given the current scenario, yes. We have made good progress in the last quarter in terms of getting up to FC2. The efforts are on. We are working very closely with the government, and this is how we look very positive. The government is also very positive in terms of investments in the state. We are quite hopeful that this is what will happen.

Sumangal Nevatia - Analyst, Kotak Securities
Understood. Just one last clarification. All these mines is under VAL. What is the transfer pricing to BALCO? Is it fair to assume, then all the cost saving, et cetera, will be reflecting more under VAL than BALCO?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
The transfer is at arm's length, and we are governed by that as regards transfer from the Lanjigarh to BALCO is concerned. Just to clarify, now, when you're talking about the mines, BALCO also has one mine by the name of Barra. The coal will come from there. Rest all mines are with VAML, which will be used for VAML's own use. Coming to bauxite, the idea is to take it to Lanjigarh. What Rajesh said that any alumina from Lanjigarh to BALCO is today also at arm's length basis.

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
Sumangal, thank you. We have a very long queue of people who are waiting in queue for question.

Sumangal Nevatia - Analyst, Kotak Securities
Yeah, thanks. And all the best.

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
Operator lets move to the next -- we can move to the next person in the queue.

Operator
Thank you. The next question comes from Sabri with MK Global. Please go ahead.

Sabri Hazarika - Analyst, Emkay Global Financial Services
Yeah, just one question. If I look into your oil and gas numbers. My oil prices have gone up by around 30%, my production is down by around 4%-5%, still my revenue has remained flat QOQ, my

EBITDA is also up to INR100 crore only because of this increase in stock, my opex, etc, everything has remained same. Can you just give an explanation for this, why it has remained largely flat QOQ?

Arpit Mundra - Chief Financial Officer, Vedanta Power Limited
Hi, this is Akash here. I'm the CFO for the oil and gas business. If you see quarter-on-quarter, given the cyclic nature of our sales pattern, about 85% is the volume that we have sold. Post-monsoon, this will get liquidated, as a typical sales pattern that we have.

Sabri Hazarika - Analyst, Emkay Global Financial Services
Okay.

Arpit Mundra - Chief Financial Officer, Vedanta Power Limited
Does it clarify your question or anything else?

Sabri Hazarika - Analyst, Emkay Global Financial Services
Got it. If the production and sales number has got a deviation due to which the numbers are like this, right?

Arpit Mundra - Chief Financial Officer, Vedanta Power Limited
Yeah.

Sabri Hazarika - Analyst, Emkay Global Financial Services
Okay, got it. Thank you so much.

Arpit Mundra - Chief Financial Officer, Vedanta Power Limited
Thanks.

Operator
Thank you. The next question comes from the line of Amit Murarka with Axis Capital. Please go ahead.

Amit Murarka - Analyst, Axis Capital Ltd
Yeah. Hi, good evening. Just on the hot metal cost. This quarter, I think it's gone down a bit. Just wanted to understand, one, given the inflation that we were seeing, generally speaking, on fuel cost and power cost in the quarter, what are the factors that helped reduce the hot metal cost for you? Secondly, what will be the outlook for the cost going ahead?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Hello? Yeah. See, I already covered. Let me first cover for the quarter two, we expect the cost to be marginally higher, and we said that because of the plant shutdowns, and you would recall that during the monsoon period, there are normally some power plant shutdowns. The cost will be marginal. Coming to the quarter-on-quarter, see, the cost has come down due to increased captive consumption of alumina. The lower coal price per se, because we are talking dollar, you can also say that little bit of a rupee cost divided by dollar is also there. Why I'm saying this is because as you would recall, last quarter also, we said that during post this Middle East disruptions, we have been hit by the carbon cost and the furnace oil cost.

On a net-to-net basis, if you look at our guidance, what did we say? $1,650-$1,700 and additional $50-$100 for the Middle East disruption. We are very much there in the target, and as I stated in my commentary also that we will be within our guidance of $1,650-$1,700 as we complete the year.

Amit Murarka - Analyst, Axis Capital Ltd
Sure. Understood. Just a comment if you could give on the lower sales volume, while production, as you mentioned, is the highest ever, the sales volume has not inched up in the quarter. Why was this inventory build up there in Q1?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
See, what happens, normally at the fourth quarter or the end quarter, there is a tendency to clean up the stock. To that extent, if you'll see some seven, eight KT has been added, otherwise there has been no addition to the inventory. Normally in the year end, there is a tendency that we wipe off the inventory lying at the stock and everywhere.

