



# Vedanta – What a Load of Bull-xite

VEDL's bauxite operation and expansion timelines, which feed its aluminum operations refinery, are the most sensitive to sell-side fantasy models. They have just been blown up.

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**September 9, 2025** – Vedanta Limited's (NSE:VEDL) alumina business, anchored by the Lanjigarh refinery in Odisha, has operated sub-optimally due to the Company's failure to secure a captive local bauxite supply.

The debt burden of VEDL's promoter, Vedanta Resources Limited (VRL), has left VEDL capital-constrained and forced to expand without securing key inputs. The guidance around Sijimali's timeline and production is structured more to reassure VRL's bondholders than provide accurate information to the market.

- VEDL's aluminium operations have operated without a captive bauxite supply for over 15 years, instead relying on expensive and unreliable third-party sources.
- Production at the Lanjigarh bauxite refinery has stalled, while the cost of production has increased. This has eroded margins and exposed the segment to input price and supply volatility.
- VEDL has invested heavily in Lanjigarh, but without a secure bauxite source, these expansions will only exacerbate existing weaknesses.
- The Sijimali mine is positioned as the solution, but the project remains stalled at the first stage of clearance.
  - Protests against the mine by locals and tribals have intensified, with reports of police action, detentions, and alleged use of force against tribal activists opposing the project.
  - Allegations of fraudulent consent have been filed in the Orissa High Court, claiming that signatures submitted in support of the project were forged.
  - Multiple villages have since passed fresh resolutions rejecting the mine, raising questions over the legitimacy of earlier Gram Sabha approvals.
  - The project area includes forest and tribal land, governed by the Forest Rights Act, placing strong legal emphasis on community consent and procedural compliance.
  - Civil society groups and tribal leaders have publicly condemned the project, accusing state authorities and Vedanta of coercion and procedural violations.
- In September 2025, the Union Environment Ministry deferred Stage 1 forest clearance for the Sijimali mine, citing unresolved issues with community consent and procedural gaps in the state's application.
- Sijimali is expected to supply 9 to 12 million tonnes of bauxite per annum, but the expanded refinery will require 18 million tonnes per annum. VEDL will remain exposed even in a best-case scenario.
- In January 2023, management guided toward production at Sijimali in Q3 FY25, a target that has now been pushed back 15 months to Q4 FY26. The Environment Ministry's deferral makes even the revised timeline impossible.
- Analyst models have parroted company guidance, projecting 1 – 1.5 million tonnes of bauxite from Sijimali in FY26 despite multiple warning signs, public filings, court documents and regulatory delays.

Sell-side analysts identified two potential catalysts for VEDL in FY26: the start of bauxite production at Sijimali and the group demerger. As of September 2025, both have slipped their timelines and seem increasingly unlikely to occur this year. This is effectively a profit warning.

These risks are the result of financial pressure from VRL, which continues to extract capital from VEDL to service its debts. The same team directing VEDL's expansion is also managing VRL's liabilities, and project risk has been vastly understated.



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## The Bauxite Bottleneck

VEDL's Lanjigarh alumina refinery in Odisha was built to refine bauxite into alumina to supply the Company's Jharsuguda and Korba aluminum smelters. A reliable supply of alumina, and therefore bauxite, is core to Vedanta's aluminum business.

VEDL is the only major aluminum producer in India without captive bauxite, placing it at a structural cost disadvantage.

- NALCO sources directly from its Panchpatmali mines in Odisha,
- Hindalco controls bauxite reserves across Jharkand, Odisha, Chattisgarh and Maharashtra.

### Alumina Refinery, Lanjigarh (Odisha)

We operate a 3.5 MTPA (million tonnes per annum) capacity alumina refinery in Lanjigarh (Kalahandi district, Odisha), India since 2007 and an associated 140 MW captive power plant. The refinery feeds our large aluminium smelters at Jharsuguda, in Odisha, and BALCO, in Chhattisgarh. Our alumina refinery is widely hailed as having transformed one of the most underprivileged regions of the country to bring it into the socio-economic mainstream of the state of Odisha.



Figure 1 – VEDL "Our Operations" Extract<sup>1</sup>

The original plan was to supply the refinery with bauxite from the Niyamgiri hills, a plan that ultimately failed. We explore the circumstances and consequences of this failure later in this report.

