Management Discussion

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Thank you, Sagar. Good evening everyone and welcome to the Q1 FY 2027 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 & Gas led by Mr. Jim Gast and Arpit Mundra; followed by Vedanta Power represented by Rajinder Ahuja and Pankaj Jha; Vedanta Iron & Steel led by Pankaj Sharma and Navin Jaju; Vedanta Aluminium represented by Rajesh Kumar and Anup Agarwal; and finally Vedanta Limited addressed by Mr. Arun Mishra 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 Johnny Gast - Chief Executive Officer and Whole-time Director, Vedanta Oil & Gas Limited, Vedanta Group
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 77,700 barrels of oil equivalent per day during the quarter comprising 63,100 barrel of oil equivalent per day from Rajasthan, 11,600 barrel barrel from offshore assets and 3,100 from OALP blocks. Working interest production averaged 51,100 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 remains 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 '27 currently expected to be aligned with the full-year '26 levels. This improvement has been driven by optimizing commodity consumption, especially through monitoring well patterns and by maximizing well gains through targeted rigorous 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 updates.

Arpit Mundra - Chief Financial Officer, Vedanta Oil & Gas Limited, Vedanta Group
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 crore 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. This 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 operation hence ends at a negative INR151 crores. Following the transfer of the non-mining business undertaking that were earlier held in the erstwhile 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 AA+ Stable by both CRISIL and ICRA during the recent month which reaffirms company's strong credit profile and robust ability to meet its financial obligation. 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 brand 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 remarks, I now pass on to our interim CEO, Jim.

Jim Johnny Gast - Chief Executive Officer and Whole-time Director, Vedanta Oil & Gas Limited, Vedanta Group
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 of Vedanta Power for insights on their Q1 performance of power entity.

Rajinder Singh Ahuja - Chief Executive Officer, Vedanta Power Limited, Vedanta Group
Thank you, Jim. And good evening everyone. The quarter marks an important milestone in our journey with the Vedanta Power becoming demerged entity effective 1, May 2026. As a stand-alone 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 271 gigawatt in May 2026. To support this, Vedanta Power is India's fifth largest private thermal company with 4.2 gigawatt current operating asset, aims to reach at 4.8 gigawatt by the end of this financial year. Further, we are working on plan to add around another 7.2 gigawatt starting from FY20 -- FY30 onwards it will start getting kicked in.

Fuel and volume security remained a 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 good strong stability and visibility of the revenues and the cost.

Coming to quarterly performance. Vedanta Power delivered a resilient operational performance. During quarter 1, FY27, we achieved sales of 5,224 million units, up 38% Y-o-Y basis. And revenue increasing 31% to INR2,607 crores.

Meenakshi Energy delivered highest ever quarterly EBITDA of INR112 crore backed by the highest sale volume of around 1,350 million units. Despite import coal prices increasing by over 60%, our team on ground has done exceptional work by containing the coal cost by 12% on Y-o-Y 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% to 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 Q-o-Q 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 sale revenue to INR9 crores. Jharsuguda maintains stable operational performance.

However, we receive favorable regulatory outcome in short supply matter with potential refund of INR300 crores in days to come. And also, we have got positive order from the State Regulatory Commission for Recovery of ash sales -- ash cost by up to INR40 crores annually. These positive outcomes are expected to support the future cash flows.

At Shakti, despite the operation disruption, the team has demonstrated tremendous resilience. And we remain focused on restoring Unit 1 and completion of Unit 2, which will be key for our growth catalyst for the company. We plan to start Unit 1 by the end of quarter 2 FY27 and Unit 1 remains on track for completion by quarter 4 of FY27.

Parallelly, we have also notified our insurance provider, who are assessing the impact and the claims for Unit 1, 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, Vedanta Group
So 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% Y-o-Y growth on sales of the 5,224 million units, which increased 38% Y-o-Y.

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 continue 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 flattish 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 1 Restoration and Unit 2 Project.

These assets are expected to materially strengthen earnings, cash generation and return metrics over next two quarters 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 Kumar Sharma - CEO & Whole Time Director, Vedanta Iron & Steel Limited, Vedanta Group
Thank you, Pankaj, and good evening, everyone. Let me take you through the performance for the first quarter of FY27 for Vedant 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, and this enables value creation across the entire value chain.

During the first quarter, we have delivered a strong operational and financial performance with revenue increase of 18% year-on-year and EBITDA growth of 54%. Margin expanded from 11% to 14% and PAT stood at INR121 crores. 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, saleable 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 come -- to be completed during the later part of the year.

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

Navin Jaju - Chief Financial Officer, Vedanta Iron & Steel Limited, Vedanta Group
Thank you, Pankaj. Good day, everyone. During the quarter, revenue stood at INR3,662 crores, 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 realizations. The company continues to maintain a strong balance sheet with net debt to EBITDA ratio of 1.3 times 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 crores as on June 26. Strong operating cash flows helped fund pre-monsoon working capital requirements and ongoing growth projects.