Amit Murarka - Analyst, Axis Capital Ltd
Okay. Understood. Thank you. That's it from me.

Operator
Thank you. The next question comes from the line of Pinakin with HSBC. Please go ahead.

Pinakin - Analyst, HSBC
Yeah. Thank you, Ved.

Operator
You hear me, Pinakin?

Pinakin - Analyst, HSBC
Yes. Can you hear me? Am I audible? Am I audible now?

Operator
Now you are audible. Please go ahead.

Pinakin - Analyst, HSBC
Yeah. Can you just walk us-

Operator
Yes. You are.

Pinakin - Analyst, HSBC
Okay. Sorry. Can you walk us through the Sijimali bauxite mine process? There was a stage 2 forest clearance. What are the approvals from here? What are the timelines you are expecting? To get us an idea of when can we actually start mining, and where are the approvals required at national, state, and other agency levels.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
We finally have to get the consent to operate. We are in the process of getting that, and we expect that to happen in this quarter. As mentioned, after this quarter monsoon and rain, we plan to start the mine.

Pinakin - Analyst, HSBC
Okay. Just to be clear, the consent to operate is the only approval required, and after that you can start mining.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Yes.

Pinakin - Analyst, HSBC
Understood. What are the activities on the ground? Because I assume this is a virgin mine, you would have to overburden removal, the preparation of roads and everything. How long a process do you see of work on the ground before you can scale up to, let's say, 4-5 million tons of bauxite mining?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
So, compared to coal, bauxite is slightly easier to mine and very little overburden, and these things are required. In addition to that, we operate through MDO partners who do the mining for us and deliver the ore. We have already appointed the MDO partner for Sijimali. We are ready. In fact, the preparation was done at the beginning of the year itself for as far as the mining activity is concerned. As soon as we get the approval, the mining can start.

Pinakin - Analyst, HSBC
Got it. My last question is on coal. Given that the mining operation permission has been obtained at the Kuraloi coal mine, what is the mine volumes that you expect in FY28 and FY29? Secondly, if you were to draw a similar parallel for the Ghogharpalli mine, what kind of coal production can we expect over the next two years, '28 and '29?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
We expect from Kuraloi this financial year to mine up to two million tons. Ghogharpalli, we are just evaluating, but this year, I think, we will wait when we start the work to estimate.

Pinakin - Analyst, HSBC
And Kuraloi can increase to how much from two to next year?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Eight million tons.

Pinakin - Analyst, HSBC
You are confident that it can go to eight million tons next year if you start this year?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Yeah. This year two and next year eight is our current plan.

Pinakin - Analyst, HSBC
Okay. Got it. Thank you very much, sir.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Thanks.

Operator
Thank you. The next question comes from the line of Ritesh Shah with Investec. Please go ahead.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Hi, sir. Thanks for the opportunity. Sir, first question on aluminum. Can you help us with the hedges for the balance three quarters, by volume and price by quarter, if possible?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
See, Ritesh, as I said for the balance three quarters, we are hedged about 28% at an average price of INR3,062. If you are specifically asking about Q2, we are hedged about 270 KT and the strike price is INR2,830.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
270 KT at INR2,830, right?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Yes.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Hello. That helps. Sir, second, I just wanted to check on Saudi assets. Have we firmed up the capex? I think you did indicate that exploration partner has been finalized. How should we look at the incremental progress over there and the timelines?

Unidentified Speaker
Adarsh ji.

Arun Misra - Chief Executive Officer, Vedanta Limited
As of now, we are on the exploration partner finalization, and after that only we'll come back and inform you regarding the capex approval for that.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Sure. My third question was on bauxite mix. Going back to aluminum, it has reduced from 66% to 46%. I just wanted to understand, on an absolute tonnage standpoint, how much are we procuring from OMC right now? What is the corresponding price? Outside of OMC, what's the average price that we are looking at? Just trying to do the math so that, once the Sijimali comes through, how the economics can change.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
See, Ritesh, I'll give you some broad numbers. Okay. Domestic, as you rightly said, we are doing about 46%-50% of the alumina that we produce. If you look at the alumina cost from the domestic bauxite, because OMC, or broadly the other bauxite also that we pick up are more or less at the same price. We make the alumina at a cost of around $300. Sijimali also when we begin, we expect that the cost will be at a similar level.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Right. Would it be possible for you to quantify how much is the procurement rate from OMC right now, and has this number changed over the last three, four years?