## The Sijimali Mine

In March 2023, VEDL was declared the preferred bidder for the Sijimali bauxite mine in Odisha, its most serious attempt yet to resolve the bauxite shortfall at Lanjigarh. The deposit spans Rayagada and Kalahandi and holds an estimated 311 million tonnes of bauxite, enough to supply the refinery for its entire operational life.

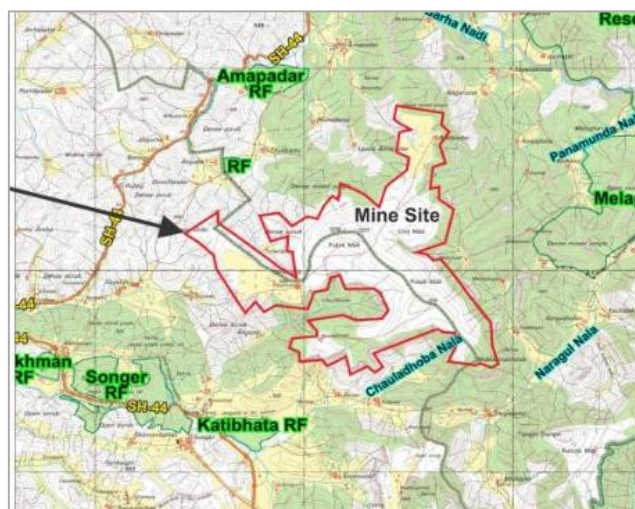


Figure 2 – Sijimali Mine Location Map – Draft EIA

<sup>1</sup> <https://vedantaaluminium.com/about-us/our-operations/>





VEDL initially planned to develop the Sijimali mine to output 9 mtpa of bauxite to feed the Lanjigarh refinery, later expanding to 12 mtpa in FY29 – FY30. Management claims that this bauxite will support a FY29 – FY30 Lanjigarh output of 6 mtpa.

Sijimali is therefore not a growth project but a critical attempt to fix Lanjigarh's broken economics and operational model and justify the massive investment the company has made so far.

### Delays, Protests, and Legal Roadblocks

Since winning the Sijimali block, the project has been stalled at the first stage: Stage 1 Forest Clearance.

On August 25, 2025, the Forest Advisory Committee noted that Odisha submitted district-level certifications claiming due process in obtaining Gram Sabha approvals under the Forest Rights Act, the same process that collapsed the Niyamgiri project.

According to the proposal, the mine is needed to partly meet the raw material demand of its alumina refinery at Lanjigarh, which operates at six million tonnes per annum capacity. The project also involves the displacement of 100 families from Malipadar in Rayagada and Tijamali in Kalahandi.

The FAC noted that Odisha had submitted reports from the district collectors certifying due procedure in obtaining Gram Sabha resolutions under the Forest Rights Act.

Figure 3 – *Economic Times*, Sep 3, 2025– “Centre defers decision on Vedanta's proposal to divert 708 hectares of forest land for Sijimali Bauxite Mines”<sup>2</sup>

In September 2025, the Union Environment Ministry deferred its decision on Stage 1 forest clearance for the mine, citing unresolved issues over community consent. The deferral followed allegations filed in the Orissa High Court that Gram Sabha approvals submitted in support of the project were fraudulent<sup>3</sup>.

The Forest Advisory Committee also raised multiple concerns<sup>4</sup>:

- The project area lies within a notified elephant corridor, prompting the FAC to ask the state to seek inputs from the MoEFCC scheme Project Elephant<sup>5</sup>.
- The terrain is highly erosion prone, requiring detailed mitigation plans.
- 8.08 hectares of land proposed for compensatory afforestation were already earmarked for another mining project.
- Evidence of village activity and cultivation on afforestation sites showed the land is not free of encroachment.

Local language media also reports clashes between activists, locals, law enforcement, state authorities and unnamed groups:

- There were multiple reports of mass arrest and illegal detention of locals, activists and journalists involved with a public hearing.
- Tactics by local law enforcement and anonymous groups including midnight raids, extrajudicial arrests, unlawful denial of entry and beatings were reported by local outlets<sup>6</sup>.

