## Management Discussion

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Good evening everyone, and thank you for joining Vedanta Aluminium Metal Limited Q2 FY '27 earnings update. VAML delivered a quarter of record production, higher value-added volumes, and a strong financial performance. Aluminium production reached an all-time high of 649,000 tonnes, up 5% year- on- year and 3% up quarter- on- quarter. Alumina production also reached a record of 895,000 tonnes, increasing 37% year-on-year and 8% quarter-on-quarter, with more -- more than one million tonnes targeted in the next quarter.

Value-added production reached an all-time high of 432,000 tonnes, up 31% year-on-year and 11% quarter-on-quarter, reinforcing our strategic shift towards 90% VAP mix ambition. PFA Primary Foundry Alloy production increased 46% and billet production increased 9%. Domestic sales achieved a quarterly record of 338,000 tonnes. This stronger VAP production and domestic mix, supported by robust aluminium demand translated into stronger realizations with NEP increasing to $453 per tonne, compared to $205 per tonne year-on-year.

Going forward, our focus is on structural cost improvement through operating scale and deeper backward integration. The next phase of volume growth will be driven by progressive ramp-up of Lanjigarh and increase in metal volume from BALCO Potline three, which will come to full capacity in by the end of this year. At BALCO Potline three, currently 50% of the pots are in full production, and we will reach the full capacity run rate by end of this year. Alongside this, VAML continues to strengthen the captive resource position.

Consent to operate for Sijimali was obtained in September, and BALCO has been declared as the preferred bidder for Karlapat bauxite block, driving captive bauxite security, while Kuraloi and Ghogharpalli will increase the captive coal contribution. As we scale our operations, our focus remains on disciplined execution, cost competitiveness, and expanding portfolio of value-added products, enabling us to increase enduring value for all our stakeholders and meet the growing demand for aluminium. We are also conscious of our environment footprint, and we have increased our renewable energy mix from 520 -- from 321 megawatts in Q1 to 367 megawatts in Q2 in H1. And in the whole financial year, we want to have a RE mix of more than 400 megawatts.

We are also, looking towards a sustainable requirement or consumption of our fly ash into cement and many other areas like road construction. So overall, we have strengthened our governance in terms of the sustainability and we have secured the second position in the DSJ ranking, and we look forward to further improve our performance.

Now I hand over to Anup to take you through the financial performance.

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
Thank you, Rajesh ji, and good evening, everyone. We have sustained our performance momentum in quarter two, supported by record production, improved marketing mix, and sustained cost discipline, resulting in continued balance sheet strengthening. This was despite a sequential moderation in metal prices, demonstrating the strength of our integrated operating model and the impact of the structural improvements underway across the business. At a headline level, revenue for the quarter stood at INR22,066 crores, an increase of 41% year-on-year and an increase of 5% quarter-on-quarter.

On the cost side, hot metal cost in Q2 stood at $1,722, up 1% quarter-on-quarter, with the structural benefit in alumina cost being offset by continuing inflationary pressures from carbon and fuel oil.

Our marketing mix strengthened meaningfully during the quarter, with value-added sales increasing to 433 kt, up 30% year-on-year and up 13% sequentially. This shift supported stronger realization and reinforces the progress towards a premium product portfolio. EBITDA during the quarter was at INR10,192 crores, up 83% year-on-year and lower 3% sequentially.

Profit after tax stood at INR6,187 crores, more than doubling YoY. Sequentially, profit after tax was almost flat, but for the exceptional charges of around INR400 crores recognized in Q2. We maintained a healthy cash and cash equivalent of INR6,318 crores, providing a strong liquidity cushion and adequate financial flexibility. Consequently, our net debt-to-EBITDA ratio improved from 0.9 times in quarter one to 0.7 times at the end of quarter two. Our credit profile continues to receive positive external validation. ICRA and CRISIL have reaffirmed our AA+ ratings with a stable outlook, while India Ratings has now upgraded Vedanta Aluminium to AA+ Stable. These ratings reflect the strength of our earnings, improved leverage profile, and continued financial discipline.

Our return on capital employed stood at 60%, underscoring our commitment to profitable growth and prudent capital allocation. We've also paid a dividend of INR8 per share during the quarter, translating into a dividend yield of 2%, balancing shareholder returns with continued investment in our growth and integration project.