Back to you, Pankaj.

Pankaj Kumar Sharma - CEO & Whole Time Director, Vedanta Iron & Steel Limited, Vedanta Group
Yes. So 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. And with this, I hand over to Rajesh, CEO, Aluminium.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
Thank you, Pankaj. And very good evening everyone. And thank you for joining the Vedanta Aluminium Metal Limited Earnings upgrade -- Update. VAML 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 dyke space, while our newly commissioned AO 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.

VAML 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 percent -- 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 Pot Line 3 and sustained cost optimization through additional domestic bauxite. Our captive pole, we have received the mining lease and mine opening permission for Kuraloi, and 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, and 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 Aluminium Metal Limited, Vedanta Group
Thank you, Rajesh Ji, and 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 realizations, disciplined cost management and continued operational execution.

Revenue for the quarter stood at a record INR21,005 crore reflecting a 45% increase Y-o-Y 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% Y-o-Y and lower by 3% quarter-on-quarter, despite inflationary pressures due to the Middle East disruptions. This is within our guidance range as communicated in April.

Coming to EBITDA. EBITDA was at INR10,499 crores, up 134% Y-o-Y 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 crores, up over over 200% Y-o-Y. Our return on capital employed stood at 42% at the end of quarter 1, 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 1.3 times to 0.9 times. 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 to $1,700 per ton, though in quarter two, 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 here, we've hedged -- 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. And with this, I hand over to Mr. Arun Misra for an update on demerged Vedanta.

Arun Misra - Group Chief Executive Officer, Vedanta Limited, Vedanta Group
Thank you Anup. Good evening everyone. As you will all know that this quarter makes the first reporting period of demerger 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 crores 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 deep substitution has been completed and ramping up on variable cost model.

In ferrochrome business, FACOR delivered its highest ever quarterly ore production up 41% year-on-year to 153,000 tons, surpassing previous best of 113,000 tons in quarter 4 '26. Improvement in finished good 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, up 13% sequentially, also delivering the best ever quarterly EBITDA of INR101 crore.

Copper India recorded sales of 53,000 tons up 3% year-on-year, our highest first quarter sales in eight years. At Copper International business, rod sales were down 51% year-on-year 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, coal commissioning has been initiated. The hot acid leaching plant at Dariba is also targeted for commissioning in the current quarter. The 10 million ton per annum tailing reprocessing plant is under construction and is expected to be completed by quarter 4 of FY28, while the 250,000 tons per annum expansion project of smelter is expected to commission by quarter 2 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 Katasahi Manganese Mine and is expected to start operation in H2 of this current fiscal year.

At Copper India, Phase 1 debottlenecking has augmented install 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 a strong quarter 1 delivery and project commissioning lined up during the year. We remain focused in our pursuit of growth of the demerged Vedanta to a $5 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 - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
Yes, thank you, Arun. Good evening everyone. We're meeting today for the first quarter results after Vedanta's historical demerger and 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 a demerger become effective during the quarter on 1st of May, the stat 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. So numbers are comparable and they are for entire quarter April through June. I will start briefly with Vedanta highlights. So on Vedanta Limited's Q1 performance, revenue increased by 51% Y-o-Y to INR23,456 crores. EBITDA nearly doubled

rising by 98% Y-o-Y to highest ever INR8,469 crores with a margin of 57%, up 9. 85 basis points Y-o-Y.

Profit after tax, PAT grew to INR5,294 crores, up INR152 crores Y-o-Y, again best ever on a like-for-like basis.

In Q1, Vedanta invested INR1,148 crores in growth CapEx, while deleveraging 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 0.3 times amongst the best in the industry.

Vedanta Limited has been rated AA+ with a Stable outlook both by ICRA and CRISIL, highest rating over a decade for us. With a strong cash and cash equivalent of INR19,920 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 BB or BB 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 200 million and that illustrates the range of strategic levers to accelerate the fast track debt reduction at Vedanta Resources. VRL deleveraged by 1.1 billion across the Group in Q1 itself. In this quarter, through a broader 5 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 $1.7 billion from international bond markets at average 7.4% coupon rate and average maturity of 8.5 years. And additionally, tied up a syndicate term loan of up to $2.25 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 brand 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&As.

Questions & Answers

Operator
Thank you very much. We will now begin with the question-and-answer session. [Operator Instructions] Your first question comes from the line of Akhilesh Kumar with Emkay Global. Please go ahead.

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

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Yes, we can. Hello.

Akhilesh Kumar - Analyst, Emkay Global Financial Services Ltd.
Hello?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
Yeah, please go ahead.

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

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
So that's a small consol adjustment, actually. The difference that you're talking about you now, it gets eliminated -- for the transactions between BALCO and VAML.

Akhilesh Kumar - Analyst, Emkay Global Financial Services Ltd.
Okay. So, okay. So this is something inter-company kind of thing

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
Yes. Absolutely, a small point, yes.

