Vedanta – Meet the Agarwals – Minova Runaya

Agarwal-owned JV siphons margins from HZL, marking-up commoditized goods and selling them to HZL on an exclusive, uncommercial contract. Minova Runaya has been stealing profits from HZL for over 4 years and counting.

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July 23, 2025 – Minova Runaya Private Limited is a 49% Promoter-owned entity, whose only business is to siphon cash from GoI-backed Hindustan Zinc Limited (HZL). Like Serentica Renewables, this parallel structure was established by the Promoter group to engage in margin theft and enjoy favorable, non-arm's length arrangements from HZL, hidden from VRL's creditors.

Minova Runaya's theft is remarkably consistent. The Company's purchases low-margin, commoditized products, slaps a 30% markup on them, and then sells them exclusively to HZL. This 30% markup is captured by the Agarwal family.

Contract

- HZL has been Minova Runaya's only customer since its inception.
  - **HZL is contractually obligated to procure its entire requirement of ground support products from Minova Runaya.** This is a promoter-mandated monopoly.
  - **HZL bears the entire input cost risk for Minova Runaya.** Pricing is governed by a formula-based mechanism indexed to steel, crude oil, and inflation, effectively guaranteeing Minova Runaya's profits.
- Minova Runaya sells resin capsules, rock bolting systems and wire mesh: standardized and commoditized products readily available elsewhere for a lower price.

Capability

- Despite supplying HZL since at least FY21, the Company admits it manufactured nothing until FY24, when it started making wire mesh.
- Minova Runaya's "manufacturing facility" is a warehouse with minimal processing tools and no ventilation.
- Personnel, finance and depreciation costs have remained very low despite 2x revenue growth.
- Photos of the facility taken by employees and posted online show limited use of the space, haphazard inventory storage and minimal safety precautions.

Financials

- Minova Runaya generates a consistent unjustifiable un 30% gross margin, effectively draining HZL of value for the Agarwals' benefit[1].
- These stolen funds are split 51:49 and distributed to Minova Runaya's 2 JV partners, Minova Minetek and Agarwal-owned Runaya Metsource via dividends, far from the reach of VEDL's stakeholders as well as VRL's creditors.
- Minova Runaya consistently declares that HZL accounted for more than 100% of revenues during the year. This is impossible under any accounting standard.
- In its related party disclosures, Minova Runaya claims to have sold ₹544 crore ($63.7m) in fixed assets to HZL since FY21, something that is not reflected in their financial accounts, or HZL's filings.

These serious and obvious governance failures and theft occur at every level of VEDL, including in publicly-traded, GoI-backed entities like HZL.

[1] These patterns echo other suspicious Vedanta group ventures like Vedanta Semiconductor Private Limited and Serentica Renewables Private Limited, both entities designed to facilitate value extraction and covert capital movements. https://viceroyresearch.org/2025/07/18/vedanta-vedanta-semiconductor-%e2%82%b92500-crore-dhoke-ka-sammraajy/

1. Origins and Structure

Minova Runaya was announced in July 2020 as a 51:49 joint venture between **Minova Minetek Pty Ltd** and **Runaya Metsource LLP**, respectively[2].

According to press releases and financials:

- Minova Runaya's contributions to the JV were "project and manufacturing" capabilities, which it did not have at the time[3].
- Minova Runaya would construct a facility in Bhilwara to "manufacture products including rock bolts, resin capsules, injection chemicals, wire mesh and high-quality ventilation systems."
- In reality, only **minimal manufacturing is done at the Bhilwara facility**, and Minova Runaya functions as a passthrough.

As of September 2022, we believe the ultimate beneficiaries of Runaya Metsource to be Anil Agarwal's family. The Runaya group of entities was originally structured to benefit Navin Agarwal's[4] immediate family.

