“Vedanta Power Limited
Q2 & H1 FY26-27 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to Vedanta Power Limited's Second Quarter and Half Year FY 2026-27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

From the management side, we have Mr. Charanjit Singh, Group Head, Investor Relations, Mr. Rajinder Singh Ahuja, CEO, VPL and Mr. Pankaj Jha, CFO, VPL.

I now hand the conference over to Mr. Rajinder for his opening remarks. Thank you and over to you, sir.

Rajinder Singh Ahuja: Thank you, Rutuja. Good evening, everyone. Thank you all for joining us today and I am hopeful that I am audible to all of you and very clear. Coming to the results, Q2 FY27 was a landmark quarter for Vedanta Power4; with the business delivering record quarterly revenue and EBITDA, supported by stronger volumes, improved operating performance and continued progress across our portfolio.

Revenue for the quarter increased 38% by Y-o-Y to INR2,908 crores, while EBITDA more than doubled to a record INR421 crore, an increase of 122% in a Y-o-Y basis. Profit after tax before exceptional item improved to INR101 crore. Operationally, we sold 5,593 million units, which was 26% up on Y-o-Y basis. The improvement was broad-based across our operating portfolio.

At Talwandi Sabo, power sales reached 2,945 million units during the quarter. The plant also continued to create value from byproduct with ash revenue increasing from INR1.6 crores in Q2 FY26 to INR8.7 crores in Q2 FY27.

At Jharsuguda, plant availability reached 98% compared to 48% in the same quarter last year. The plant delivered its highest ever quarterly EBITDA of INR 78 crores, which included recovery of INR58 crores of legacy ash disposal cost following a favorable OERC judgment.

Meenakshi Energy continued its strong ramp-up. Plant achieved its highest ever quarterly sales of 1,470 million units, up 112% on Y-o-Y basis and delivered EBITDA of INR101 crores compared with INR28 crores in Q2 last year.

Importantly, domestic coal constituted 87% of coal consumption during the quarter. The transition towards domestic coal in Meenakshi remained an important lever and helped us save INR127 crores as compared to imported coal, if you could use that.

We also achieved an important milestone at Sakti with Unit 1 now successfully synchronized on grid on 25th of October 2026. This, following the completion of the restoration program by teams on ground, this restores a significant operating asset to the portfolio. At Unit 2, overall project progress stood at 70% at the end of Q2, with planned startup of Unit 2 by Q4 FY27, the commissioning activities will start.

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Fuel security remains one of our key priorities, across Vedanta Power approximately 85% of coal requirement is secured through long-term linkages, which provides stability to the business outcome. Our focus remains on maximizing linkage costs, diversifying domestic sources, and reducing dependence completely on imported coal in this year.

On Power sales, our portfolio remains predominantly contracted, approximately 74% of our capacity is tied up through long-term PPA across our portfolio and our strategic focus is on securing 85% to 90% of the capacity in the long-term or medium-term PPA while retaining flexibility to participate in short-term market, which is very favourable looking at the shortage across India.

On ESG and Community, which remains core to our operations, our specific freshwater consumption stood at 1.64 meter cube per megawatt hour, which is one of the lowest in across the industry.

Local procurement reached 53% and local employment stood at 76%. During H1 FY27, our CSR program reached to 48,331 beneficiaries across sectors of healthcare, livelihood, education, integrated village development, community infrastructure, and skill development.

Looking ahead, our priorities are clear: stabilize and ramp up Unit 1 at Sakti Thermal Power Plant, commission Sakti Unit 2, strengthen Meenakshi domestic coal security and convert Meenakshi into 100% domestic coal usage, improve plant availability, and maintain discipline around contracting, cost, and capital allocation the same time, we continue to evaluate the long-term growth opportunity for Vedanta Power. India's growing electricity requirement and increasing requirement for reliable baseload power provides a strong structural backdrop for efficient commercialization.

Our approach to growth will remain disciplined, linked to secure fuel offtake and acceptable returns. With a stronger operating portfolio, improving fuel security, and return of the Sakti back into operation, we believe Vedanta Power is well positioned to build on the momentum achieved during the quarter and deliver sustainable long-term value for all stakeholders.

Thank you. I will now hand over to our CFO, Mr. Pankaj Jha, to take you through the financial performance in greater detail.

Pankaj Jha: So, thank you, Ahuja-ji and good evening everyone. As highlighted by the CEO, Q2 FY27 was a strong quarter financially with improvement across revenue, EBITDA, underlying profitability, and leverage. Let me begin with the income statement.