Akhilesh Kumar - Analyst, Emkay Global Financial Services Ltd.
Okay. My second question is on the aluminum sales made this quarter. So 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 this slide. So if you can provide that number as well, that would be great.

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
So the sales numbers for the quarter is at 615 kt.

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

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

Indrajit Agarwal - Analyst, CLSA
Hi, thank you for the chance. A few questions first I'll start with the aluminum business. So our ask rate for alumina production for the last three quarters is almost 1.1 million tons. So how do you to achieve the 4.1-odd million tons for the full-year? So 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? Do you -- are you confident of achieving that number?

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

Indrajit Agarwal - Analyst, CLSA
Sure. Secondly, on purchased alumina cost. Despite aluminum -- on sequential basis, alumina COP going up and alumina integration going down, your alumina cost in aluminum has gone down. So 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 Aluminium Metal Limited, Vedanta Group
Indrajit, on a broad level, as you rightly said, Alumina cost has come down 3% quarter-on-quarter. And if you would recall, in 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 quarters -- as we go into the second quarter of this financial year, we will start seeing Alumina costs closer to $750. Okay. Now, $780 is what we've reported in quarter one. Now with increased mix and you would have seen that we are -- we have done around 70%, 72% in quarter one. And with the same captive mix in quarter two and the lower API, we are enroute to that 750 number what we talked.

Indrajit Agarwal - Analyst, CLSA
And 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 Aluminium Metal Limited, Vedanta Group
See I can tell you, see, the further reduction will again come as we ramp up Lanjigarh production. Because going forward, our captive mix will keep going up and the bought out alumna will come keep coming down. So any reduction from here towards 700 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. And in 1Q what was the hedging volume and price at which we had hedged?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Quarter one, we had hedged around 293 kt and our strike price was $2,813.

Indrajit Agarwal - Analyst, CLSA
Sure. One last question to Ajay, if I may. Given the high CapEx or the growth projects at Vedanta demerged entity, can you assume that most of the dividend would now be from Vedanta Aluminum of the five entities, in terms of quantum, let's say, rupees crores or dollar kind of terms.

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
The way to look at Indrajit, I mean if you look at historically, Vedanta's dividend yield has been quite high. In fact double digit 12%, 13%. And over the last couple of years, down to 6 percentage, 7 percentage point. Our last commitment was to go down to normalized yield of almost 5%. That on the combined market capitalization may mean 1.5-odd billion payout on a consol basis of all the five business unit.

Now you will appreciate Indrajit, dividend will be a Board matter. But one way to model this, look at the combined market capitalization of each businesses and look at 3% to 5% dividend yield. So you're right. Vedanta Aluminum being almost at about 18 million, 20 million out of 35 million. Practically, one may also assume half the dividend will come from Vedanta Aluminum going forward.

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

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
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 Ltd.
Yes. Good evening and thanks for the chance. First question is to Ajay on the overall capital allocation. So one is at the VRL level, can we assume that a large part of deleveraging is behind now given that we've refinanced? And going forward, the focus would be more on growth or are we expecting further deleveraging from $4.5 billion debt? So one is that.

And then at VAML, just want to understand what sort of debt or leverage we are comfortable beyond which we will consider paying dividends? And 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 - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
Sure, Sumangal. I'll start with the first part first. You're right that at VRL the deleveraging has been accomplished to a large extent. And 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 0.9 times as on March will be coming down to 0.7 times as on coming March on a consol basis.

Now when we look at capital allocation policy, the central theme is allocation not capital necessary. We don't provide guidance in terms of EBITDA. But if one has to model looking at the current run rate, with the current volume, cost and positionality and our macro tailwinds in terms of currency and the pricing, the outlook for the EBITDA for Vedanta India on a consol basis is at about $9.5 billion to $10 billion. Our EBITDA to cash conversion is typically 80%. That means we'll be having total free cash flow of roughly $5 billion, INR45,000 crore at Vedanta India on a consol basis. So we don't 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're looking at deleveraging at VRL level, roughly $2 billion, $2.5 billion, again, INR20,000 crores. At the same time, we'll also be rewarding shareholders through dividend.

Eventually, growth, deleveraging and rewarding shareholders should lead to TSR. So in summary Sumangal, we don't have to make choices between investing for the growth or deleveraging. Both in the current year can co-exist given robust free cash flows.

Arun Misra - Group Chief Executive Officer, Vedanta Limited, Vedanta Group
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 aluminum, completing the BALCO project, ESL Bokaro completing that 2 million ton expansion project or work

-- keep on working on 2 million ton expansion projects, VZI Phase 2, all this happened in last three years. So I -- 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 Ltd.
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 - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
I'll refer to Mr. Anup Agarwal.