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Ritesh, you are aware that this matter is subjudice. That is where I did not want to indicate the number because you are aware that we are getting this under the court order as of now.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Okay, fair enough. Last question, I think probably Ajay can look at. Any particular reason why we are not indicating payout policy for all the companies, though you have indicated pretty good commentary for all the five entities together. Any timelines over there? Secondly, there is a ICD of

INR960 crores at VISL. How should we look into that?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Ritesh, in terms of the payout, I presume you mean the dividend payout, isn't it?

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
That's right.

Ajay Goel - Chief Financial Officer, Vedanta Limited
You may have seen in the last board meeting, the post demerger, all the new four companies also have adopted their own policy on payment of dividends. The key change remains, in the past, our policy was slightly more directive. It was prescriptive. For example, a payout of 30% of the PAT or passing on dividend within some time frame. Post-demerger, the key change remains that the policy has changed from being prescriptive to more descriptive. In that case, basically, all the four companies' board will have a far bigger flexibility. Depending upon need for the capexes in terms of profit plowback and the payout, they can decide. Having said that, all the four companies are also cut from the same cloth. The Vedanta overall group philosophy continues.

What we earlier committed, that for the parent company, debt will go down from current $5 billion down to $3 billion over two years. Overall, Vedanta Limited leverage from 0.9x will go down to 0.7. In summary, overall, one can safely model that 4%-5% dividend yield on each company's market capitalization is a number what we are targeting for the group.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Sure. Sir, on ICD?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Ritesh, can you repeat the question?

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Sir, VISL has an ICD of INR960 crore. Just wanted to understand where is it heading to, and what's the interest cost over there. This number was INR9,434 crore March 2026. I think it would be because of the demerger, and that number has reduced to INR960.

Ajay Goel - Chief Financial Officer, Vedanta Limited
Yeah, that's right. Naveen, can you take this?

Navin Jaju - Chief Financial Officer, Vedanta Iron & Steel Limited
Sure. Thanks. Ritesh, as a part of demerger restructuring, there was a waiver of intercompany loans and related interest to the tune of closer to INR13,000 crore. This is the amount which is there in the VISL books after the entire restructuring, which was completed.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Sorry, I could not comprehend that. Can you please come again? This number was INR13,000 crore. This was waiver of intercompany loans and?

Navin Jaju - Chief Financial Officer, Vedanta Iron & Steel Limited
Out of INR13,000 crore, total INR14,000 crore, INR13,000 crore had been waived off the intercompany loan and INR960 crore stands in the books, which is payable as a part of the restructuring.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
This is to VRL?

Navin Jaju - Chief Financial Officer, Vedanta Iron & Steel Limited
This is to Vedanta Limited.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
It is to Vedanta Limited. Okay, fair. Lastly, would you like to comment on the real estate value unlocking? The PPT mentions about INR13,000 crore plus. How should one understand, appreciate this?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Maybe at a thematic level, Ritesh, it is just the beginning, right? I mean, not the conclusion. In fact, demerger led to many more restructuring possible. What we're trying to do, right now we're looking at multiple assets on Vedanta's balance sheet, and they are industrial lands. At the same time, properties at the port location. In Vedanta alone, as in Vedanta Limited alone, we got more than 2,000 acres of land. The intention is to demerge those real estate into a pure-play company, and that can again lead to significant value unlock. The number of INR13,000 crore, or INR3 billion, right now is more aspirational.

The whole demerger, if you also look at in Vedanta's experience, Vedanta's demerger was far more complex. It took us two years' time. Typically in the Indian NCLT forums, anything between nine to 12 months is a time frame. The entire demerger of real estate also will undergo the same kind of rhythm. It is almost a year from now. Our intention remains across the group, entire real estate, which is additional, not required for the business, will be demerged into a company, and we intend to foray in that business.

Arun Misra - Chief Executive Officer, Vedanta Limited
If you look around, really large industrial houses, and you can find them, are on the same path.

Ritesh Shah - Analyst, Investec Capital Services (India) Pvt Ltd
Sure. This was helpful. Thank you so much. All the very best.