Revenue from operations increased 38% Y-o-Y to INR2,908 crores compared with INR2,104 crores in Q2 FY26. This was supported by a 26% increase in sales volume to 5,593 million units, improvement in NSR to INR 5.2 per kilowatt-hour from INR4.7 in the corresponding quarter last year.

EBITDA increased 122% Y-o-Y to INR421 crores compared with INR190 crores in Q2 FY26 and was also 45% higher sequentially compared with INR291 crores in Q1. The year-on-year EBITDA improvement was supported by higher volumes, better NSR, improved operating

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performance across the portfolio. An important contributor was Meenakshi, which generated INR101 crores of EBITDA during the quarter.

The increasing share of domestic coal is an important part of our effort to make this performance structurally more sustainable. Below EBITDA, finance cost was INR200 crores for the quarter compared with INR172 crores in Q2 FY26. The increase is due to capitalization at Sakti and Meenakshi. Consequently, PAT before exceptional item improved to INR101 crores compared with a loss of INR142 crores in Q2 FY26. Exceptional items net of tax were INR18 crores during the quarter, resulting in reported PAT of INR83 crores.

This translated into our first positive quarterly EPS of INR0.21 per share. Turning to the balance sheet, our focus on deleveraging and liquidity remains unchanged. Our balance sheet and liquidity remains strong with cash and cash equivalent at INR1,063 crores and net debt reducing to INR7,444 crores from INR7,704 crores a quarter ago. Our net debt-to-EBITDA ratio improved materially to 4.47 times from 9.82 times a year ago. Our credit profile also remains strong with ICRA increasing the rating of AA- with stable outlook.

At the half-year level, revenue increased 35% YOY to INR5,515 crores, while EBITDA increased 17% to INR712 crores. Meenakshi sold 2,820 million units in H1 and delivered stellar half-yearly EBITDA of INR213 crores. PAT before exceptional items improved to INR42 crores compared with a loss of INR54 crores in H1 FY26.

Our priorities for the second half are straightforward. Convert the operational recovery into sustainable cash earnings, maintain discipline over working capital and finance cost, continue reducing leverage, and ensure that growth capital is deployed against projects with secure offtake and appropriate returns. With the improvement in our operating portfolio, strengthening balance sheet, and the return of Sakti Unit 1, we entered the second half of FY27 from a stronger position.

With that, I am handing over to operations for any questions.

Moderator: Thank you very much. The first question is from the line of Kirtan Donga from Leo Capital. Please go ahead.

Kirtan Donga: Good evening, sir. Congratulations on the spectacular numbers. I had a couple of questions. First was, for our brownfield expansion If we get coal linkage from Coal India, what is this cost likely to be for the incremental capacity that we set up in terms of cost per unit on variable cost and total cost basis?

Pankaj Jha: So, Kirtan basically this brownfield expansion we are planning to bring somewhere near the pit here. And the incremental cost from the coal here, because the Shakti scheme is there for the IPP units, so we are expecting in the range of 0.80 paise per GCV, which translates to around INR2 per unit. And the variable cost will be another 0.50 paise. So INR2.5 is the expected COP we can expect from that brownfield expansion, company.

Kirtan Donga: Okay. And what sort of market price would we need, to ensure that we make a reasonable return on equity for this expansion?

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Pankaj Jha: See, if you see the recent tenders in the market of DBFOO, all are trading at a price of 6 or a bit higher than that. So down the line, 4 years or 5 years, we believe that 6 will be the, your base average for the pricing. So anything above 6, we will be at a comfortable ROE and a payback of less than 6 years.

Kirtan Donga: Okay, thank you. And second one, sir, what is the status of this expansion and by when do we expect to get approvals to initiate expansion?

Pankaj Jha: Basically, like we have always said, it is our aspiration to go up to 13 gigawatts. So we are still under the discussion and identification of the land. Matter will be discussed in the board and an appropriate announcement will be made in the correct time.

Kirtan Donga: Okay, so it is right now, it is a discussion under board only?

Pankaj Jha: Yes.

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

Rajinder Singh Ahuja: So actually, if you look at our expansion plan, we have always said that our first focus of expansion is on brownfield and our available lands across all the sites. So once we ensure that, then only we would think about the greenfield. And I think our presentation has very well captured earlier that Sakti is the first priority, which is near to pit-head, and then we have land available at Meenakshi, Talwandi and other locations and then we will accordingly take up.

Kirtan Donga: Okay. And in general, so are we likely to go in the direction of long-term power purchase agreement or are we choosing to be a merchant power producer?