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Anup?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
See, if you look at our financials as at end of June, the net debt in our books is around 33,000. Okay? Now for the growth that we've undertaken or we are invested in, we have a CapEx left of around INR7,000 crores, INR8,000 crores, which we'll be spending in say, 18 months to 24 months. That includes BALCO, some leftover Lanjigarh augmentation and the mines project.

Now coming to the new expansion 3 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. And as and when we will have details we will come to the board. But today if you ask me, the net debt stands at -- sorry INR29,500 crores. The left over CapEx to be spent on the growth already announced is around INR7,000 crores, INR8,000 crores including BALCO, and that's it.

Sumangal Nevatia - Analyst, Kotak Securities Ltd.
And what would be the -- I mean total CapEx for '27 and '28. So INR7,000 crores, INR8,000 crores and plus some maintenance, right?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Yes. Broadly, yes. For this year, it will be around INR5,000 crores, plus another say INR2,000 crores of maintenance.

Sumangal Nevatia - Analyst, Kotak Securities Ltd.
Understood. So is it safe to assume that the next phase of growth at least since the plans are not yet firmed up will start towards the end of '28 CapEx and or maybe in '29 only?

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

Sumangal Nevatia - Analyst, Kotak Securities Ltd.
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?

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Navin, Pankaj, over to you.

Pankaj Jha - Chief Financial Officer, Vedanta Power Limited, Vedanta Group
So, for ESL, I will say that you know 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 two, we will be completing that clearance. And by end of this financial year, we will be able to complete the expansion project.

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

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
See, broadly at today's API and assuming that this Middle East prices will normally bottom out or will even out, the difference will be to the tune of $50, $60, when you when you look at the mix -- captive alumina versus the bought-out alumina. Now this captive Alumina also has 50% of the imported bauxite.

And to address your question that once Sijimali starts ramping up. We can expect say another $40 to $50 per ton reduction and 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 1 million to 2 million ton, and the next year it can be between 6 million to 7 million ton.

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

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

Sumangal Nevatia - Analyst, Kotak Securities Ltd.
Understood. So -- but I mean, we've just got Stage 2 forest clearance EC. So 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 Aluminium Metal Limited, Vedanta Group
Given the current scenario, yes. We expect -- we have made good progress in the last quarter in terms of getting up to FC2. Now, we are -- 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. So we are quite hopeful that this is what will happen.

Sumangal Nevatia - Analyst, Kotak Securities Ltd.
Understood. And just one last clarification. So all these mines is under VAML. So what is the transfer pricing to BALCO? And is it fair to assume then all the cost saving etc., will be reflected acting more under VAML than BALCO?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
So the transfer is at arm's length. And we are governed by that. As regards transfer from the Lanjigarh to BALCO is concerned.

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
See, just to clarify, now when you're talking about the mines, BALCO also has one mine by the name of Barra. So the coal will come from there. Rest all mines are with VAML, which will be used for VAML's own use. And coming to bauxite, then the idea is to take it to Lanjigarh. And what Rajesh ji said that any Alumina from Lanjigarh to BALCO is today also at arm's line business.

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Sumangal, thank you. We have a very long queue of people who are waiting in the queue for questions.

Sumangal Nevatia - Analyst, Kotak Securities Ltd.
Sure. Thanks, and all the best. Thanks.

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
We can move to the next person in the queue.

Operator
Thank you. Your next question comes from Sabri with Emkay Global. Please go ahead.

Sabri Hazarika - Analyst, Emkay Global Financial Services Ltd.
Yes, just one question. So if I look into your oil and gas numbers, so my oil prices have gone up by around 30%, my production is down by around 4% to 5%. But still my revenue has remained flat Q-o-Q, and my EBITDA is also up INR200 crore only because of this increase in stock, whereas my OpEx etc., everything has remained same. So can you just give an explanation for this, why it has remained largely flat Q-o-Q?

Arpit Mundra - Chief Financial Officer, Vedanta Oil & Gas Limited, Vedanta Group
Hi, this is Arpit 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 volumes that we have sold, and post-monsoon, this will get liquidated as a typical size pattern that we have. Does it clarify your question or anything else?

Sabri Hazarika - Analyst, Emkay Global Financial Services Ltd.
Got it. So the production and sales number has got a deviation due to which the numbers are...

Arpit Mundra - Chief Financial Officer, Vedanta Oil & Gas Limited, Vedanta Group
Yeah.

Sabri Hazarika - Analyst, Emkay Global Financial Services Ltd.
Okay. Got it.

Arpit Mundra - Chief Financial Officer, Vedanta Oil & Gas Limited, Vedanta Group
Thanks.

Sabri Hazarika - Analyst, Emkay Global Financial Services Ltd.
Thank you so much.

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.
Yea, hi, good evening. So just on the hot metal cost, this quarter I think it's gone down a bit. So just wanted to understand, like one, how you kind of -- I mean given the inflation that we were seeing generally speaking on fuel cost and power cost in the quarter, what are the factors that helped to reduce the hot metal cost for you? And secondly what were the outlook for the cost going ahead?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Yes. So see, I already covered. Now let me first cover. For the quarter one, 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. So the cost will be marginal.