<sup>2</sup> <https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/centre-defers-decision-on-vedantas-proposal-to-divert-708-ha-forest-land-for-sijimali-bauxite-mines/articleshow/123676411.cms?from=mdr>

<sup>3</sup> A Gram Sabha is a village-level council recognized under Indian law, with the legal authority to approve or reject projects involving forest or tribal land under the Forest Rights Act.

<sup>4</sup> <https://www.alcircle.com/news/government-put-vedantas-odisha-bauxite-mine-on-hold-heres-what-happening-115362>

<sup>5</sup> <https://moef.gov.in/project-elephant-pe>

<sup>6</sup> <https://samtamarg-in.translate.goog/2023/09/28/arrests-before-public-hearing-on-bauxite-mining-in-odisha>



- On the night before the public hearing, armed police and unnamed groups surveilled roads into the villages opposing the mine. Journalists and activists were harassed or prevented from entering the village<sup>7</sup>.
- Tribal rights activists have been restricted from entering the area by the Rayagada district administration<sup>8</sup>.

The massacre at Vedanta's Tuticorin smelter led to widespread backlash that effectively cut it off from overseas financing. At Sijimali, a similar situation appears to be forming. Local authorities, law enforcement, and unnamed third parties appear to be acting in VEDL's interest, even if not on its behalf, to suppress local protest. The situation is at high risk of turning into a flashpoint.

Until these issues are resolved, the Sijimali project remains on hold. This mirrors pattern seen across VEDL's history: optimistic forward projections that downplay or ignore risk. Vedanta University, which was scrapped and faces land corruption probes, serve as a precedent<sup>9</sup>.

## Lanjigarh – Sunk Costs and Exposure to Failure

Despite these setbacks, VEDL has continued to expand the Lanjigarh refinery. Since inception capacity has increased from 1.2 mtpa to 2 mtpa, then to 3.5 mtpa in April 2024. The Company plans to expand it further to 6 mtpa by FY29 – FY30.

The capex cost of these expansions has been significant, as are the future commitments. While the Company's disclosures are inconsistent, we believe VEDL has spent ₹1,552 crore (\$181m) on Lanjigarh's 5 mtpa expansion since FY23.

Lanjigarh Expansion Capex (₹ crore)				
	FY26	FY25	FY24	FY23
Spent to date	1,552	1,388	1,152	964
Spent during year		164	236	188

Figure 4 – Lanjigarh Expansion Capex<sup>10</sup>

However, the Lanjigarh refinery's production has remained flat for the past 6 years. Despite having completed its 3.5 mtpa expansion in FY23, the refinery has yet to produce more than its previous 2 mtpa capacity.

Lanjigarh Production Figures						
	FY25	FY24	FY23	FY22	FY21	FY20
Capacity (mtpa)	3.5	3.5	2.0	2.0	2.0	2.0
Production (mt)	2.0	1.8	1.8	2.0	1.8	1.8
Bauxite Required (mt)	5.9	5.4	5.4	5.9	5.5	5.4

Figure 5 – Lanjigarh Production Figures

The unit economics are further weighed down by the fact that VEDL's cost of production for Alumina has increased significantly since FY21<sup>11</sup>.

VEDL Aluminium Cost of Production (\$ per tonne)				
	FY25	FY24	FY23	FY22
Alumina	355	325	364	291
Aluminium Total	1,835	1,796	2,324	1,858
Jharsuguda	1,761	1,761	2,291	1,839
BALCO	2,063	1,904	2,424	1,913

Figure 6 – VEDL Aluminum Cost of Production

<sup>7</sup> <https://www.workersunity.com/india/vedanta-sijimali-bauxite-mining-public-hearing-tribals-saus-no/>

<sup>8</sup> <https://www.telegraphindia.com/india/rayagada-entry-bar-on-tribal-rights-activists-amid-tensions-over-bauxite-mining-prnt/cid/2117125>

<sup>9</sup> <https://timesofindia.indiatimes.com/city/bhubaneswar/odisha-government-to-return-land-acquired-for-vedanta-university-project-amid-corruption-probe/articleshow/115263663.cms>

<sup>10</sup> The Company's annual "Capex in Progress" tables do not agree with each other. We have used the first mention of the project in FY22 as a starting point and added annual contributions to arrive at the investment figure.

<sup>11</sup> Alumina CoP before FY21 does not include Lanjigarh in its calculation.