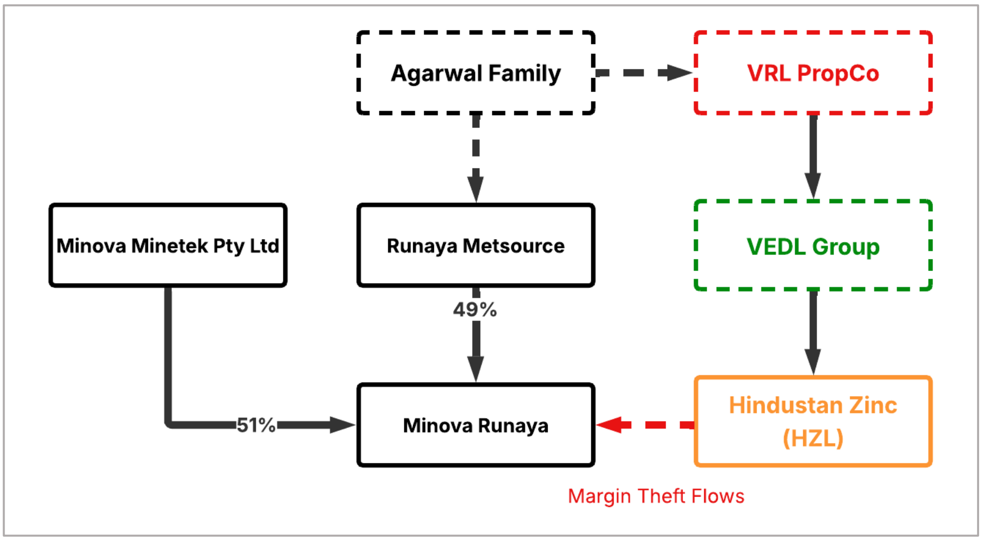

Figure 1 – Partial Runaya Group Structure[5]

Former employees informed us the structure was "seized" by Anil from Navin in September 2022. This is supported by change-of-control filings showing a loss of control by Navin's family at that time:

3.7. **Transfer of Shares**
During the year, the following transfers were approved by the Company:

S.No.	Particulars		No. of shares transfered	Date
	From	To		
1.	Ananya Kejriwal	Runaya Metsource LLP	3,00,000	27th September 2022
2.	Naivedya Agarwal	Runaya Metsource LLP	3,00,000	27th September 2022
3.	Ruchira Agarwal	Runaya Metsource LLP	4,00,000	27th September 2022

38 Related party disclosures

Holding Entity
Runaya Metsource LLP w.e.f. 27.09.2022

Key managerial personnel
Annanya Agarwal
Naivedya Agarwal
Ruchira Agarwal

Entity in which key managerial personnel or relatives of key managerial personnel are interested (to the extent of transactions carried out)
Runaya Metsource LLP till 26.09.2022
Ikaria Wellness Private Limited
Sterlite Technologies Limited
Sterlite Tech Cables Solutions Limited
Sterlite Power Transmission Limited
Metallurgica Bresciana S.p.A

Figure 2 & 3 – Runaya Private Limited FY23 Board Meeting & Annual Report

Navin's sons remain as directors of the Runaya entities; however, they appear to have lost the benefits of ownership. This mirrors other structures where Anil's nephews chair covert investments designed to extract value from Vedanta Group entities, with benefits flowing back to the promoter core[6].

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[2] https://www.globalminingreview.com/finance-business/28072020/minova-announces-joint-venture-with-india-based-runaya/
[3] Photos uploaded by employees show that the factory was still under construction in December 2020.
[4] Anil Agarwal's brother
[5] https://www.runaya.com/wp-content/uploads/2024/12/sustainability-report.pdf
[6] Akarsh Hebbar, Anil Agarwal's son-in-law, is the director of Vedanta Semiconductors

2. Financial Discrepancies

HZL – A ~~Captive~~ Hostage Sales Channel

Minova Runaya's sales to HZL strongly suggest non-arm's length pricing. The Company has managed to sustain 28% – 32% growth margins despite aggressive expansion, suggesting pricing is shielded from market discipline.

According to its financials Minova Runaya "produces" resin capsules, rock bolting systems and wire mesh. These products are standardized, commoditized and globally competitive. **They do not justify a 30% margin.**

Minova Runaya Margin Analysis (₹ crore)	FY24	FY23	FY22	FY21
Total revenue	**223.15**	**199.21**	**104.85**	**25.83**
Cost of materials consumed	105.89	104.59	76.47	22.09
Purchases of stock-in-trade	45.37	28.74	-	-
Gross profit	**71.89**	**65.88**	**28.38**	**3.73**
Gross margin	32%	33%	27%	14%
Net profit	**44.09**	**38.40**	**8.31**	**1.49**
Net margin	20%	19%	8%	6%

Figure 4 – Minova Runaya Margin Analysis

There is only one reason why HZL would simply not purchase these products on the open market: because **sourcing commoditized goods at a premium from Minova Runaya enriches the Agarwals.**

Ratings agency CRISIL admits that Minova Runaya's margins aren't earnt through operational strength but through contractual engineering. A rating note dated August 25, 2023, spells out how much HZL has been captured by the Agarwal family:

High revenue visibility because of long-term contract with HZL
MRPL has a long-term sales contract with HZL (a Vedanta group company), which provides it with strong revenue visibility. As per the contract, HZL must procure its entire ground support product requirement from MRPL. This ensures healthy utilisation for the manufacturing capacities of MRPL.