Turning to the EBITDA bridge, quarter two EBITDA stood at INR10,192 crores, up 83% YoY, driven by a 26% contribution from operational factors with higher volumes, improved cost and marketing mix, and the balance coming from market and one-offs. Sequentially, as you can see, LME was down 10%, and the impact of which has been majorly offset by higher volumes and other operational factors. On the net debt, we have reduced the net debt by INR3,090 crores during the quarter, from INR29,532 crore at the end of quarter one to INR26,442 crores at quarter end after accounting for dividend payment of INR3,190 crores. Importantly, the reduction in net debt was underpinned by cash flow of INR6,043 crore during the quarter. This demonstrates the cash conversion strength of the business even after funding capex.

During the quarter, we refinanced more than INR7,000 crore of debt. Our average term debt maturity now stands at 4.1 years, with the bulk of the maturities getting pushed to FY '31 and beyond. The average interest rate cost is now around 8.5%.

Turning to below EBITDA items, depreciation cost is in line with the project capitalization and routine capex, while finance costs declined due to lower average borrowings. The profit after tax, as I mentioned before exceptional items, remained broadly in line with quarter one. Beyond the reported financials, digital and AI are becoming embedded value levers across operations and enabling functions. We've identified projects carrying an annualized benefit potential of $87 million.

Looking at the value proposition slide, our strategic priorities remain intact. We are scaling towards three million tonnes of aluminium and five million tonnes of alumina capacity, supported by the ramp-up at BALCO and Lanjigarh. At the same time, the commissioning of our bauxite mines and captive coal will progressively strengthen raw material security and lower our structural cost base. Post-completion of the projects and the debottlenecking, we are targeting a hot metal cost of around $1,550 per tonne and a value-added product mix of more than 90%. These levers together with higher volumes and greater domestic market penetration, positions us to unlock exceptional value. The proposition -- the proposition is also supported by our scale and marketing position. At the targeted 3.9 million tonne production capacity, VAML would rank among the largest global producers, while Indian market offers exposure to an estimated 40% demand growth between current -- between calendar years 2025 and calendar year 2030.

With the commissioning of the second zone at BALCO, we are now poised to operationalize the third and final zones in quarter three,quarter four to reach the target run rate of 435 KTPA by March exit. On our alumina production, we are targeting a 10% incremental refinery output each in quarter three,quarter four , thereby ending the year at a designed capacity. This would mean 85% captive alumina mix, as we exit the year, and also with OMC expansion and Sijimali startup, we expect the captive bauxite to go up from 40% today to around 75% as we exit the year.

So we have some planned power plant shutdowns in quarter three. Post that, we expect the power cost to come down to the Q1 levels. Additionally, we are also targeting operationalization of our coal mines in H2, and we believe cumulatively these levers will give us a cost reduction of around $100 as we exit the year. Any relaxation in the input commodity pressures being seen on account of the Middle East disruption would further augment these savings. At current LMEs, along with the planned value-added product, the expected cost levels, we expect to exit the year at an EBITDA run rate of $5 billion.

Our cost guidance for the full year remains unchanged with some escalation in Q3 on account of input inflation and planned power plant shutdowns. On the hedging front, for the balance year, we are hedged 22% of our volumes at an average price of $3,274 per tonne.

In closing, Vedanta Aluminium's performance in quarter two reflects the resilience of our integrated business model. We remain confident in sustaining our performance through disciplined execution of our operational priorities and continuing to deliver value for our stakeholders.

Thank you, everyone, and now I hand over to operator for Q&A.

## Questions & Answers

**Operator**
[Operator Instructions] Your first question comes from the line of Indrajit Agarwal with CLSA. Please go ahead.

**Indrajit Agarwal - Analyst, CLSA**
Hi, thank you for the opportunity. I have a few questions. First, thank you for the detailed operational update. As you mentioned, you exited the year with a $5 billion EBITDA run rate, and assuming somewhere around six odd thousand crore of capex, which is like almost higher than what the current run rate is, how should we look at the capital allocation policy for the second half of this fiscal and getting into next fiscal? So, in terms of Increase in capex and dividend, how do you want to split that?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
So thank you, Indrajit. See, see, there are two things. One, if you will look at the split, okay, between the standalone and the consolidated, you'll find that on -- we -- we have higher profitability and the cash for the even the standalone. Now at INR50,000 crore or -- or -- or -- or INR5 billion, say INR45,000 crore no, one can expect that even after accounting for the cash of around INR6,000 crore, INR7,000 crore, we will be left with 50% of the cash. You can assume around INR25,000 odd crore, and even on the standalone basis, INR17,000crore, INR18,000 crore.