Now coming to the quarter-on-quarter, see, the cost has come down due to in increased captive consumption of alumina. The lower coal price per se, and of course if you will -- 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.

So on a net-to-net basis -- if you look at our guidance, what did we say, $1,600 -- $1,500 to $1,700 and additional $50 to $100 for the Middle East disruptions. So we are very much there in the target. And as I stated in my commentary also, that we will be within our guidance of $1,600 -- $1,500 to $1,700 as we complete of the year.

Amit Murarka - Analyst, Axis Capital Ltd.
Sure, understood. And just a comment that 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. So why was this inventory build up there in Q1?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
So there is a -- see, what happens normally at the fourth quarter or the end quarter, no, there is a tendency to clean up the stock. So to that extent, if you will see some 7 kt, 8 kt has been added. Otherwise there has been no addition to the inventory. Because normally, in the quarter -- in the year ends, there is a tendency that we wipe off the inventory lying at the stocks and everywhere.

Amit Murarka - Analyst, Axis Capital Ltd.
Okay. Understood. Thank you. That's it for me. Thank you. Your next question comes from the line of Pinakin with HSBC. Please go ahead.

Pinakin Parekh - Analyst, HSBC Securities
Yeah, thank you.

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Pinakin?

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

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Now you are audible. Please go ahead.

Pinakin Parekh - Analyst, HSBC Securities
Am I audible now?

Pankaj Kumar Sharma - CEO & Whole Time Director, Vedanta Iron & Steel Limited, Vedanta Group
Yes. You are.

Pinakin Parekh - Analyst, HSBC Securities
So can you just walk us -- sorry, can you walk us through the Sijimali bauxite mine process? So 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, another agency level?

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

Pinakin Parekh - Analyst, HSBC Securities
Okay, so 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 Ltd., Vedanta Group
Yes.

Pinakin Parekh - Analyst, HSBC Securities
Understood. And taking forward the process from a regulatory to actual mining, what are the activities on the ground? You would -- because I assume this is a virgin mine, you will have to overburden removal, the preparation of roads and everything. So how long a process do you see of work on the ground before you can scale up to let's say 4 million to 5 million tons of bauxite mining?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
So compared to coal, bauxite is slightly easier to mine and very little overburden and these things are required. And in addition to that, we operate through MDO partners, who develop the -- who do the mining for us and deliver the ore. So we have already appointed the MDO partner for Sijimali. And so 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. So as soon as we get the approval, the mining can start.

Pinakin Parekh - Analyst, HSBC Securities
Got it. And 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 F '28 and '29? And 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 Ltd., Vedanta Group
So we expect from Kuraloi, this financial year to mine up to 2 million tons. And Ghogharpalli, we are

just evaluating. But this year, I think we will wait when we get start the work to estimate.

Pinakin Parekh - Analyst, HSBC Securities
And Kuraloi will can increase to how much from 2 million tons to next year?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
8 million tons.

Pinakin Parekh - Analyst, HSBC Securities
It can -- and you are confident that it can go to 8 million tons next year if you start this year?

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
Yes. This year 2 million tons and next year 8 million tons is our current plan.

Pinakin Parekh - Analyst, HSBC Securities
Okay, got it. Thank you very much, sir.

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

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

Ritesh Shah - Analyst, Investec Capital Services
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 Aluminium Metal Limited, Vedanta Group
See, Ritesh, as I said for the balance three quarters, so we are hedged about 28% at average price of $3,062 and if you are specifically asking about Q2, then we are hedged about 270 kt and the strike price is $2,830.

Ritesh Shah - Analyst, Investec Capital Services
270 kt at $2,830, right?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Yes, hello.

Ritesh Shah - Analyst, Investec Capital Services
Hello. Yes, that helps. So second, I just wanted to check on Saudi assets. Have we firmed up the CapEx? Because I think you did indicate that exploration partner has been finalized. How should we look at the incremental progress over there and the timelines?

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Arun ji?

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

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

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
See, Ritesh, say I'll give you some broad numbers. Okay? Now domestic, as you rightly said we are doing about 46% to 50% of the Alumina that we produce. Now, if you look at the Alumina cost from the domestic bauxite because OMG or broadly the other bauxite also that we pick up are more or less at the same price. So 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 levels.

Ritesh Shah - Analyst, Investec Capital Services
Right. So would it be possible for you to quantify how much is the procurement rate from OMC right now? And has this number change over last three years, four years?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
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
Okay, fair enough. And last question, I think probably, Ajay ji can look at. Any particular reason why we are not indicating payout policy for all the companies. Though you have indicated pretty good commentary at for all the five entities together. Any timelines over there?

And secondly, there is a ICD of INR960 crores at VISL. How should we look into that?