Rajinder Singh Ahuja: So we are definitely participating in all the DBFOO tenders which are up in the market. So we are one of the shortlisted contestant in UP tender. So we are definitely looking DBFOO as one of the pillar of our growth. Second pillar remains emerging power, so it will be mix of both.

Kirtan Donga: Okay. Thank you, thank you very much, sir. That's awesome.

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

Aniket Mittal: Yes, thank you. I just wanted a clarification. What's the EBITDA for 1H for Meenakshi?

Rajinder Singh Ahuja: EBITDA of?

Aniket Mittal: For Meenakshi, what is the overall EBITDA for the first half?

Pankaj Jha: So, for this quarter it is INR101 crores and INR112 crores for Q1. So if we add up, it is around INR213 crores for the first half.

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Aniket Mittal: Okay, so I am just trying to understand, despite what's the reason why the EBITDA for Meenakshi is sort of flattish on a sequential basis? And in that context, I just want to understand what's driving the sequential growth in EBITDA?

Pankaj Jha: So the— see, the EBITDA has been growth because of our other units. Our Jharsuguda unit has done the best ever availability of 98%, there we have improved the NSR. Our Talwandi sales unit has grown, and at Sakti also we have been able to maintain a couple of the units, and the better pricing in the market is helping me to arrive that growth.

Aniket Mittal: Okay. Because I thought the other units are much more sort of, steady state regulated, right? I mean, both Talwandi, Sabo, and Jharsarguda. Are more regulated model. So there I am assuming the EBITDA should, should have been much more sort of steady.

Pankaj Jha: So at Jharsuguda, the EBITDA was steady, but there were a realization of couple of some legacy as matter of around INR50 crores, INR60 crores which was materialized during the quarter. So that has also added up.

Aniket Mittal: Okay. And just on Sakti, how do I look at the overall spreads now? Maybe if you can give some color on realization and with domestic costs also coming in.? What's the sort of broad spread in terms of realization variable costs that we are seeing at, sorry, at Meenakshi?

Pankaj Jha: So at Meenakshi, my, my overall realization is around INR6 for the quarter, and the overall cost is INR5 because we have migrated from imported to domestic. At an imported coal at the current level, the cost would have been at INR7.

Rajinder Singh Ahuja: I think this quarter we have saved around INR127 crores by not using imported coal for the plant we designed and I think team has done wonderful job of shifting to maximizing the Indian coal, which has given stability in terms of cost benefits. And now in September, they have consumed 95% of Indian coal and they are very near to reach 100% number now.

Aniket Mittal: All right. So roughly we are currently at an 87%. We are making on the, the dark spread would be about INR1 per kilowatt-hour. That's the thought.

Pankaj Jha: Yes.

Aniket Mittal: Okay. And, just to understand on Sakti, have we started supplying this on a commercial basis? Like, when do we start supplying Sakti commercially into the grid? Just give some clarity on that, and how do we look at the ramp-up over there?

Management: So, Aniket, we have started on 25th of October and ramping up is going on and I'm sure there will not be much time needed here in Sakti because this unit was already commissioned, kind of stabilized before the incident.

So, this is -- Sakti is now supplying to a medium-term tender of Tamil Nadu and we have a tie-up with Maharashtra and other states at a better improved realization because the market rates are really going up. We have seen that there's a huge uptick in the market pricing. So the open

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quantity of 100 megawatt at Athena will be selling in the open market at a better rate which is moving around INR5 to INR6 and above continuously.

Aniket Mittal: And just to get a clarity, the gross sales that we did in Sakti this quarter, this was based on power that we purchased from the grid, is it?

Pankaj Jha: Yes.

Aniket Mittal: And so what did we purchase it at? What did we sell it at? Just to understand how much EBITDA did Sakti give this quarter.

Pankaj Jha: So during the quarter Sakti given see -- it was a flattish because the number of units or volume is around 300 million units. So it has been purchased at INR7 and -- purchased at INR4 and supplied at INR7. But for the profitable part, there were some other costs, so which made it a flat level.

Aniket Mittal: Understood. And just given that you've already started supplying on Sakti, so what's the sort of spreads that we are seeing over there? What's the actual -- is coal availability, any problem that you see on ground? And what is the variable cost that we're seeing at Sakti right now?

Pankaj Jha: See, at Sakti, my overall COG will be around INR2.50, and INR2 will be the coal cost, INR0.50 will be my non-coal cost. That is what we are looking at Sakti.

Aniket Mittal: Okay. And realizations under the Tamil Nadu contract are close to INR5?