Now, this INR17,000 crore, INR18,000 crore can be used for three purposes. One, deleveraging. The second, for the new - that with new expansion projects, which, which is -- which, for which we are on the drawing board. And the third, for the dividend. And on the dividend, you are aware that we've

been guiding that based on the market cap, one can assume a 3% to 5% broadly the dividend every year. So, Indrajit, I hope I have answered your questions.

**Indrajit Agarwal - Analyst, CLSA**
When can we expect that our new projects to start incurring capex in terms of the further expansion?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So we are in very advanced stage of the acquisition of land, both for the refinery, as well as the smelter. So, basically, we have -- we -- once the land acquisition happens, the other part of the team is making on the drawing board layout of the facility. So that's also done. So once we are more or less closer to the acquisition of the land and the paperwork is done, then we can immediately, because we are ready to place orders. We already did the BALCO project, as you all know, in record time and with the least capex. So we, we have a potential to execute things very rapidly and very quickly. And we will be -- once the land part is done, we are ready with what we need to do in terms of the ordering and things like that. And we will be starting that once we are through with the approval process.

**Indrajit Agarwal - Analyst, CLSA**
And lastly, on your coal and bauxite mine, at the current run rate, how confident are we of commissioning or getting some mineral out of Gogharpalli and Sijimali by this fiscal year? And also, we find that no update of Radhikapur is there in this PPT, so any changes over there?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Yeah, so, so the order is that we have got several coal mines The first, we are already getting around 2.5 million tonnes from our Jamkhani Coal Mines, which is under operation. The next mine where we have put the shovel on the ground is Kuraloi. That is the coal mine which is around 30 kilometers from Jharsuguda. And then the third mine which we will start is, Ghogarpalli, which -- which we plan to do in the last quarter of this financial year. And in addition to that, Radhikapur, we have put for the growth, that is the three million additional capacity of aluminium and the power project, which will be associated with that of close to 5,000 megawatts. So Radhikapur is for that.

So it's we have a very, detailed way on which how the incoming and material and coal, everything will be taken care of. Now coming to bauxite, Sijimali, we have got the CTO and we plan to produce 1 million tonne this year from Sijimali and 5 million tonne in the next financial year.

**Indrajit Agarwal - Analyst, CLSA**
Thank you so much. I have more questions. I'll come back in the queue.

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Thank you.

**Operator**
Thank you. The next question comes from the line of Sumangal Newatia with Kotak Securities. Please go ahead.

**Sumangal Nevatia - Analyst, Kotak Securities Ltd.**
Yeah, good evening. So first, continuing on Sijimali, can you share what is the likely cost delivered at the refinery versus external bauxite? And what could be the cost saving once the mine ramps up?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So Sijimali cost currently would be close to $60, because for the -- if we start the mine early, we get 50% rebate on this, which will continue for the next 1.5 years. S ubsequently, it will be at par with other domestic sources.

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
And Sumangal, this is Anup, this side, and Sijimali basically will be replacing the imported bauxite. And one can assume, assuming $60, we will have a saving of 25 odd dollars per ton of the bauxite.

**Sumangal Nevatia - Analyst, Kotak Securities Ltd.**
Understood. so this year one, next year FY '28 five, and then it ramps up to nine and 12. Is that the trajectory for next three four years?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
So, so, Sumangal, see we have an EC of nine million. One is what Rajesh ji mentioned, we are doing this year. Next year five to six and then I guess, nine - nine and then we can incrrease it to 40% more, but but that will be the trajectory going forward.