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

Operator
Thank you. The next question comes from the line of Abhishek Poddar with Citadel International Equities. Please go ahead.

Abhishek Poddar - Analyst, Citadel
Thank you for taking my question. This is regarding Vedanta Power. If you can give us some understanding regarding the regulatory approvals required for the restart of Sakti plant, in terms of what are the bottlenecks there. Also if the contractors are already working on the site or if the work is dependent upon the regulatory approvals getting received.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
If I could understand your question right, the plant is already under revival. The contractor is already working from almost a month on the revival, 26% of the revival has already been completed. We are

expecting to start the unit by end of September or first week of October. That's the plan. As such, there is no hurdle we are seeing at this moment.

Abhishek Poddar - Analyst, Citadel
Okay. Do you need any statutory approvals for this, like approval of the district magistrate or any such approvals?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
No, we have already intimated all the authorities before start of work, the major approval generally is required from the boiler inspector and the factory inspector. All have been intimated before start of work, they are also coming and doing the in-stage inspection. Finally, once the boiler is ready for starting, there will be a natural visit by the boiler inspector for certifying the fitness, then the plant can be started. As such, there is no hurdle.

Abhishek Poddar - Analyst, Citadel
Understood. For the unit 2, also if you can give us some more color in terms of what % of completion got done and how the work is progressing there.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
It is going as per plan. We want to complete all the activity related to unit 2 by end of this year, that's where we are as of now. We are not seeing any issue further.

Abhishek Poddar - Analyst, Citadel
Understand. For the PPAs, for what has been left out in terms of capacity, some understanding there, what PPAs are available and how are you approaching them?

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
We commissioned 700 MW at Meenakshi and 600 MW last year at Athena. Right? Out of this 1,600 MW, we already have tied up 500 MW with Tamil Nadu. Recently, we have also got a 1-year contract with Kerala, which is taking the total capacity tied up to 600 out of these two plants. We are not very much behind blocking PPAs at any rate. If you look at what we tied up with Tamil Nadu for 5 years, was one of the best rates available among all the PPAs which were tied up last year. Now, when we are tying up for Kerala 1 year, that also is at a respectable rate of INR5.96, INR5.97.

We are very picky and choosy because Indian power demand is growing, and so the market rates are. If you look, the difference between last year's DAM rate versus this year's DAM rate, we are already seeing a difference of around INR1 average. I think it's a good opportunity for us, but we are only looking at all the opportunity very carefully because we want to tie up at a respectable rate only. I am very hopeful that eventually, this year also we should tie up some capacity which is remaining at a right rate.

Abhishek Poddar - Analyst, Citadel
Understood, sir. All the best. Thank you.

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

Operator
Thank you. The next question comes from the line of Jasandeep Singh with Nomura. Please go

ahead.

Jashandeep Singh - Analyst, Nomura Financial Advisory & Securities (India) Pvt Ltd.
Hi. Thank you for the opportunity. My first question is for Vedanta Aluminium. Sir, what is your view on aluminum on the long term? Firstly, when you have given guidance on how second quarter and these couple of quarters will be. Going ahead, for the next couple of years, what are the key cost-saving and operational efficiency measures that you are taking? If you can just quantify how much value accretive they will be, that would be great, sir.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Yeah. Raj, let me take this question. We spoke about the hot metal cost of $1,700 per ton in this quarter. Okay, from here, I will specify three, four quarters. Sorry. Am I audible?

Operator
Yes, sir. You're audible.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
On the cost, if you look at, say, three, four quarters down the line, we expect the cost to go down.

Jashandeep Singh - Analyst, Nomura Financial Advisory & Securities (India) Pvt Ltd.
I'm sorry.

Rajinder Singh Ahuja - Whole-Time Director and Chief Executive Officer, Vedanta Power Limited
The voice is echoing from somewhere, I think.

Operator
Jasandeep, sir, we request you to self-mute your line when the management is speaking.

Jashandeep Singh - Analyst, Nomura Financial Advisory & Securities (India) Pvt Ltd.
My line is on mute only.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Okay, no problem. I was saying that in, say, three, four quarters now, when you look at the cost, say from $1,700 today, we expect a reduction of $175-$200. The areas from where the savings will come. One, as and when the Lanjigarh ramps up. Today, we are doing about 70%-72%, and with Lanjigarh ramping up to five million tons, we will be closer to 90%. That's one.