The business risk profile is supported by the agreement with HZL that provides a formula-based pricing mechanism, wherein prices are linked to the steel index (for steel-based products), crude oil index (for resin, a crude oil derivative) and inflation index. As raw material forms ~70% of the sales value chain, ability of MRPL to pass on the input prices shall help reduce volatility in its OPBDIT margin.

Figure 5 – CRISIL Minova Runaya Rating Rationale[7]

To summarize:

- **HZL is contractually obligated to procure its entire requirement of ground support products from Minova Runaya.** This is a promoter-mandated monopoly.
- **HZL bears the entire input cost risk for Minova Runaya.** Pricing is governed by a formula-based mechanism indexed to steel, crude oil, and inflation, effectively guaranteeing Minova Runaya's profits.

Revenue Discrepancies

HZL is not just Minova Runaya's largest customer, it is the only significant customer Minova Runaya has ever had. In FY24, sales to HZL exceeded Minova Runaya's total revenue**, amounting to 114% of total revenue. This is a mathematical impossibility.**

Minova Runaya HZL Sales Analysis (₹ crore)	FY24	FY23	FY22	FY21	Total
Revenue from sale of products	221.71	193.89	104.14	25.79	**545.53**
Other income	0.18	3.69	0.15	0.03	**4.06**
Total revenue	**221.89**	**197.58**	**104.30**	**25.83**	**549.59**
Revenue from HZL	253.31	216.91	111.94	19.19	**601.35**
% of revenue attributable to HZL	**114%**	**112%**	**107%**	**74%**	**110%**

Figure 6 – Minova Runaya HZL Sales Analysis

[7] https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/MinovaRunayaPrivateLimited_August%2025,%202023_RR_323828.html

This anomaly shreds the credibility of Minova Runaya's financial disclosures and suggests one of two things:

1. Top-line revenues are being artificially deflated, or
2. Sales to HZL are erroneously reported.

In any case: Minova Runaya's internal controls are compromised. These basic accounting errors are occurring at a business49% Agarwal-owned operation that trades exclusively with a partly-GoI owned company.

The Phantom Asset Sale

Minova Runaya's related party disclosures show large sales of tangible fixed assets to HZL from FY21 to FY24[8]. Since FY21, Minova Runaya has disclosed ₹543 crore ($63.5m) in tangible asset sales to HZL.

Minova Runaya HZL Tangible Asset Sales Analysis (₹ crore)					
	FY24	FY23	FY22	FY21	Total
Sales of tangible assets	215.6	185.82	115.84	26.43	**543.69**
Tangible asset at period start	58.69	59.06	28.48	0	
Profit/loss on tangible asset disp	0	0	0	0	

Figure 7 – Minova Runaya Tangible Asset Sales Analysis t

For example, in FY24 Minova Runaya declared ₹216 crore ($25.3m) of tangible asset sales while only carrying ₹66 ($7.7m) crore of tangible assets on its balance sheet.

Minova Runaya Fixed Asset Distribution (₹ crore)				
	FY24	FY23	FY22	FY21
Land	7.81	7.93	8.01	8.10
Buildings	12.90	9.28	9.60	5.22
Plant and equipment	44.78	41.24	41.18	15.11
Furniture and fixtures	0.12	0.09	0.09	0.00
Office equipment	0.12	0.09	0.79	0.00
Computer equipment	0.05	0.05	0.10	0.05

Figure 8 – Minova Runaya Fixed Asset Distribution

There is no trace of these sales in the rest of Minova Runaya's financials statement, nor do they appear in HZL's filings as related party transactions.

Categories of related parties [Axis]	6	
	01/04/2023 to 31/03/2024	01/04/2022 to 31/03/2023
Disclosure of relationship and transactions between related parties [Abstract]		
Disclosure of relationship and transactions between related parties [LineItems]		
Name of related party	HINDUSTAN ZINC LIMITED	HINDUSTAN ZINC LIMITED
Country of incorporation or residence of related party	INDIA	INDIA
CIN of related party	L27204RJ1966PLC001208	L27204RJ1966PLC001208
Description of nature of related party relationship	Enterprises which are owned, or have significant influence of or are partners with Key management personnel and their relatives	Enterprises which are owned, or have significant influence of or are partners with Key management personnel and their relatives
Description of nature of transactions with related party	Services received, Interest on unsecured loans	Services received, Interest on unsecured loans
Related party transactions [Abstract]		
Purchases of goods related party transactions		
Revenue from sale of goods related party transactions	253.31	216.91
Sales of tangible assets related party transactions	215.6	185.82