**Sumangal Nevatia - Analyst, Kotak Securities Ltd.**
Got it, got it. Second question is with respect to the recently won mine, Karlapat. I mean, the bid premium was quite high. So I just want to understand what is the rationale and economics there we are looking at versus Sijimali?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
So, Sum angal, let me take that question. See, one, you -- once, let me cover the rationale. You are aware that this was the last of the biggest -- big coal -- big bauxite blocks that came in Odisha. And given our expansion plans around the smelter and the refinery, it made a lot of sense for us to secure that. Okay, so that was on the rationale. Coming to the cost, now you just see what are the options with us. One, of course -- the -- our captive mine, Sijimali, that we have, and Gare Palma what we have acquired, that will broadly cater to the existing refinery.

Now the other sources are only the Guinea-based bauxite, and given the geopolitical situation there and the high cost, okay, it always made sense for us to secure the local bauxite. So we've done some maths. Even with whatever premium you are saying, no, we believe we will be able to generate alumina as and when we start the mine below $400. So, so that is -- that is the whole maths around this.

**Sumangal Nevatia - Analyst, Kotak Securities Ltd.**
Got it, got it. one question I have on the expansion. so Chairman had shared, three million tonne doubling in the medium term. I just want to understand what would be the cadence of this. I s it one million tonne at a time? Or if you could share what configuration we are looking at and some color on capital intensity?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So, basically, as, as we know, the capacity comes in phases. Right now also, as we speak, BALCO, 25%, then next 25% is done. And then, we, in this quarter, we assume the 25% to come. So, capacity will come in phases. But we have to do the whole project together. And cost-wise also, so we plan to replicate the latest pot line, which we have put in BALCO of 525 kiloamperes. So I think, this is the largest kiloampere pot size current-wise outside China, and we have had a very good

experience over there. We ramped up at a rate of more than 2 pots, 2.1 pots per per day, which is a world record as regards the ramp-up is concerned of -- of such similar type of smelters.

So we have a very strong team for operationalization and project implementation, and for example, the, the estimated cost at which we have done the BALCO project of around $2,100 per tonne, we plan to see how we can do it at the similar level. In this case also, there will be some additional. But this is I'm talking only the smelter. We will also have the cost for refinery and power, which will get added to it. But, the, the strength of Vedanta is, projects and execution and doing it at low cost and at speed. So we will leverage that and come out with a very solid low cost and high productivity and high output.

**Sumangal Nevatia - Analyst, Kotak Securities Ltd.**
Got it. Got it. I'll join the queue back. Thank you and all the best.

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Thank you.

**Operator**
Thank you. Our next question comes from the line of Sanjay Parekh with Soham Asset Managers Private Limited. Please go ahead.

**Sanjay Parekh - Analyst, Soham Asset Managers Private Limited**
Yeah, no, congratulations on commendable performance. My simple question was, because we are saying that we're going to have dividend yield of 4% to 5%, and the stock is significantly undervalued, as you can see, most of the estimates four times, four, four-and-a-half times of the EBITDA, can you consider, without compromising on the capex for expansion, partially to pay dividend and partially to do buyback. This is just a suggestion to consider, because it's -- it's a very, very right -- right time to exhaust the equity, which will be exhausted for life. But that's just a suggestion.

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
So Sanjay, just to respond to it, now both the options that you spoke about is a matter of Board, and of course the Board looks at it. So we are aware of the return that you mentioned, and we are also aware of the buyback option that you're talking about and, and they will be considered as and when by the Board.

**Sanjay Parekh - Analyst, Soham Asset Managers Private Limited**
Thank you. Thank you. And secondly, just a follow- up, this three million tonne expansion that Chairman has said, you did explain that it is at a drawing board level, and -- and of course, but once you decide, my question was, first is, I just missed if it's the land acquisition is done or not. Secondly, Secondly, of course, you need to look at all the resource planning and secure before you look for the expansion, which I appreciate. But just in case, if it's a three million tonne expansion fully integrated, what will be the capital cost of that? And once you decide, what could be the timeline?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So as I already alluded to, we have applied for land to the government and it is under very advanced stage of allotment, and we are awaiting for this allotment. See, we need around 1,450 acres at Kamakhyanagar and Dhenkanal for the smelter, and similarly 400 acres at Kalyansinghpur for the

refinery. So, all that we have, public hearing and things like that have happened for the refinery. And for that application, we have given for the smelter. So, so basically, the approval part we are already doing. And in addition to that, we are also -- with the layout we have, we have put it on our drawing board and we have configured for eight, seven -- seven -- seven lines of the same configuration of 525 kiloamperes, which we just implemented at BALCO. So, a lot of it will be a replication for us of what we have already done. And as I indicated, we already did the BALCO project at $2,100, and we would like to do it at similar or a better level.