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
So, Ritesh, in terms of the payout, I presume you mean the dividend payout, isn't it? You may have seen in the last the board meeting post-demerger and all the new four companies also have adopted their own policy on dividend. The key change remains in the, past our policy was slightly more directive. It was perceptive. For example a payout of 30% of the pack or passing on unit within some time frame.

Post-demerger, the key change remains the policy has changed from being a prescriptive to more descriptive. And in that case basically, all the four companies board will have a far bigger flexibility. So depending upon need for the CapExs in terms of profit claw back and the payout they can decide.

Having said that all the four companies are also cut from the same cloth. So 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. And overall, Vedanta India leverage from 0.9 times will go down to 0.7 times. So in summary, overall, one can Safely model that 4% to 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
Sure. Sir, on ICD?

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

Ritesh Shah - Analyst, Investec Capital Services
Sir, VISL has an ICD of INR960 crores. Just wanted to understand where is it heading to, and what sorts of interest cost over there? So this number was INR9,434 crores March '26. I think it would be because of the demerger and that number has reduced to INR960 crores.

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
Yes, that's right. Navin, can you take this?

Navin Jaju - Chief Financial Officer, Vedanta Iron & Steel Limited, Vedanta Group
Thanks. So 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. And this is the amount which is there in the VISL books after the entire restructuring which was completed.

Ritesh Shah - Analyst, Investec Capital Services
Sorry, I could not comprehend it. Can you please come again? This number was INR13,000 crores, this was waiver of intercompany loans, and?

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

Ritesh Shah - Analyst, Investec Capital Services
And this is to VRL?

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

Ritesh Shah - Analyst, Investec Capital Services
It is to Vedanta Limited. Okay, fair. And lastly, would you like to comment on the real estate value unlocking. The PPT mentions about INR30,000 crores-plus, how should one understand -- appreciate this?

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
At a thematic level, Ritesh, it is just the beginning, right? I mean not the conclusion. And in fact, demerger lead to many more restructuring possible. What we're trying to do. And right now we are looking at multiple assets on Vedanta's balance sheet. And they are industrial lands at the same time, properties at the posh location.

In Vedanta alone, as in Vedanta Limited loan, 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 INR30,000 crores or INR3 billion right now is more aspirational. The whole demerger, if you also look at in Vedanta's experience, the Vedanta's demerger was far more complex. It took us two years time.

But typically, in the Indian NCLT part, anything between nine months to 12 months is the time frame. So the entire demerger of real estate also will undergo the same kind of rhythm. It is almost a year

from now. But 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. If you look around many large industrial houses and you can find them are on the same path.

Ritesh Shah - Analyst, Investec Capital Services
Sure. This is helpful. Thank you so much. All the very best.

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

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

Abhishek Poddar - Analyst, Citadel International Equities
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 Shakti Energy plant, in terms of what are the bottlenecks there. And 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 - Chief Executive Officer, Vedanta Power Limited, Vedanta Group
So, 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. And 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 a plan. So, as there is no hurdle we are seeing at this moment.

Abhishek Poddar - Analyst, Citadel International Equities
Okay. And do you need any statutory approval, sir, for this, the approval of the district magistrate or any such approvals?

Rajinder Singh Ahuja - Chief Executive Officer, Vedanta Power Limited, Vedanta Group
So, we have already intimated all the authorities before start of work. And the major approval generally is required from the boiler inspector and the factory inspector should all have been intimated before start of work. And 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 and then the plant started. So as such there is no hurdle.

Abhishek Poddar - Analyst, Citadel International Equities
Understood. And for the Unit 2, also, if you can give us some more color in terms of what percentage of completion, what we've done and how the work is progressing there?

Rajinder Singh Ahuja - Chief Executive Officer, Vedanta Power Limited, Vedanta Group
So it is going as per plan. We want to complete all the activity related to Unit 2 by end of this year. And that's where we are as of now. We are not seeing any issue further.

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

Rajinder Singh Ahuja - Chief Executive Officer, Vedanta Power Limited, Vedanta Group
So we commissioned 700 megawatt at Meenakshi and 600 megawatt last year at Athena. And out of this 1,600 megawatt, we already have tied up 500 megawatt with Tamil Nadu. And recently, we have also got one year contract with Kerala, which is taking the total capacity tied up to 600 megawatt out of these two capacity the plants. We are not very much, you know, behind blocking PPAs at any rate. If you look at what we tied up with Tamil Nadu for five years was one of the best rate available among all the PPA, which was tied up last year.

And now, when we are tying up for Kerala one year that also is at a respectable rate of INR5.96, INR5.97. So 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 DAM rate versus this year DAM rate, we're already seeing a difference of around INR1 average. So 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. So 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 International Equities
Understood. All the best. Thank you.

Rajinder Singh Ahuja - Chief Executive Officer, Vedanta Power Limited, Vedanta Group
Thank you.

Analyst
Thank you. The next question comes from the line of Jashandeep Singh with Nomura. Please go ahead.

Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities
Hi. Thank you for the opportunity. My first question is for Vedanta Aluminum. Sir, I want your view a list on the long term. Firstly, you have given guidance on how second quarter and this couple of quarters will be. But going ahead for the next couple of years, what are the key cost saving and operational efficiency measures that you are taking? And if you can just quantify how much value accretive they will be, that would be great, sir.

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
See, I'll let me -- Rajesh ji, let me take this question.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
Absolutely.

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
We spoke about the hot metal cost of $1,700 per ton in this quarter. Okay? From here and I will specify three -- from here -- sorry, am I audible?

Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities
Yes, sir.

Operator
Yes, you're audible.

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Yes. So, on the cost, if you look at, say, three quarters, four quarters down the line, we expect the cost to go down, say -- that voice is echoing from somewhere I think.

Operator
Jashandeep sir, we request you to self-mute your line when the management is answering the question, please.

Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities
My line is on mute only.

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Okay, no problem. So what -- so, I was saying that in say three quarters, four quarters now when you look at the cost, say, from $1,700 today, we expect a reduction of $175 to $200. And 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 5 million ton we will be closer to 90%. So, 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 Ghogarpalli coming into the play, we will start getting the advantages out of it. So, if I were to specify a number, say on $175 saving, 70% to -- 70% of it will be alumina plus bauxite and and the balance will be the coal. And we expect in say two to -- three quarters to four quarters, we should start realizing those savings.

Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities
Thank you for this, sir. Sir, my second question again a little long-term in nature. BALCO has already become net cash. And given your run rate of EBITDA, there is massive deleveraging potential at Vedanta Aluminum as well. In line with that, sir, what is -- I know you have answered it on a group level but what is the capital allocation policy that you will be following at Vedanta Aluminum? And if you can just quantify what will be this year and next year CapEx at both Vedanta Aluminum and BALCO, separately?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
See, yes, you're right. See, Ajay, actually elaborated it in detail, so I'll not get into that because he mentioned it. Now 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 crores to INR2,500 crores will be BALCO and the rest will be VAML. And next year also, maybe the CapEx can be around INR3,500 crores to INR4,000 crores, because BALCO will be done and we will be left with only the mines CapEx.

Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities
So, is it safe to say that for the next couple of years...

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
So, here we have not included what is on the drawing board. That is the growth...

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Yes, as and when the 3 MTPA comes and on 3 MTPA also -- see, Arun ji said, Ajay said, with a leverage below 1, okay, I don't think see the money will come in the way of growth, I'm saying. So as and when we announce, we will also come with the details on the funding plans. But robust earnings

and the leverage below 1, I think we're very comfortable even with that 3 MTPA expansion as and when we announce it.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
So just to give you an idea, see, per ton setting up a aluminium facility, I can give the numbers for BALCO has been around $2,500 per ton. So if you set up a 3 million unit, you can easily calculate what will be the CapEx required.

But 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. So that is how the CapEx outflow will be there for the growth.

And we are very confident given the earnings which we are having currently. And Arun ji also alluded to that. see BALCO has invested INR10,800 crores on the growth. And even while it has not reached the full capacity, it is debt free. So 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.

Jashandeep Singh Chadha - Analyst, Nomura Financial Advisory & Securities
No. Thank you, sir. Thank you so much for this, sir. Just one last question, a little operation one, sir

Operator
Mr. Jashandeep, sorry to interrupt. We request you to return to the queue for further follow-ups, please, as there are lot of participants waiting for the 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. 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 in the ratings continue to maintain an AA- with 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 agency?

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
So, Shubham, it is only a question of time. You may have seen the entire rating of grade beginning with the ICRA a couple of months ago. And now CRISIL has followed the path. There is no reason why India rating will be different. Typically, from rating companies viewpoint, it is a function of the numericals, which is a hard fact. And second is a perception. I think on the both accounts, we do foresee that the India rating soon will approach rating committee and even that will become AA+. So it is only a process and a question of time. That too again within 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 Wealth Management Ltd.
Yeah. Hi. Thank you everyone. Thanks for the opportunity. Sir, two quick questions on BALCO only.

One, where we are at the pot ramp up at BALCO? And 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 and for this 3 million ton capacity also which we are talking about that I'm assuming that we are talking about at Vedanta stand-alone -- Vedanta Aluminum stand-alone level and BALCO may not be participating in that. So, 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 Ltd., Vedanta Group
Yeah. So as regards BALCO ramp up is concerned, against a plan of 22 kt in Q1, BALCO produced 24 kt from the new pot line. As we speak the rest of the 25% capacity -- and this is with the 25% capacity being commissioned. And as we speak the rest 25% is being commissioned. And this year, we will get a volume close to around 260 kt or 270 kt from BALCO. But having said that, the entire facility will be commissioned or in full production as we exit this quarter. So, 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 -- yes, so one is that BALCO has some plans to start the Barra mines. So -- and there also government has given some very early stage initiatives for coal gasification. So 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. And 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 ji, if you can add?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
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. But I can only tell you all the options are on table and why not BALCO as a structure and since we are on the drawing board, BALCO can even participate in three unit. I'm seeing all options are there on the table.