Classes of tangible assets [Axis]	Com	
Sub classes of tangible assets [Axis]	O	
Carrying amount accumulated depreciation and gross carrying amount [Axis]	Carrying amount [Member]	
	01/04/2023 to 31/03/2024	01/04/2022 to 31/03/2023
Disclosure of tangible assets [Abstract]		
Disclosure of tangible assets [LineItems]		
Reconciliation of changes in tangible assets [Abstract]		
Changes in tangible assets [Abstract]		
Additions other than through business combinations tangible assets	11.29	3.01
Depreciation tangible assets	-4.19	-3.38
Disposals tangible assets [Abstract]		
Disposals tangible assets, others	0	0
Total disposals tangible assets	0	0
Other adjustments tangible assets [Abstract]		
Other adjustments tangible assets, others	-0.01	0
Total other adjustments tangible assets	-0.01	0
Total changes in tangible assets	7.09	-0.37
Tangible assets at end of period	65.78	58.69

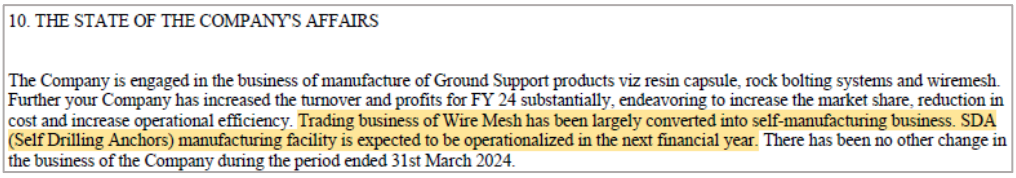
Figures 9 & 10 – Minova Runaya FY24 Annual Report

This discrepancy demonstrates either a staggering audit failure or the existence of material undisclosed related party transactions.

[8] To clarify: this is not a revenue sale, but sale of PPE or similar.

3. Lack of Manufacturing Activity

Minova Runaya's accounts acknowledge that it manufactured nothing until at least FY24. Even then, the only product it manufactured was wire mesh, a product so simple and cheap that a fully automated line can be set up for **under ₹1 crore ($117,006)**.



10. THE STATE OF THE COMPANY'S AFFAIRS

The Company is engaged in the business of manufacture of Ground Support products viz resin capsule, rock bolting systems and wiremesh. Further your Company has increased the turnover and profits for FY 24 substantially, endeavoring to increase the market share, reduction in cost and increase operational efficiency. Trading business of Wire Mesh has been largely converted into self-manufacturing business. SDA (Self Drilling Anchors) manufacturing facility is expected to be operationalized in the next financial year. There has been no other change in the business of the Company during the period ended 31st March 2024.

Figure 11 – Minova Runaya FY24 Annual Report

Photos uploaded by Minova Runaya employees show an operation that is more suited to warehousing finished or near-finished products instead of serious manufacturing.

Figure 12, 13 & 14 – Photos of the Minova Runaya factory dated October 2023 and August 2023, and Google Maps image dated 2025

These photos show:

- Visible machinery is light-duty and compact, suggesting assembly or shaping operations, not full-scale productions.
- No heavy forging, casting or chemical units are seen, just basic presses and wire-handling stations.
- Very low work-in-progress inventory with largely empty floor space. Wire coils and racks are minimally stacked.
- Only a few operators on site, insufficient to run multiple production lines. A November 2021 emergency drill shows 50 – 60 people, most of which are support staff.
- Personal protective equipment and safety features suggest a lack of heavy-duty manufacturing[9].
- Aerial images show roof space covered entirely in solar panels, suggesting an emphasis on energy credits, not intensive production.
- No high-volume ventilation systems visible from inside or outside, suggesting minimal intensity final stage handling. Resin capsule production requires exhausts and/or fume hoods.

[9] Minova Runaya employees tend to wear only wear hard hats and safety glasses, not suited for heavy manufacturing.

- Rectangular sheds with flat uninterrupted roofs with no extension corridors, utility corridors, roof breaks, ducts, chimneys or vents suggest warehousing, not manufacturing.

The Minova Runaya factory corroborates our view that the entity is pretending to be a manufacturer, while it operates as a trading post.

