



# Vedanta – Auditors Turn a Blind Eye to The Facts

Auditors also routinely “test controls” or “verify impairment assessments” whose outcomes are in stark contrast to cursory, observational diligence.

## PLEASE READ IMPORTANT DISCLAIMER – PAGE 21

**October 14, 2025** – This report details the accounting and audit irregularities across the Vedanta Group and its affiliates under the umbrella of the Anil Agarwal-owned promoter entities. We have identified material breaches of Indian Accounting Standards (Ind AS), the Companies Act, 2013 and the Companies (Auditor’s Report) Order, 2020.

This analysis is based on publicly available financial statements, regulatory filings, and comparative data. Each section links specific entities to the relevant accounting standards, highlighting patterns of misstatement, omissions or inadequate audit oversight across the group.

## Parties Involved

Name	Abbreviation	Domicile	Parent Company
Vedanta Resources Limited	VRL	United Kingdom	Vedanta Incorporated (Anil Agarwal Trust)
Vedanta Limited	VEDL	India	Vedanta Resources Limited (VRL)
Hindustan Zinc Limited	HZL	India	Vedanta Limited (64.92%)
Bharat Aluminium Company Limited	BALCO	India	Vedanta Limited (51%)
Electrosteel Steels Limited	ESL	India	Vedanta Limited
Fujairah Gold FZC	Fujairah Gold	United Arab Emirates	Vedanta Limited
Konkola Copper Mines	KCM	Zambia	Vedanta Resources Limited
Twin Star Technologies Limited	TSTL	India	Anil Agarwal Private Investment Vehicle
Vedanta Semiconductors Private Limited	VSPL	India	Vedanta Limited
Serentica Renewables India	—	India	Serentica Singapore (Jointly with KKR)
Serentica Renewables (Singapore) Pte Ltd	—	Singapore	Twin Star Overseas (Agarwal, 35%) + KKR
Runaya Green Tech	—	India	Runaya Metsource (Vedanta Incorporated, Bahamas – Agarwal family trust)
Runaya Metsource LLP	—	India	Vedanta Incorporated (Bahamas)
Minova Runaya Private Limited	—	India	Runaya Metsource (49%), Minova (51%)
Talwandi Sabo Power Limited	TSPL	India	Vedanta Limited
Twin Star Mauritius Holdings	TSM	Mauritius	Vedanta Resources Limited
THL Zinc Ltd / Holding / Ventures	THLZ	Mauritius / India	Vedanta Limited / VRL Group

Figure 1 – Glossary of Names

## Governing Standards and Jurisdiction

This section outlines the standards governing the preparation and audit of financial statements in India.

### Applicable Accounting Structures

#### Indian Accounting Standards (Ind AS)

The Indian Accounting Standards (Ind AS) were established under Section 133 of the Companies Act, 2013 and are notified by the Ministry of Corporate Affairs (MCA). They are converged, but not identical, with International Financial Reporting Standards (IFRS) and are designed to ensure consistency, comparability and transparency in financial reporting.

Ind AS applies to all listed companies in India and their subsidiaries, associates and joint ventures, and all unlisted companies with a net worth exceeding ₹250 crore.



The standards relevant to this submission include:

- Ind AS 1 - Presentation of Financial Statements
- Ind AS 16 - Property, Plant & Equipment
- Ind AS 24 - Related Party Disclosures
- Ind AS 36 - Impairment of Assets
- Ind AS 37 - Provisions, Contingent Liabilities and Assets
- Ind AS 109 - Financial Instruments
- Ind AS 115 - Revenue from Contracts with Customers

### Companies (Auditor's Report) Order (CARO), 2020

The Companies (Auditor's Report) Order, 2020 (CARO 2020) was announced by the MCA on February 25, 2020, replacing the earlier 2016 order. CARO 2020 applies to all statutory audits of financial statements beginning on or after April 2020.

The Order enhances requires auditors to report on key issues of governance and compliance. Under CARO 2020, auditors must explicitly comment on:

- Fraud committed against or by the Company.
- Undisclosed related-party transactions or non-arm's-length transactions
- Non-compliance with statutory or regulatory dues and obligations
- Property, plant, and equipment changes including verification of titles
- Loans to related parties, guarantees and utilization of borrowings

CARO applies to Vedanta Limited and its subsidiaries.