Second, we spoke about Sijimali and the captive bauxite, how once it ramps up and the cost benefit. The third is once you have, say, Ghogharpalli coming into the play, we will start getting the advantages out of it. If I were to specify a number, say on $175 savings, 70% of it will be alumina plus bauxite, and the balance will be the coal. We expect in, say, three to four quarters, we should start realizing those savings.

Jashandeep Singh - Analyst, Nomura Financial Advisory & Securities (India) Pvt Ltd.
Thank you for this, sir. My second question again, a little long-term in nature. BALCO has already become net cash. Given your run rate of EBITDA, there is massive de-leveraging potential at Vedanta Aluminium as well. In line with that, sir, I know you have answered it on a group level, but what is the capital allocation policy that you will be following at Vedanta Aluminium? If you can just quantify what will be this year and next year capex at both Vedanta Aluminium and BALCO separately, sir.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Yes, you are right. Ajay actually elaborated it in detail, I'll not get into that because you mentioned it. Coming to the capex, as I said, for the year as a whole, FY27, okay, we expect the capex to be around INR5,000 crore for this year. INR2,000-INR2,500 will be BALCO and the rest will be VAML. Next year also, maybe the capex can be around INR3,500-INR4,000 because BALCO will be done, and we will be left with only the mines capex.

Jashandeep Singh - Analyst, Nomura Financial Advisory & Securities (India) Pvt Ltd.
Sir, is it safe to say that for the next couple of years. Here we have not included what is on the drawing board. That is the growth. As and when the 3 MTPA comes through. On 3 MTPA also, Arun Ji said, Ajay said no. With a leverage below one, okay, I don't think the money will come in the way of growth. As and when we announce, we will also come with the details on the funding plan. Robust earnings and the leverage below one, I think we're very comfortable even with that 3 MTPA expansion as and when we announce it. Just to give you an idea, per ton, setting up a aluminium facility, I can give the numbers for BALCO, has been around $2,500 per ton. If you set up a 3 million unit, you can easily calculate what will be the capex required. Having said that, the capex is also phased. And initially the first two years, you are just ordering, so only 10% or whatever is the order cost, that is the money which flows out. The maximum capex would happen in the third year after you start the project. That is how the capex outflow will be there for the growth. We are very confident given the earnings which we are having currently, and Arun Ji also alluded to that. BALCO has invested INR10,800 crore on the growth, and even while it has not reached the full capacity, it is debt-free. You can see very easily how much internal accruals can generate. I hope I have tried to answer your question, or I'm able to answer. Thank you, sir. Thank you so much for this, sir. Just one last question, a little operational one, sir.

Operator
Sorry to interrupt. Mr. Singh, sorry to interrupt. We request you to return to the queue for the conference-

Jashandeep Singh - Analyst, Nomura Financial Advisory & Securities (India) Pvt Ltd.
I'll join back the queue. No worries.

Operator
Please, as there are several other participants waiting for their turn. Thank you. We have our next question coming from the line of Shubham Jain with Nippon India Mutual Fund. Please go ahead.

Shubham Jain - Analyst, Nippon India Mutual Fund
Yeah. Sir, thank you for the opportunity, and congratulations for the very good result. I just had one question. Given that CRISIL and ICRA have already upgraded Vedanta Limited, while India Ratings continued to maintain an AA- with a rating watch. So, has management received any specific feedback from India Ratings on additional conditions or any milestone required for rating upgrade? Can you talk about the rating, please?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Shubham, it is only a question of time. You may have seen the entire rating upgrade begin with ICRA a couple of months ago, and now CRISIL has followed the path. There is no reason why India Ratings will be different. Typically, from a rating company's viewpoint, it is a function of the numericals, which is a hard fact, and second is the perception. I think on the both accounts, we do foresee that

India Ratings soon will approach rating committee, and even that will become a level A+. It is only a process and a question of time. That too, again, within the weeks, not even months.

Shubham Jain - Analyst, Nippon India Mutual Fund
Okay. Thank you so much.

Operator
Thank you. Our next question comes from the line of Ashish Kejriwal with Nuvama Institutional Equities. Please go ahead.