**Sanjay Parekh - Analyst, Soham Asset Managers Private Limited**
Fantastic, fantastic. And what is your assessment of global demand/supply in the next two years?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So, if I look at, the global aluminium market, it is supposed to remain tight in 2026 and there is a deficit of 0.7 million tonnes. However, if I look at FY '27, towards the latter part, some facilities and capacities would be coming up in Middle East and Indonesia, by which some supply side will be added. So, there would be some pressures towards the second part of FY '27 on prices.

**Sanjay Parekh - Analyst, Soham Asset Managers Private Limited**
Okay, great. Congratulations again. Great set of numbers. Thank you.

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Thank you.

**Operator**
Thank you. Your next question comes from the line of Vikas Singh with ICICI Securities. Please go ahead.

**Vikas Singh - Analyst, ICICI Securities**
Hi sir, good evening. Thank you for the opportunity and congratulations on a very good set of numbers. So my first question pertains to the cost inflation, which we might can see in the 3Q, given alumina power, you are saying there is a shutdown, so, how should we look at it? And also on the aluminium premiums, which we can get in the next quarter, if you could throw some color on that?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
So, Vikas, first covering the cost, and I think I covered it in the commentary that, see, H1 we did about $1,720, $1,710 per tonne hot metal cost. H2, broadly we should be around the same levels or slightly lower. Quarter three, because of the shutdowns and the carbon that I mentioned, one can expect a 4% or so cost increase, compared to quarter two. On your second question on the NEP, and I think that is driven more by the lower QMJP that we've seen this quarter, okay, we, we, we believe that the - at this QMJP, compared to the 410 and the, the compared to 425 odd dollar NEP that we did, we should be about $50 lower in H2. The QMJP would account for 70 odd dollars, and the -- the -- the balance would be made up through increased WAP and the domestic sales.

**Vikas Singh - Analyst, ICICI Securities**
Noted sir. So my second question again pertains to our long-term capex plan. As I see that the BALCO facility is what where the cash lies at this point of time, while the debt is with VAML. But BALCO, we had only 51%, stakes. So just wanted to understand your thought process whether the first million ton or an integrated plant, whatever you are going to set up, either it's the one million ton

into three or the three million ton one single plant, how the cash fungibility between these two entities would come in handy in terms of the capex?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
So, Vikas, let me first answer on the earnings. See, I mentioned it I'd say, about INR45,000 crores, INR50,000 crores EBITDA. The cash conversion is in excess of 50% and I said that, that a sizable portion of the cash sits at -- sits in a standalone. So in the standalone itself, okay -- and if I did some math and gave the number that somewhere around INR18,000 crore to INR20,000 crore of the cash at this EBITDA you can generate in the standalone. So with that, we believe that and the capex will happen in phases over the years. One can easily fund the capex.

Now coming to the BALCO, and I thought I had answered it in the last analyst call. See, the cash at BALCO, as and when we finalize the project no, all the options are on the table there. See, we will look at structuring that point of time, maybe -- maybe some some capex can come in the BALCO or and things like that. But on a standalone basis, also based on the earnings that we see, we believe we have sufficient cash to manage the forthcoming expansion as and when it is announced.

**Vikas Singh - Analyst, ICICI Securities**
Noted sir. Thank you and all the best for future.

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Thank you.

**Operator**
Thank you. Your next question comes from the line of Shweta Dixit with Systematix. Please go ahead.

**Shweta Dixit - Analyst, Systematix**
Hi, good evening and congratulations on a good set of numbers. So my question pertains to Sijimali , and also help me understand, or pardon my understanding, from the level where we are currently, like we got the CTO last quarter and from there, what would be the next steps that help us achieve one million ton of production that we're targeting for the same year? Like, where are we on the various steps that would lead to actually extracting usable ore from the mine? Then how are we targeting a one million ton number within this year?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So, just to mention that bauxite production is, mining is simpler than coal mining, because the stripping is very less and you have to mine from the surface. The more -- the concern -- the concern is managing the villages and the local stakeholders. So, we are currently on that part of the journey. We have done the approvals, the government approvals have come in place and everything is there. The -- now the part is engaging with the communities, doing the CSR, having a very positive impression about what Vedanta has done in that region.