### Summary of Applicable Laws and Standards

Law / Standard	Key Provisions	Applies to
Companies Act, 2013	Sections 129, 133, 134, 188 (RPT), 447 (fraud)	All Indian group entities
Indian Accounting Standards (Ind AS)	Financial statement preparation and disclosure	All group entities
CARO 2020	Auditor reporting of fraud, non-compliance	All group entities via statutory auditors
ICAI Code of Ethics	Auditor independence, reporting responsibility	All audit firms involved
SEBI LODR Regulations	Fair disclosures, RPT, fraud prevention	VEDL, HZL
FEMA, 1999	Restrictions on cross-border brand fee payments	All Indian group entities engaged in overseas transactions

Figure 2 – Viceroy Analysis



## Auditor Negligence

**Except for ESL Steel, all major Vedanta subsidiaries and affiliates have received unqualified (“clean”) audit opinions despite extensive accounting anomalies across their financial statements.** Auditors have consistently stated that they:

- verified classification and valuation of assets,
- assessed impairment indicators, and
- evaluated internal controls.

However, the recurring nature of the violations documented throughout this report shows that audit procedures were insufficient or not applied properly.

### **We observed 2 key systemic issues:**

1. Lack of professional skepticism
2. Lack of capacity

#### **Lack of professional skepticism**

Entities such as ESL Steel, THL Zinc and Talwandi Sabo Power show clear and blatant breaches of multiple Ind AS standards which have been overlooked by auditors. Auditors also routinely **test controls or verify impairment assessments**, which stand in stark contrast to cursory, observational diligence.

Auditors appear to have placed undue reliance on management representations in matters of estimates and probabilities in circumstances where empirical and/or market data is readily available. Facts do not support this audit.

These lapses are not limited to immaterial amounts. For instance: receivables exceeding ₹1,000 crore that have been under legal dispute for more than three years have not been impaired. This is only justified by reliance on legal opinions, **a form of evidence that carries no weight under SA 500** (Audit Evidence).

Under Ind AS 109, if a receivable enters legal dispute, it must be assessed for impairment and typically results in a lifetime expected credit loss being recognized. Under the standard, this would be impaired.

#### **Lack of capacity**

Across the group, entities with multibillion-rupee balance sheets are being audited by firms that either lack the technical scale, industry expertise, or regulatory standing to perform engagements of such size and complexity.

In several cases, the chosen firms have documented histories of sanctions or misconduct findings by regulatory authorities in India and abroad.

**Regulatory sanctions:** Key audit firms engaged by Vedanta or its parent have faced action from oversight bodies including the Reserve Bank of India (RBI), the Institute of Chartered Accountants of India (ICAI), and the National Financial Reporting Authority (NFRA) for failures in audit quality, documentation, and independence.

**Questionable scale and expertise:** Subsidiaries such as THL Zinc Holdings and Avanstrate Inc. are audited by very small local practices with no evidence of international or industry experience. These auditors operate from modest or residential premises and appear logistically incapable of auditing multinational entities spanning several jurisdictions.

**Cross-jurisdictional inconsistencies:** Foreign subsidiaries audited under Indian Accounting Standards (Ind AS) rather than their local GAAPs indicate a deliberate use of convenient auditors to avoid tighter foreign regulatory scrutiny.

**Conflict of scope:** Several auditors are simultaneously engaged across multiple Vedanta entities, reducing independence and raising questions about whether audit time and staffing are sufficient to deliver genuine assurance.



## Summary of Violations

This section consolidates and summarizes a non-exhaustive list of accounting, auditing, and governance violations across the Vedanta Group.

Each violation is categorized by the applicable Ind AS standard or statutory framework, with representative examples.