Ashish Kejriwal - Analyst, Nuvama Institutional Equities
Hi. Thank you, everyone. Thanks for the opportunity. Sir, two quick questions on BALCO only. One, where we are at the potline ramp up at BALCO. How we are seeing the trend going ahead, and when we can reach the full capacity at BALCO. Second thing is, as BALCO has become net cash, for this 3 million ton capacity also which we are talking about, I'm assuming that we are talking about at Vedanta Aluminium standalone level, BALCO may not be participating in that. What we are going to do with the cash which is being generated by BALCO? Can it be given as a dividend to Vedanta Aluminium and then it can be passed on to Vedanta shareholders, or what's the thought process on that front?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Yeah. So, as regards BALCO ramp-up is concerned, against a plan of 22 KT in Q1, BALCO produced 24 KT from the Newport line. As we speak, the rest of the 25% capacity. This is with the 25% capacity being commissioned. As we speak, the rest, 25%, is being commissioned. This year, we will get a volume close to around 260 or 270 KT from BALCO. Having said that, the entire facility will be commissioned or in full production as we exit this quarter. Next year also, we will get another 190 KT from BALCO so that we realize our total volume of 435 KT from BALCO expansion.

The next question was about what will BALCO do with the cash. One is that BALCO has some plans to start the Barra mines. There also government has given some very early-stage initiatives for coal gasification. We are exploring all that. All that is on the drawing board. Nothing particular as such as regards the commitment, but these are the options for BALCO to grow. In addition, it can grow in the power assets also. We are looking at it. Also the capital restructure or how the cash will be managed, we will take the decision as and when we have that scenario quarter on quarter. Anup, if you can add.

Anup Agarwal - Chief Financial Officer, Vedanta Limited
Ashish, I'll only add. See, both, because you mentioned 3 MTPA, you mentioned dividend. I'm saying, yes, they are prerogative of the board. I can only tell you all the options are on the table, why not? BALCO, she has a structure, since we are on the drawing board, BALCO can even participate in 3 MTPA. I'm saying all options are there on the table.

Ashish Kejriwal - Analyst, Nuvama Institutional Equities
Okay. That's great. Thank you. All the best.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Limited
Thank you, Ashish.

Operator
The next question comes from Raashi with Citi. Please go ahead.

Raashi Chopra - Analyst, Citi
Thank you. My first question is on VRL. With the whole de-leveraging, refinancing that you've done, what is the outgo expected for this year and next year?

Ajay Goel - Chief Financial Officer, Vedanta Limited
As on June-end, Rashi, we are at debt at about $5 billion, and for the remainder of the year, we need to pay only interest of $0.3 billion, and we also have to fund KCM obligation $0.1 billion. In summary, in the remainder of the nine months, we need roughly $400 million out of Vedanta Resources. How that can be funded, you may have seen in the current fiscal, none of the Vedanta companies has paid dividend. Vedanta Aluminium just declared a dividend. Out of the current quantum, INR8 per share, that leads to almost $175 million at Vedanta Resources. In summary, in the remainder of the year, the need for cash at VRL is about $0.4 billion, and it will be met mostly through dividends.

If I look at next year, FY28. Right now, we've got $1 billion of bridge financing. It is a temporary arrangement. If I leave that aside, that will be refinanced very soon. We need again almost $1 billion at Vedanta Resources. This number in FY29, next year, at about $730 million. $1 billion next year, $730 million in FY29. It is a combination of the brand fee, almost $400 million-$450 million. The balance, $550 million-$600 million, again, will be dividend. In summary, through a contractual brand fee and a routine 3%-4% dividend, VRL will be self-managed.

Raashi Chopra - Analyst, Citi
Sorry, you mentioned in this year was $300 million of interest, and what was the other $100 million?

Ajay Goel - Chief Financial Officer, Vedanta Limited
It is a KCM funding. It's at about $100 million.

Raashi Chopra - Analyst, Citi
KCM funding. Okay. The $1 billion in FY28, how does that break up?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Roughly it is equally. The loan repayment at about $330 million. Interest, again, $350, and the KCM, again, about $350. All these three combined, or one-third each, is almost $1 billion.

Raashi Chopra - Analyst, Citi
This brand fee percentage is fixed until when?

Ajay Goel - Chief Financial Officer, Vedanta Limited
It's a long-term contract. The entire brand fee agreement is valid till 2038. All the five companies' board has again now done a revised benchmarking in an unbundled format. Practically, across three businesses, this rate is 3%, and only in case of power and copper, it is 0.75%. Net net, for next three years, rate remains unchanged.