Management has stated a target alumina output at Lanjigarh of 6 mtpa in FY29 – FY30. At a 3:1 ratios of bauxite required to aluminum produced, the expanded 6 mtpa refinery would need 18 mtpa or 50,000 tonnes of bauxite per day<sup>12</sup>. Even management's optimistic forecast of 12mtpa of bauxite from Sijimali in FY29 – FY30 would still leave the operation exposed to higher cost and less secure sources for a third of its feedstock.

The expansion has also suffered multiple delays and setbacks, including a water storage breach that was credited with a spike in aluminum futures pricing on the LME<sup>13</sup>.

With significant capital already committed to the refinery, Sijimali has become a binary outcome. If the mine is delayed or denied, Lanjigarh risks becoming a permanently underutilized asset, weighed down by rising costs and falling margins.

## Current Bauxite Supply Situation

VEDL was relying on both imported bauxite from Guinea and new domestic production from Sijimali to meet alumina requirements in FY26. Guinea is severed and Sijimali is stalled. This is a dual supply shock that will compress both turnover and margin this year.

Since 2020, the Company has sourced bauxite from the state-owned Odisha Mining Corporation under a long-term linkage agreement, kept going by a series of interim court orders.

VEDL currently pays ₹1,000 per tonne for bauxite under these orders, well below the floor prices of recent OMC auctions (₹2,249 to ₹2,957 per tonne). The OMC has issued a demand ₹281 crore for VEDL for differential pricing, a claim that is now subject to litigation. This represents another risk in the supply chain to VEDL.

## Timeline Slippage and Investor Communication

Despite these setbacks, VEDL has maintained an optimistic public timeline. In their first earnings call regarding the mine, VEDL guided for operations to start in Q3 FY25. This completion date has slipped over 15 months since then, with management stating in the Q1 FY26 earnings call that they expect production to start in Q4 FY26.

Sijimali Mine Timeline Slippage		
Earnings call date	Earnings call period	Comments
January 27, 2023	Q4 FY23	Operational in Q3 FY25
July 21, 2023	Q1 FY24	Operational in Q3 FY25
November 4, 2023	Q2 FY24	Operational in Q3 FY25
January 25, 2023	Q3 FY24	Operational in Q3 FY25, initial production expected Q2 FY25
April 25, 2023	Q4 FY24	Ramp-up expected in Q2 - Q3 FY24
August 6, 2024	Q1 FY25	First ore in Q1 FY26
November 8, 2024	Q2 FY25	First ore in Q1 FY26
January 31, 2025	Q3 FY25	Operational in Q2 FY26
April 30, 2025	Q4 FY25	Operational in Q2 FY26
July 31, 2025	Q1 FY26	Production start in Q4 FY26

Figure 7 – Sijimali Mine Timeline Slippage

The recent Environment Ministry setback makes this already-delayed timeline impossible. The guidance around Sijimali's timeline and production is structured more to reassure VRL's bondholders than provide accurate information to the market.

<sup>12</sup> <https://alustory.international-aluminium.org/primary-production/raw-materials/>

<sup>13</sup> <https://www.ndtvprofit.com/business/importance-of-vedantas-breached-lanjigarh-alumina-refinery>





## Analyst Blindness

Equity and debt analysts covering VEDL have consistently failed to question management's timelines, despite how often those timelines have slipped. Below are notes from Nuvama, JP Morgan, Systematix and ICICI all projecting 1mt – 1.5mt of bauxite from Sijimali in FY26.