Pankaj Jha: It is INR5.50.

Aniket Mittal: Got that. Just one clarification, Unit 2, when do we expect that to start? When will that…

Pankaj Jha: So we are still maintaining what guidance we gave. We will start doing the commissioning activity by end of this quarter – end of this year – this quarter before end and we still hold on to that.

Moderator: Mr. Mittal, does that answers your question? Hello?

Pankaj Jha: I think some main line was dropped.

Moderator: So, we have lost the connection for the participant as well. Just give me a moment. The next question is from the line of Abhishek Poddar from Citadel Enterprises. Please go ahead.

Abhishek Poddar: Yeah, thank you for taking my question. Also, regarding this second unit of Shakti, what timelines are we looking at and how to think about our sales for that? Any medium-term contract or anything that we're looking to enter? Hello?

Management: Abhishek, am I audible?

Abhishek Poddar: Yeah, We can hear you sir. You're audible.

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Management: Okay. Abhishek, so just to respond to your point. So Shakti Unit 2, we will be starting the commissioning activity for the plant by end of this year. That's the guidance we still hold on to and we look very confident that we should be able to do that. And coming to second unit tie-up, so that will only happen once you synchronize it on the grid Abhishek, you can't tie up anything on medium-term, long-term until another unit is synchronized.

So for some time, as this year, we will be feeding into the exchange, which is definitely fetching us the better prices, looking at the shortage across India and the market demand increasing and then, we continue to scout for all the tenders, market tenders, which comes up for long-term and medium-term. So by that time, we want to focus on covering the balance capacity, which is Meenakshi and Athena, which is capacity in the market, we should be able to tie up by that time.

Abhishek Poddar: Understood. So maybe by April this would start getting synchronized, April 27th?

Management: Yeah.

Abhishek Poddar: Understood. And so regarding this, point you made on the UP, you are also shortlisted. Just trying to understand, given our balance sheet, how big budgets can we take now? And also, what is the timeline we are thinking of this?

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

Abhishek Poddar: Okay, understood.

Pankaj Jha: And in the UP tender, we have bid for two units…

Abhishek Poddar: We will not be shying -- Okay, two units of 800 megawatt is where we are bidding.

Pankaj Jha: Yes.

Abhishek Poddar: And when do you expect this outcome sir?

Management: So, may be in two months…

Abhishek Poddar: And regarding your --- Okay, understood. And this could be at the brownfield expansion at Sakti only that you could look at?

Management: Yes, that's the strategically best location available with the cheapest source of power which you can build there because coal mining is hardly within the range of 60 kilometers to 70 kilometers.

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

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Management: So we -- that's something which is a common issue for all the participants in the market. So, we are also working with the Indian OEMs to supply us and back up for all the tenders which we are participating. So we have a commitment from the Indian OEMs also when we are participating, back to back.

Abhishek Poddar: And there are also bids for other states. Are we also looking to bid for those?

Management: Yeah, so West Bengal is open, we are participating. And this is something which we just want to tell, we will be looking at all the opportunities for growth since after demerger. That's a single focus which we keep at Vedanta Power. So we want to grow from fifth largest private sector player to third largest within the next five years.

Abhishek Poddar: Yeah, very clear. And just last question, sir. I think your group company Vedanta Aluminium, they were speaking about the aluminium expansion where they did point to power getting sourced from the group company. So is that a possibility that we could be doing power for them as well?

Management: It's definitely a possibility and when it materializes, we'll definitely come and brief that. But yes, it's a possibility.

Abhishek Poddar: Okay. Thank you, sir, and all the best.

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

Aniket Mittal: Yes, thank you. Sorry, I think, I got cut off over there. One thing what I wanted to understand this is in terms of both Unit 1 and Unit 2 of Sakti, what's the pending capex?

Pankaj Jha: So, around INR1,200 crores is the pending capex. So which we will be spending in this H2 and some part by the Q1 of next year.

Aniket Mittal: Okay. And I missed out on the UP front. How large is the overall size over there? You mentioned about two units and the conclusion for the same.

Pankaj Jha: 800 megawatt of two units. So around 1,600 megawatt is what we have bid for.

Aniket Mittal: And what's the overall tender size?

Management: I think it's for 4,000 megawatts.

Aniket Mittal: Okay. And when do you expect this to conclude?

Management: Maybe down the line two months, it should -- the results should be out.

Aniket Mittal: Fair. Actually, yeah, those were my questions. Thank you.

Management: Thank you.

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

Management: Thank you.

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