



Vedanta - HZL Fertilizer Plant Update

Hindustan Zinc's fertilizer plant has been knocked back by the EAC. We estimate commissioning in Q2 - Q4 FY28 and ₹2,000 - ₹2,500 crore (\$226m - \$282m) FY28 revenue impact.

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October 16, 2025 - On September 17, 2025, Vedanta Resources Limited (VRL) subsidiary Hindustan Zinc Limited's (HZL) proposed fertilizer plant in Chanderiya, Rajasthan was rejected by the Expert Appraisal Committee (EAC). **The EAC refused to approve HZL's request to amend its Environmental Clearance due to multiple misrepresentations and errors in its filings:**

1. The site of the project has changed significantly, moving 500 metres from the Company's existing smelter unit.
2. HZL miscategorized the fertilizer plant as an expansion of an existing facility instead of a new construction.
3. HZL classified the project in the single super phosphate category, while the original EC was granted for "Di-Ammonium Phosphate fertilizer."
4. Environmental baseline data was insufficient, consisting of a 1-month period in May 2022. The guidelines require a 3-month dataset less than 3 years old.
5. HZL submitted Form 8, used for amendments that do not change site coordinates, instead of Form 1.
6. HZL failed to address environmental concerns and the EAC had received "several representations" from the public against the project.

We expect the EAC rejection and resubmission process to delay commissioning by 12 - 18 months, pushing expected operation from FY27 to FY28 or later and deferring ₹2,000 - ₹2,500 crore (\$226m - \$282m) in revenue. This estimate assumes no additional delays or objections.

Local media outlets state that the Company had started construction without the necessary permits, and that the ensuing media attention had prompted the MoEFCC to invalidate HZL's submission citing non-compliance and misrepresentation.



Figure 1 - The Police Post, October 14, 2025

This is consistent with VRL's history of cost and schedule overruns at major expansions. The closest parallel is ESL Steel, where a lack of EC was inherited as a legacy issue. HZL's problems differ in that the Company failed the most basic part of regulatory compliance: filling out a form correctly.



Impact

VRL and VEDL management initially guided the plant to be commissioned in Q2 FY25. This timeline was revised to Q2 FY26 in the Company's Q2 FY25 Earnings Call and revised again to Q4 FY26 in the Company's Q4 FY25 Earnings Call. The most recent projections place production starting in December 2026 (Q3 FY27), a cumulative delay of 2 years from the original schedule.

Date of Statement	Management Statement
April 25, 2024 - Q4 FY24 Earnings Call	In Zinc India, following successful commissioning of Fumer plant and the mill revamping, we are geared to commission 160,000 tons per annum roaster plant in quarter 3 of this fiscal year and 5.1 lakh ton per annum fertilizer plant in quarter 2 of next fiscal year.
November 8, 2024 - Q2 FY25 Earnings Call	In Zinc India, 160,000 tons per annum roaster at Debari and 0.5-million-ton fertilizer plant are processing as planned with final commissioning targeted in the last quarter of this current fiscal and 2nd Quarter of the next fiscal respectively.
January 31, 2025 - Q3 FY25 Earnings Call	In Zinc India, the 160,000 tons per annum roaster at Debari and 510,000 tons per annum fertilizer plant are progressing as planned with final commissioning targeted for quarter 4 of the current fiscal and quarter 4 of the next fiscal respectively.
April 30, 2025 - Q4 FY25 Earnings Call	At Zinc India, our 160,000 tons per annum roaster at Debari will be commissioned in the current quarter and a 510,000 tons per annum fertilizer plant in Quarter 4 of this current fiscal year. At
May 11, 2025 - Shareholder Letter ¹	VAP now contributes 22 per cent to our total business. We are also entering the fertilizer segment with a (diammonium phosphate/nitrogen, phosphorous and potassium) plant expected to become operational by FY27, " she said in a recent letter to shareholders.
September 17, 2025 - FT Live Energy Summit India ²	Speaking to reporters on the sidelines of FT Live Energy Transition Summit India, Hindustan Zinc Ltd (HZL) CEO Arun Misra said that "the fertiliser plant is under construction now and we see it coming up by December 2026" . In the first phase, a phosphoric acid plant is scheduled to come up by March-April next year, and subsequently it will be a Diammonium phosphate (DAP), he said.

HZL must now file a new Environmental Clearance (EC) application, triggering a full cycle under the MoEFCC EAC process. This typically involves:

- Preparation and submission of new EIA/EQIA documentation
- Public consultation and resubmission
- EAC appraisal & MoEFCC clearance
- Re-mobilization of contractors

We estimate this would result in a total delay of 12 - 18 months delaying commissioning to Q2 - Q4 FY28. **This would impact FY28 revenues by ₹2,000 - ₹2,500 crore (\$226m - \$282m) based on management expectations of peak revenue for the plant³.**

HZL's commencement of construction on the site without the required approvals may lead to further complications, delays, and costs. The Company has yet to offer any guidance on whether the plans for the plant will be reconsidered.

¹ https://www.business-standard.com/companies/news/hindustan-zinc-fertiliser-plant-likely-to-be-operational-by-fy27-chair-125051200483_1.html

² https://www.business-standard.com/companies/news/hindustan-zinc-s-rajasthan-fertiliser-plant-to-start-by-dec-2026-ceo-125091700558_1.html

³ <https://iref.net/news/chandaria-fertilizer-plant-5-lakh-tonnes-capacity-boost/>



Conclusion

This episode reflects a serious lapse in project governance and risk management. The very basic deficiencies identified by the EAC suggest either inadequate internal controls or an overreliance on regulatory leniency. Financial sustainability and VEDL's execution risk, not commodity pricing, remain the key variables in assessing the situation.

At a group level this worsens VEDL's consolidated FCF deficit, key to the VRL deleveraging and diversification narratives.



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