- Sijimali bauxite mine:** The FC- stage 1 is likely to be received in early August. Post that, EC and FC2 are likely to be received by Q2FY26-end and production shall start by Q3FY26-end. Management guides ~1.5mt of bauxite from this mine in FY26. Out of total bauxite requirement of ~9mt in FY26, it plans to source ~5mt from OMC and other domestic miners, 2.5mt from imports and ~1.5mt from its captive mine.
- Alumina production guidance was kept unchanged.** Vedanta has reiterated FY26 alumina volumes of 3-3.1MT which implies 60% of overall alumina would be captive. Last quarter, management had guided for FY26 exit rate of 4MT (annually) and FY27 run-rate of 5MT. It expects to reach 6MT capacity largely by the back end of FY27. The Sijimali bauxite mine is expected to contribute 10-15% of FY26 bauxite requirement (1-1.5 MT). Of the total 9MT bauxite requirement, 5MT will come from OMC and domestic sources, 2.5 MT from imports and the rest from Sijimali mine. VEDL expects Aluminum EBITDA/t to improve to ~\$1,100/t in 2HFY26 (vs. 1Q at \$884/t) which is already in our estimates.
- Bauxite and Coal:** VEDL will be commissioning Shijimali mine by the end of Q2FY26 and commence coal mining from Q4FY26. It has built up bauxite stocks to support the annual alumina production target of 3 to 3.1 MT, securing ~9 MT of bauxite from various sources, including 5 MT from OMC or other domestic sources, 2.5 MT from imports, and 1 to 1.5 MT expected from the Shijimali mine.
- Alumina and Aluminium operations:** VEDL reported alumina production of 587kt in 1QFY26 and the management maintains full-year guidance of 3.1mt. Targeted alumina production would roughly require 9mt bauxite this year, of which 5mt would be met through a combination of linkages with OMC and domestic sources, another 2.5mt from imports, and the remaining 1-1.5mt is expected to be mined from the Sijimali mine in FY26. Aluminium hot metal CoP declined by 12% QoQ to USD 1,765/t, due to lower input prices and enhanced captive mix. With the 1.5mt alumina train-2 ramping up, the company targets a captive mix of 65-70% in 2HFY26, enabling cost reduction of USD 80–100/t. Aluminium expansion projects to raise capacity to 2.85mt remain on track.

*Figures 8, 9, 10 & 11 – Nuvama, JP Morgan, Systematix and ICICI Analyst Notes*

This demonstrates not misplaced optimism but another failure of due diligence. These “forecasts” simply echo management's claims with no reference to public reporting, regulatory filings, court proceedings or the projects stalled status.



## The Niyamgiri Mine

VEDL approved, sanctioned and financed the Lanjigarh refinery in 1997 without securing long-term bauxite access. Instead, it bet on future approval to mine the Niyamgiri hills in Odisha, a gamble that was ultimately failed.

Even with the backing of the state-owned Odisha Mining Corporation, the project faced repeated rejection as it was met with sustained legal, environmental, and community opposition.

Undaunted, the Vedanta official said, "If an aluminium complex can be run in Odisha, then you don't stand a chance anywhere else in the country. This is the only state which is richly endowed with both bauxite and non-coking coal." Has Vedanta finally got a reason to see light at the end of the tunnel in the wake of the Supreme Court ruling on bauxite mining in Niyamgiri? The court order says clearances to the mine venture would be subject to gram sabhas deciding cultural and religious claims of the tribes and forest dwellers of Kalahandi and Rayagada districts. Odisha Mining Corporation Chairman Saswat Mishra is on record saying, "This is a positive order. The apex court judgment has sorted out most allegations levelled against the project in the past... The order is a step closer for doing mining at Niyamgiri hills but it is too premature to think mining can begin soon."

Figure 12 – Business Standard, Apr 29, 2013 – "Aluminium capacity growth hinges on Odisha resources"<sup>14</sup>

Over a decade, this resistance created a legal and procedural precedent that now directly threatens Vedanta's efforts at the Sijimali block<sup>15</sup>.

- **1997:** Vedanta signs a memorandum of understanding with the Odisha government to build the Lanjigarh refinery and mine bauxite from the Niyamgiri hills.
- **August 16, 2004:** Vedanta files a separate petition for forest clearance under the Forest Conservation Act through the Odisha Industrial Infrastructure Development Corporation.
- **March 24, 2004:** The Ministry of Environment and Forests (MoEF) states that clearance for the refinery would depend on approval for the mining project, separating the two previously-linked projects.
- **March 25, 2004:** Vedanta submits another application, arguing the refinery would take three years to build while mining could commence in one year.
- **September 22, 2004:** MoEF reverses its earlier position and grants clearance for the refinery, on condition that mining clearance is secured before operationalization. It claims no forest land will be diverted, despite prior filings indicating otherwise.
- **November 2004:** Odisha's forest department issues a show cause notice to Vedanta for encroaching on 10.41 acres of village forest land. Activists begin legal action, petitioning the Supreme Court's Central Empowered Committee (CEC).
- **March 23, 2005:** CEC questions the validity of the clearance. MoEF directs Vedanta to stop construction on 58.9 hectares of forest land. The next day, Vedanta tries to withdraw its own request for forest clearance, claiming it no longer needs the land.
- **March 27, 2005:** The state government recommends withdrawing the stop work order. The MoEF does so the very next day, without independent review.
- **September 2005:** The CEC submits a scathing report to the Supreme Court recommending that mining on Niyamgiri is not allowed, citing regulatory failure and lack of integrity by authorities.
- **February 2006:** The Supreme Court refers the matter to the MoEF's Forest Advisory Committee (FAC), initiating reviews of forest land diversion and environmental risk.
- **June to October 2006:** Reports from the Wildlife Institute of India warn that mining would destroy critical habitat. Supplementary reviews estimate mitigation costs of Rs 42 crore.