Unidentified Participant
When you say three years, FY30?

Ajay Goel - Chief Financial Officer, Vedanta Limited
'27, 8, and 29. So till until March '29, it is fixed.

Raashi Chopra - Analyst, Citi
Okay. Just on the Zinc International business, what kind of cost and volume expectations should one have for the remaining year and going forward?

Arun Misra - Chief Executive Officer, Vedanta Limited
Volume expectation is immediate goal is to get 300 KT mark and then go to 500 KT mark, that phase 2 expansion and finally finish at 750 KT mark. If you look at current 250 KT of concentrators that have been commissioned, if you add that to 200 KT, we see in a year's time surely touching 450 KT mark in Bicholim. When it touches 450 KT mark, the cost would come down to $1,200. That's the target that we are following.

Raashi Chopra - Analyst, Citi
This year, FY27, what should we think about volumes and costs?

Arun Misra - Chief Executive Officer, Vedanta Limited
There is some shortfall in the beginning, but yes, we'll try to be close to the guidance.

Raashi Chopra - Analyst, Citi
On the cost as well, because the cost appears to be quite high compared to what you had guided.

Arun Misra - Chief Executive Officer, Vedanta Limited
As of now, we are surely working towards reducing costs. We will see. If we have to revise, we will do it in H2. Not now.

Raashi Chopra - Analyst, Citi
Understood.

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
As we have seen, yes, Arun in his commentary has explained the restructure contract at BMM, which is aimed at bringing down the cost. You can see the transcript where we have explained that BMM was having a fixed cost model. Now it has been brought down to a variable cost model. Quarter-on-quarter, you will see a cost reduction, and that's how we are trying to achieve the guidance which has been given for the current financial year.

Raashi Chopra - Analyst, Citi
Got it. And just one last question for me. For Vedanta Limited, you've given the capital expenditure both on growth as well as its sustenance for the quarter. What is the target for FY27?

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
Actually, repeat your question.

Raashi Chopra - Analyst, Citi
Capital expenditure for Vedanta Limited, what is the growth and sustenance capex targeted for the full year?

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
Yeah. I have the number. In terms of Vedanta Limited, which consists of Zinc India, Zinc International, copper, and couple of businesses. For the growth capex, the number is almost INR7,000 crore. INR5,000 crore for Zinc India and INR2,000 crore for the remaining businesses.

INR7,000 crore growth capex of Vedanta Limited. The maintenance capex is almost INR4,000 crore, and out of which a significant portion, almost 70%, again, is Zinc India and the balance at Zinc International. INR7,000 crore and INR4,000 crore, that's the number.

Raashi Chopra - Analyst, Citi
Got it. Okay. Thank you.

Operator
Thank you. Your next question comes from the line of Indrajit Agrawal with CLSA. Go ahead.

Indrajit Agarwal - Analyst, CLSA
Hi. Thanks for the chance again. Ajay, you mentioned a few times to look at it as a group entity, but still these are five different listed entities, and the cash flows will clearly be different. Is it fair to assume that at no point in time we will see any kind of intercompany transactions among these five entities?

Ajay Goel - Chief Financial Officer, Vedanta Limited
Routine RPTs, Indrajeet, I think, is a norm for any large public limited. I can't think of any example in the country where one large company which has multiple businesses don't have RPTs. Of course, within the RPT compliances and following all the governance requirements. If you're leaning towards any intercorporate loans and deposit, then the answer is no. Across all the five companies, six companies actually in Vedanta Limited, and from Indian entities to Vedanta Resources, we are not forcing any kind of intercorporate loans.

Indrajit Agarwal - Analyst, CLSA
That is comforting. Thank you.

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
Thank you.

Operator
Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to the management for closing comments.

Charanjit Singh - Group Head and Director of Investor Relations, Vedanta Power Limited
Thank you, Sagar, and thank you, everyone, for joining us today and for your continued interest in Vedanta Group company. We appreciate your time, your engagement, and the thoughtful questions. In case there are any further questions, any queries not answered on the call, please feel free to reach out to the IR team. With that, we are concluding today's call, and we look forward to speaking with you again at the end of October, which is our Q2 numbers. Thank you, and have a good day.

Operator
Thank you, members of the management. On behalf of Vedanta Limited, that concludes this conference. [Operator Instructions]