Cost Structure Red Flags

While revenues (and presumably output) have increased 2.1x since FY22, operating unit costs and overheads remain deflated, inconsistent with a manufacturing business:

- COGS has increased only 42% against 110% revenue growth. This is more consistent with "repackaging" rather "manufacturing".
- Employee costs are up 20% against 110% revenue growth. As seen in photos, there is little meaningful automation of processes. We would expect employee expenses to grow somewhat in line with revenues.
- Secondary packing expenses: packaging that is not meant to protect the product, but for grouping, transport and branding are one of the only expenses that have grown in line with revenues.

Minova Runaya Revenues vs Expenses Analysis (₹ crore)	FY24	FY23	FY22	FY21
Revenue from sale of products	221.71	193.89	104.1412	25.7935
Revenue from sale of services	0	0.04	0	0
Other operating revenues	1.26	1.59	0.5548	0
Total revenue from operations	**222.97**	**195.52**	**104.696**	**25.7935**
Other income	0.18	3.69	0.1543	0.034
Total revenue	**223.15**	**199.21**	**104.8503**	**25.8275**
Cost of materials consumed	105.89	104.59	76.47	22.09
Employee benefit expense	5.62	4.98	4.65	1.06
Secondary packing expenses	3.11	2.29	0.48	0.00
Finance costs	1.35	1.64	0.76	0.06
Depreciation expense	4.19	3.38	1.92	0.20

Figure 15 – Minova Runaya Revenue vs Expenses Analysis

As shown in photos taken by employees, the facility has an extremely modest headcount and no meaningful automation of processes, consistent with these figures. Minova Runaya's personnel costs are low because it has very few employees, its depreciation expense is low because it doesn't own many fixed assets.

These are the financials expected of a trading business.

Product Sourcing Red Flags

Intra-Group Markups

Minova Runaya sourced ₹36 crore ($4.2m) worth of materials in FY24 directly from ESL Steel, another Vedanta Group entity. This is nearly one-third of its cost base in FY24 being sourced from inside the group and then resold back into the group to HZL at a 30% margin.

Minova Runaya Related Party Goods Purchases (₹ crore)	FY24	FY23	FY22	FY21
Cost of materials consumed	**105.89**	**104.59**	**76.47**	**22.09**
Of which related party	**35.65**	**7.34**	**40.10**	**15.08**
ESL Steel	*35.59*	*7.14*	*35.19*	-
Orica Australia Pty Ltd			*4.79*	*15.08*
Minova Australia	*0.06*	*0.05*	-	-
Minova Bohemia			*0.06*	-
Minova Ekochem		*0.15*	*0.06*	-

Figure 16 – Minova Runaya Related Party Goods Purchase

The Company is buying from one Vedanta entity and selling to another, pocketing the 30% spread for minimal processing and no risk. This profitability is circular extraction.

Minimal Imports = No Cost Justification

Minova Runaya Imports Analysis (₹ crore)				
	FY24	FY23	FY22	FY21
Raw materials imported	0.23	3.05	8.18	
Components and spare parts imported	5.09	4	14.43	Not disclosed
Capital goods imported	0.17	0.06	0.06	
Total value of imports	**5.49**	**7.11**	**22.67**	

Figure 17 – Minova Runaya Imports Analysis

As shown in the import table above:

- Runaya Minova imported only ₹5 crore ($0.6m) worth of goods in FY24.
- Raw material imports of ₹0.23 crore ($26,911) were negligible.
- Most of the spending is on domestic components, many from ESL Steel, again highlighting minimal exposure to high-cost global supply chains.

Minova Runaya's sourcing structure undermines any justification for a premium pricing structure. The margins aren't compensating for counterparty or import risk; they are satisfying the Agarwals' appetite for siphoned profit.

4. Conclusion

The Agarwal family claim they want to build India's industry. Minova Runaya shows what they really build when people are not looking: a "factory" as empty and cynical as the promises they make. This company has only one purpose, to buy commoditized products, slap a 30% markup on them, and then sell them to a captured HZL.

We'd also like to address the various analysts, debt rating agencies, proxy advisors and HZL directors and management that have **defended Vedanta's stewardship.** The filings in this report cost ₹449 ($5.25) to obtain, and the images of the factory have been available on its Google Maps profile since 2020. These red flags are neither well concealed, nor complicated to understand.

Either:

- You conducted proper due diligence, knew about this scheme, and decided to stay silent despite the gross governance breach it entails, or
- You failed to conduct even the most basic due diligence before giving Vedanta's management of HZL a rubber stamp of approval.

Both are equally damning.

More to come.

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