We already have, as we all know, what we have done in Lanjigarh is worth mentioning, the upliftment, which has happened of the populace over there. Is -- is something to, to, to see over there or to be there to understand. So we want to create that positive impression that with our mining, there will be further development in the region. But there are forces which you all are aware from the media. So we, are treading the path very, very carefully.

**Operator**
Thank you. The line for the current participant has been dropped from the queue. We'll move on to our next question. Our next question comes from the line of Ashish Kejriwal with Nuvama Institutional Equities. Please go ahead.

**Ashish Kejriwal - Analyst, Nuvama Institutional Equities**
Yeah, hi, good evening everyone. Thanks for the opportunity. So two questions. One, Ghogharpalli, where we are in terms of securing regulatory clearances? Because, you mentioned Q4 FY '27, which means that you should have received all the approvals by now. So, where we are in terms of that status? And secondly, in terms of OMC, the High Court order for which we have already gone for Supreme Court, what's the status on that? And are we planning to increase our sourcing of bauxite from OMC in second half and next year? Thank you.

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So coming to Ghogharpalli, we are expecting to receive FC shortly and targeting all necessary approvals for starting the mine by end of Q4. We -- we are likely to start production from the mine in end of this year or early next financial year. And we are targeting a volume of five million tonnes in the next year from -- from Ghogharpalli. Coming to OMC, the matter has been partially heard in the Supreme Court, and subsequently, I think it will be further heard after Diwali vacations. So it's sub judice.

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
And Ashish, to your point, yeah, so, and to your point on the increased volume, see, yes, you're right. See, OMC is in the process of expansion of its mine from 3.6 million tonnes to six million tonnes, 80% of which, as per their LTL policy is reserved for refineries in Odisha. And we will definitely target higher production going -- higher upliftment going forward.

**Ashish Kejriwal - Analyst, Nuvama Institutional Equities**
Okay, okay. So sir, in case of OMC, have we started paying it at a higher price? Or still you are just making provisions for the same in our books?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
See, I'll tell you, Ashish, since the matter is sub judice, what we did was, since we are continuing to lift, no, under protest, we are lifting at the price determined by them. But the matter is sub judice, as we said, and adequately covered in the Notes to Accounts, to 12 -- point number 12 in the Notes to Accounts.

**Ashish Kejriwal - Analyst, Nuvama Institutional Equities**
Okay, okay. Thank you so much, sir, and all the best.

**Operator**
Thank you. Your next question comes from the line of Jashandeep Chadha with Nomura. Please go ahead.

**Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities**
Yeah, hi. Thank you for the opportunity, sir, and congratulations on a good set of numbers. So my first question is largely on the cost saving, which will come from the coal mines and renewable power that you're putting up. I understand around $25 you are saying from the bauxite, which will

account for close to $75, $80 on aluminium. So if you can give a similar estimate, let's say over the next couple of years till FY '29, how much per tonne cost saving will come from both coal, as well as renewable? And what percentage of your power will be renewable by FY '28, FY '29? My first question.

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
See, so you're aware that in our existing operation, around 500 megawatt of RE power is what we've contracted with Serentica. And if you look at our existing ones, once all of that get commissioned, we will be about 10% to 12% of the -- of the requirement. We want to increase this to maybe 25% as we go into, say, FY '29, FY '30, as you mentioned. And see, on the cost saving, no, I'll reiterate what we said, okay? In the near- term, we are looking at a hot metal cost of around $1,550, say about $150 to $175 lower, compared to the H1 levels.

100 odd dollars, 100 odd dollars to 125 odd dollars should come from alumina, bauxite, okay, even with the partial rampup, maybe -- maybe -- maybe $30, $35 as we ramp up Ghogharpalli because that is the cheapest mine because you have to also see that whatever coal we have even from the Coal India they are at reasonably auctioned price that we've acquired. So -- so we will always look at it as a basket, and depending on the need, we will source. And of course, as and when you have some, Middle East disruption getting eased off, we should see another 50 odd dollars from there. I am saying I am saying on a drawing board, we have the initiatives worth 200 odd dollars. We expect to have $100, $125 as we exit the year and the balance in maybe say another one or two quarters.

**Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities**
Sure, thank you so much, sir. My next question is more of a bookkeeping question. With LME prices coming down, has there been any change in the hedging strategy? I believe 28% at $3,000 were hedged. For second half, have you made any changes? And last quarter, we had some hedging loss because LME was higher. Has there been any reversal this quarter? Or the prices were still higher than the hedged price?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
See, let me first talk about our approach on hedging. Okay, so our approach on hedging has always been one, tactical, and the second, opportunistic, based on our informed view of the medium-term market and our objective to protect margins and cash flow. Now, if we look at the hedges that we have currently outstanding for the balance of FY '27, we are hedged around 22% of our volume at an average LME of $3,274 per tonne.

**Ashish Kejriwal - Analyst, Nuvama Institutional Equities**
Understood, sir. Thank you. I'll join back in the queue , sir.

**Operator**
Thank you. Our next question comes from the line of Kirtan Donga with Leo Capital. Please go ahead.

**Kirtan Donga - Analyst, Leo Capital**
Thanks for the opportunity, and firstly, congratulations on a stellar set of numbers. But my first question is, if the bauxite price from Odisha Mining Corporation is increased as per the court order, how much does that impact our EBITDA per tonne on an ongoing basis?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
Can you repeat your question? You're asking how much will it impact on ongoing basis? See, I'll tell you, please understand, and I heard it, I, I believe, earlier also. See, we had started doing additional provisioning in the beginning of this year, okay? Now -- now in the accounts, one will see that we, we are broadly providing it at, say, INR3,000. While the matter is subsidized and the latest price, even if one were to take the OMC is INR1,000, which means hardly $8, $10. So that's the hit part of it.

Now you look at, you look at the savings that we will get. We get about 2.4 million tonne of OMC bauxite, which can go up to 4.8 million or even higher. And the saving there will be around $15 per tonne. So if you do the maths, now I'm saying the maths will be in favor of the cost coming down rather than the cost going up.

**Kirtan Donga - Analyst, Leo Capital**
Okay, sir, thank you. That was really helpful. And my second question is, do we have any plans for Greenfield or Brownfield expansion of aluminum capacity in our India operations?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So as, already covered, we plan to have a Greenfield expansion of three million tonnes of aluminum and refinery of six million tonnes. So that is , for which we have applied for land at Kamakhyanagar. So, and we are in discussion with the government to secure the land for Kamakhyanagar, and also public hearing as we speak is happening for the refinery at Kalyans inghpur. So these are under very advanced stages of approvals. And in addition to that, we already have on the drawing board done the layout. So a dedicated team of engineers, around 10, 15 engineers, is working already on -- on the project, how to make the packages. And as soon as we are done with some clarity on the land, we will be placing orders.

**Kirtan Donga - Analyst, Leo Capital**
Sure sir, that was really helpful. Can I get an estimated capex, as well as the timing for the capex for this particular project?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So, typically, if we look at the BALCO project, we -- the capex cost was close to $2,100 per tonne of capacity addition. We plan to be at similar level that this is only for the aluminium production smelter part I am saying. We plan to be there or try to better, given our experience which we have gained. In addition to that, there will be additional capex for the power and refinery, which we will figure out how to structure it. Our power business might do it. So we will be exploring various options.

**Kirtan Donga - Analyst, Leo Capital**
So this $2,100 is for aluminum refinery or including the back-end alumina?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
No, this is for the aluminum, BALCO project, I am telling the capex cost per tonne of aluminum capacity. That is for -- for -- 435,000 tonnes, we did at a capex cost of $2,100 per tonne.

**Kirtan Donga - Analyst, Leo Capital**
Okay, thank you.

**Operator**
Thank you. [Operator Instructions] The next question comes from the line of Yash Kokreja with Systematix. Please go ahead. Yash, your line has been unmuted. Please proceed with your question.

**Yash Kokreja - Analyst, Systematix**
Hello, can you hear me now

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Yeah.