Ashish Kejriwal - Analyst, Nuvama Wealth Management Ltd.
Okay. That's great. Thank you. And all the best.

Rajesh Kumar - Chief Executive Officer, Vedanta Aluminium Metal Ltd., Vedanta Group
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 deleveraging, refinancing that you've done. What is the outgo expected for this year and next year?

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
Okay. So as on June end, Raashi, VRL debt at about INR5 billion. And for the remainder of the year,

we need to pay only interest of 0.3. And we also have to fund K/C Obligation 0.1. So in summary, in the remainder of the nine months, we need roughly 400 million out of the Vedanta Resources. How that can be funded, you may have seen in the current fiscal, none of the Vedanta companies has faced dividend. Vedanta Aluminium just declared a dividend. Out of the current quantum, INR8 per share that leads to almost INR175 million at Vedanta Resources. So in summary, in the remainder of the year the need for cash at VRL is about INR0.4 billion. And it will be met mostly through dividend.

If I look at next year FY28, right now we got a INR1 billion of bridge financing. It is a temporary arrangement. If I leave that aside, that will be refinanced very soon. We need again almost a INR1 billion at Vedanta Resources. This number in FY29, the year -- next year at about INR730 million. So INR1 billion next year, INR730 in FY29. Again, it is a combination of the brand fee almost INR400 million to INR450 million, and the balance INR550 million to INR600 million, again, will be dividend.

So in summary, through a contractual brand fee and a routine 3% to 4% dividend, VRL will be self managed.

Raashi Chopra - Analyst, Citi
Sorry, you mentioned an FY27 -- sorry, this year was INR300 million of interest. And what was the other INR100 million?

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
The KCM funding is at about INR100 million.

Raashi Chopra - Analyst, Citi
Okay. KCM funding, okay. And the INR1 billion in FY28, how does that break up?

Anup Agarwal - Chief Financial Officer, Vedanta Aluminium Metal Limited, Vedanta Group
Roughly, it is equally, so with the loan repayment at about INR330 million. Interest again INR350 million and the KCM, again about INR350 million. So all these three combined, one-third each is almost a INR1 billion.

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

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

Raashi Chopra - Analyst, Citi
When you say three years, FY30?

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
'27, '28 and '29. So till until March '29, it is fixed.

Raashi Chopra - Analyst, Citi
Okay. Then, 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 - Group Chief Executive Officer, Vedanta Limited, Vedanta Group
Volume expectation is immediate goal is to get 300 kt mark and then go to 500 kt mark. So that Phase 2 expansion and finally finish at 750 kt mark. So, if you look at current 250 kt of concentrator that being commissioned, if you add that to 200 kt, we see in a year's time surely touching 450 kt mark in VZI. And 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
But this year in FY27 what should we think about volumes and costs?

Arun Misra - Group Chief Executive Officer, Vedanta Limited, Vedanta Group
It will remain that it will try to -- there is some shortfall in the beginning but yes, we will 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've guided.

Arun Misra - Group Chief Executive Officer, Vedanta Limited, Vedanta Group
As of now, but we are surely working towards reducing cost. So, we will see if we have to revise, we will do it in H2, not now.

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Raashi, if you have seen, Arun ji, in his commentary has explained the restructured contract at BMM, which is aimed at bringing down the cost. So, you can see the transcript, where we've explained that BMM was having a fixed cost model. Now it has been brought down to a variable cost model. So, 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 there's one last question for me. For Vedanta Limited, you've given the capital expenditure, both on growth as well as sustainance for the quarter, what is the target for FY27?

Charanjit Singh - Group Head of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Raashi, repeat your question. There's a bit of a disturbance.

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

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
So I'll have the number. So 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 crores. So, INR5,000 crores for Zinc India and INR2,000 crores for the remainder businesses. INR7,000 growth CapEx of Vedanta Limited. The maintenance CapEx is almost INR4,000 crores, and out of which a significant portion, almost 70% again at Zinc India and balance at Zinc International. So INR7,000 crores and INR4,000 crores, 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 Agarwal with CLSA. Please 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. So 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 - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
Routine RPTs, Indrajit I think, is a norm for any large conglomerate. And 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 requirement. If you're leaning towards any intercorporate loans and deposit, then the answer is no. So across all the five companies, six companies actually in Vedanta India 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 so much.

Ajay Goel - Group Chief Financial Officer, Vedanta Limited, Vedanta Group
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 of Investor Relations, Vedanta Limited, Vedanta Aluminium Metal Ltd.
Thank you, Sagar. And thank you everyone for joining us today and for your continued interest in Vedanta Group companies. 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
[Operator Closing Remarks]