<sup>14</sup> [https://www.business-standard.com/article/markets/aluminium-capacity-growth-hinges-on-odisha-resources-113042900780\\_1.html](https://www.business-standard.com/article/markets/aluminium-capacity-growth-hinges-on-odisha-resources-113042900780_1.html)

<sup>15</sup> <https://www.cseindia.org/vedantas-lanjigarh-project-refinery-and-bauxite-mining--1680>





- **December 2006:** FAC recommends denying forest clearance for the mine. Meanwhile, a separate Supreme Court order mandates a broader review of all such clearances.
- **May 2007:** CEC reiterates that MoEF acted irresponsibly and with undue haste in granting Vedanta clearances.
- **April 2013:** Supreme Court rules that the fate of the project must be decided by local village assemblies (Gram Sabhas), based on cultural and religious significance of the land to the Dongria Kondh tribe.
- **July–August 2013:** All twelve Gram Sabhas consulted vote unanimously against the project, effectively terminating Vedanta's mining ambitions in Niyamgiri.

VEDL's failure at Niyamgiri established a binding legal precedent giving Gram Sabhas decisive authority over forest land projects under the Forest Rights Act. In cases involving religious or cultural claims, their decisions are final and cannot be overruled by the MoEF nor any other government body.

### **What Does This Mean?**

#### ***For the FRA***

**The Court's construction of the FRA says that the gram sabha can decide on rights, that decision is final, and the gram sabha has the power to decide on protecting forests and natural heritage. In particular, by sending the matter back to the gram sabha because a key matter has "not been placed before it for its active consideration" the court is treating the gram sabha as a statutory, legal authority at the same rank as, say, the FAC or MoEF. In that sense the court has gone well beyond the question of "consent" as such and instead treated the gram sabha as a regulatory authority. Notably the court says nothing about anyone having the power to overrule the gram sabha.**

What does this mean?

*Figure 13 – Forest Rights Act (FRA) -Summary of VEDL Supreme Court Decision 2013<sup>16</sup>*

Allegations of coercion and forged consents suggest the flashpoint risks identified in the Niyamgiri ruling are now playing out.

#### ***For the Vedanta Project***

- There will, naturally, now be intense efforts to threaten or coerce the gram sabhas to not recognise religious rights in the area.
- There will probably therefore be conflict on the ground, perhaps including bloodshed.
- This is likely to lead to more court battles as well as each side will go to court accusing the other of violating the terms of the judgment.

*Figure 14 – Forest Rights Act (FRA) -Summary of VEDL Supreme Court Decision 2013<sup>17</sup>*

<sup>16</sup> <https://fra.org.in/upload/courtCasesFile/5fb236642896eb9f5162ad0b49149074.pdf>

<sup>17</sup> <https://fra.org.in/upload/courtCasesFile/5fb236642896eb9f5162ad0b49149074.pdf>



## The Fallout of Niyamgiri

The failure at Niyamgiri left the Lanjigarh refinery dependent on high cost and unreliable bauxite sources including VEDL's mines in Chhattisgarh, inter-state purchases and overseas imports.

The refinery's location in Odisha only made sense if it could draw bauxite from nearby deposits. Without Niyamgiri, the plant was cut off from its intended feedstock and forced into a fragmented supply chain.