**Operator**
Yes, sir, please go ahead.

**Yash Kokreja - Analyst, Systematix**
Yeah, so, sir, my question is on the global demand and supply scenario. I heard when you said that global capacities are coming in live. So, sir, could you elaborate more on it, like how it would impact us in FY '27 and FY '28 and what kind of scenarios are we building in for?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So as I mentioned, the domestic demand remains very, very robust, and the growth which is happening in the country in the power, in the transportation, in lightweighting, and many other areas, we see a very big upside. As regards, already mentioned, so as regards '26 is concerned, there is a supply deficit. But, going forward it's difficult to forecast, but, if the Gulf becomes normal and the full production starts happening as expected from Q1 end or Q2 beginning next year, calendar year I am saying, then there would be some additional supply, which, which would come from there. And some additional capacity of a million ton might come in Indonesia and other places, Middle East and other areas, which can lead to a little bit, supply side extra of around 1 million to 1.4 million in the latter half of FY '27.

**Yash Kokreja - Analyst, Systematix**
Got it, sir. Yeah, that was helpful. And so my second question is, so could you help us with the -- how much would be that interest liability in the OMC demand?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
See, based on the debit note and let me reiterate that, see, it is contingent upon the case that we filed in Supreme Court, and Rajesh ji talked about it. They they have raised a demand, and around, INR 1,100 crore, INR1,200 crore is the interest portion that they've demanded as per their calculation.

**Yash Kokreja - Analyst, Systematix**
Yeah, okay, got it. Yes, thank you so much. That is from my side.

**Operator**
Thank you. The next question comes from the line of Aryan Kadam. [Operator Instructions] The next question comes from Aryan Kadam with Plus91. Please go ahead.

**Aryan Kadam - Analyst, Plus91 Asset Management**
Hi sir, congratulations on the numbers. Sir you had guided a lower Q2 and a subdued Q2, but the volumes are much better, compared to Q1 and last year Y-on-Y. Could you just elaborate on this?

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
So, we have had our capacities coming up. So, I don't remember us guiding that we will be lower in Q2. We will -- yeah, yeah, yeah.

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
Please c an you elaborate? Please, can you elaborate? We had guided -- you're talking about the cost or the volume part of it?

**Aryan Kadam - Analyst, Plus91 Asset Management**
The cost part. So, sorry, not the cost, the production part. So the cost EBITDA is obviously lower, but, due to seasonality, you had guided for a...

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
No, we have not. I think there is some miscommunication. We are expecting an increase quarter-on-quarter, year-on-year, as regards VAML is concerned, on the volume, both in the aluminium and as well as in alumina. And, in this quarter, which is Q3, again we will have a increase in volume, and in the Q4 also, and the next year also. We plan to have around 3% to 5% increase each and every quarter going forward, just to clarify.

**Aryan Kadam - Analyst, Plus91 Asset Management**
Okay, so sorry, could you also just give me a brief on the cost reductions on coal and bauxite that will be coming up in the next two years? And what has been the savings for this year for alumina?

**Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Ltd.**
I thought, I covered it. I'll reiterate, okay? So we are looking at, see, on a drawing board we look at a cost reduction of $200. $100 to $125, as I've mentioned should come from the increase in captive alumina and the domestic bauxite. $30, $35 from the coal as we ramp up Ghogharpalli and other coal mines. And the balance -- because, because see, the Middle East escalation, they have increased the carbon prices. At some point, as the prices soften, we believe we should get the -- we should get some relief from there also. So that, that completes the $200 part. And as I said also, $100 as we exit the year and the $100 maybe one or two quarters thereafter.

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
One another point is that, while all of us have seen coal shortages and coal prices going up across the country, VAML is very solidly positioned as regards geography is concerned. Our both the assets which we have at Jharsuguda and BALCO, BALCO plant sits in Korba, which is the hub of coal production. We are next to the coal mine. We are at the pithead. Similarly, Jharsuguda is also adjacent to the MCL. So for us, sourcing coal has not been as much a problem as other players, given the distance that the mine is hardly 20, 25 kilometers from where we operate. And that gives us a huge advantage in terms of the coal availability, as well as the cost and the transportation cost savings. So, while the country as such has seen a lot of turbulence in terms of coal, but VAML per se has been insulated in terms of coal for our power operations.

**Aryan Kadam - Analyst, Plus91 Asset Management**
That will be all. Thank you.

**Operator**
[Operator Closing Remarks]

**Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd.**
Thank you. Thanks everyone.