A project designed for low-cost integrated production instead became structurally exposed to volatility in both domestic and international logistics. VEDL's inability to source the 10,000 tonnes of bauxite required daily has resulted in multiple shutdowns and local unrest:

- In October 2012 VEDL was forced to temporarily shut down parts of the refinery due to raw material scarcity<sup>18</sup>.
- In December 2012, continuing supply constraints led to a complete shutdown. The refinery resumed operations in July 2013<sup>19</sup>.
- In August 2015, VEDL began a phased shutdown of the refinery claiming the facility was losing ₹3 crore (\$351k) per day.
- The Odisha state government even petitioned Vedanta competitors NALCO and Hindalco to provide interim bauxite supplies.
- In January 2025, local associations and organizations took part in a rally demanding immediate allotment of bauxite sources to the Lanjigarh refinery.

Soon after the closure of its bauxite-starved one-million tonne (mt) alumina refinery at Lanjigarh, an official of Vedanta Aluminium was asked whether the company would consider moving the plant out of Odisha in case the raw material deadlock was not broken. Not an outrageous question by any means. Denied mine development at the 90 mt bauxite deposit in the Niyamgiri hills because of cancellation of stage-two environment clearance in August 2010 by the central ministry of environment and forests and incessant protests by the local Dongria Kondh tribals, the company, for whatever reasons, was not bailed out by state-owned Odisha Mining Corporation organising supply from its own sources. This is despite an earlier understanding. Vedanta ran the refinery as long as it could, braving severe logistical challenges in getting bauxite from wherever possible, at high cost. Refinery operations were finally suspended on December 5, 2012.

Figure 15 – Business Standard, Apr 29, 2013 – “Aluminium capacity growth hinges on Odisha resources”<sup>20</sup>

<sup>18</sup> <https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/vedanta-temporarily-shuts-down-refinery-plant-at-lanjigarh/articleshow/16798383.cms>

<sup>19</sup> [https://www.business-standard.com/article/pti-stories/vedanta-to-shut-down-lanjigarh-alumina-refinery-from-tomorrow-112120400565\\_1.html](https://www.business-standard.com/article/pti-stories/vedanta-to-shut-down-lanjigarh-alumina-refinery-from-tomorrow-112120400565_1.html)

<sup>20</sup> [https://www.business-standard.com/article/markets/aluminium-capacity-growth-hinges-on-odisha-resources-113042900780\\_1.html](https://www.business-standard.com/article/markets/aluminium-capacity-growth-hinges-on-odisha-resources-113042900780_1.html)



## Appendix: Case study – The Guinea Supply Shock

In 2018, VEDL signed a long-term supply agreement with Emirates Global Aluminium (EGA) to import ~3 million tonnes of bauxite per year from the Guinea Alumina Corporation (GAC). This became a critical input for the Lanjigarh refinery. The supply from EGA was credited with double digit improvements in VEDL's alumina operations at Lanjigarh in Q2 2020.

We continue to move our unit cost reduction in this quarter with cost at \$1,852/ton, down 10% year-on-year. We saw alumina production at Lanjigarh at 410 kt in Q2, up 18% year-on-year. This was very well supported by higher local bauxite supply, meeting over 58% of our bauxite requirement for the half year versus 53% in Q4 of last year. Also, our EGA bauxite supply started from Guinea, strengthening our supply security. Consequently, we are maintaining a sub-\$300/ton cost of production at our Lanjigarh refinery, an improvement of 18% year-on-year.

Figure 16 – VEDL Q2 FY20 Earnings Call Transcript

In October 2024 a political crisis led to the suspension of GAC's bauxite exports due to disputes. In August 2025 Guinea's military-led government revoked GAC's mining concession and transferred its assets to a state-owned entity without compensation. EGA condemned the move as expropriation and withdrew from the country in an announcement in August 2025.

In VEDL's Q1 FY26, VRL CEO Deshnee Naidoo stated it had replaced the lost volumes through other imports. Naidoo failed to mention the alumina cost of production or the impact the loss of EGA as a supplier was having on the economics of the aluminium segment.

**Ankit Tikmany:** Right.

**Deshnee Naidoo:** So, EGA's operations in Guinea still stand suspended as there is no bauxite supplies from EGA in Guinea. I think maybe before I hand over to Anup to add anything further, I just want to

Figure 17 – VEDL Q1 FY26 Earnings Call Transcript

This episode illustrates the geopolitical risk of relying on international suppliers for a domestic operation without a captive raw material base. Risk only increased by relying on supplies from an unstable nation ruled by a military junta