Entity	Nature of Breach / Violation
<b>Ind AS 1 – Presentation of Financial Statements</b>	
Vedanta Limited	Multiple material misstatements flowing from subsidiaries below.
Vedanta Semiconductors Pvt Ltd	Apparently fabricated trading revenue; no underlying transactions or delivery; financials fail to present true and fair view.
ESL Steel Ltd	Misclassification of penalty afforestation expenses as Right-of-Use assets; false portrayal of productive investment.
Minova Runaya Pvt Ltd	Fabricated “tangible asset sales”; no actual transfer of PPE; recorded only in related-party notes.
Talwandi Sabo Power Ltd	Multiple material misstatements.
<b>Ind AS 16 – Property, Plant &amp; Equipment</b>	
Minova Runaya Pvt Ltd / Hindustan Zinc Ltd	Fabricated “tangible asset sales”; no actual transfer of PPE; recorded only in related-party notes.
ESL Steel Limited	Fraudulent capitalization of afforestation penalties to the MoE as RoU assets. ESL does not control these assets, which are immediately transferred to the MoE's Forestry division.
<b>Ind AS 24 – Related Party Disclosures</b>	
Serentica Renewables India / Singapore	Undisclosed related-party agreements and preferential power delivery contracts with Vedanta entities.
Vedanta Ltd / Vedanta Resources Ltd	Undisclosed brand-fee transfers lacking commercial substance; ED refund order indicates non-genuine nature; no benchmarking or justification for imposition or increases.
Vedanta Ltd / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Hindustan Zinc Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Bharat Aluminium Company Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Minova Runaya Pvt Ltd / Hindustan Zinc Limited	Startup capital provided by HZL, replaced supply chain.
<b>Ind AS 36 – Impairment of Assets</b>	
Vedanta Limited / THL Zinc Ltd	No impairment in non-operational mine; recoverable amount overstated using flawed model.
Black Mountain Mine	Failure to impairment test development asset which has been delayed by 4 years and over-budget.
Vedanta Limited / ESL	Failure to impair non-productive and unmonetizable assets to be transferred to Forest Department





Talwandi Sabo Power Ltd	Failure to impair doubtful receivables despite indicators of impairment: legal disputes, decline in demand, underperformance of projections.
ESL Steel Limited	Fraudulent capitalization of afforestation penalties to the MoE as RoU assets. ESL does not control these assets, which are immediately transferred to the MoE's Forestry division.
Vedanta Ltd / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Hindustan Zinc Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Bharat Aluminium Company Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.

#### Ind AS 37 – Provisions, Contingent Liabilities & Contingent Assets

Talwandi Sabo Power Ltd	Failure to provision for doubtful receivables and regulatory penalties; understated liabilities to SEPCO.
THL Zinc Namibia Holdings Limited	Insufficient provisioning for the Skorpion complex rehabilitation and remediation.
ESL Steel Limited	Insufficient provisioning for Environmental Clearance compliance cost; these expenses have been incorrectly capitalized and ongoing compensatory penalties should be presented as an ongoing liability.

#### Ind AS 115 – Revenue from Contracts with Customers

Vedanta Semiconductors Pvt Ltd	Recognition of ₹416 crore trading revenue with no performance obligation or control transfer.
Vedanta Limited	Brand fees paid in advance based on projected turnover; no measurable service rendered.
Minova Runaya Pvt Ltd / Hindustan Zinc Limited	Fabricated “tangible asset sales”; no actual transfer of PPE; recorded only in related-party notes.
Talwandi Sabo Power Ltd	Revenue recognized when collection is not probable, disputed receivable recognized as revenue.

#### Ind AS 109 – Financial Instruments

Vedanta Semiconductors Pvt Ltd	Improper classification of ₹2,500 crore inter-company loan; no ECL provisioning; disguised capital infusion.
Vedanta Limited / THL Zinc Limited / THL Zinc Ventures Limited	Unjustified reversal of impairment of OCRPS; failure to subsequently impair OCRPS despite significant signs of impairment.
Vedanta Ltd / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Hindustan Zinc Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Bharat Aluminium Company Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS. These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Talwandi Sabo Power Ltd	No ECL provision on ₹1,100 crore of disputed trade receivables over 3 years old.

Figure 3



## Standards and Violations

### Ind AS 1 - Presentation of Financial Statements

#### Overview of Standard

Ind AS 1 - Presentation of Financial Statements states that financial statements present a true and fair view of a company's financial position, financial performance and cash flows. It mandates consistency, comparability and accurate classification of assets, liabilities, income, and expenses.

Misclassifications, contradictions, or concealment constitutes a violation of Ind AS 1 and Sections 129 and 133 of the Companies Act, 2013.

#### Summary Table of Violations

Entity	Nature of Breach / Violation
<b>Ind AS 1 - Presentation of Financial Statements</b>	
Vedanta Limited	Multiple material misstatements flowing from subsidiaries below.
Vedanta Semiconductors Pvt Ltd	Apparently fabricated trading revenue; no underlying transactions or delivery; financials fail to present true and fair view.
ESL Steel Ltd	Misclassification of penalty afforestation expenses as Right-of-Use assets; false portrayal of productive investment.
Minova Runaya Pvt Ltd	Fabricated "tangible asset sales"; no actual transfer of PPE; recorded only in related-party notes.
Talwandi Sabo Power Ltd	Multiple material misstatements.

#### Analysis of Violations

These practices indicate systemic falsification of financial position, performance and cash flows across the Vedanta Group entities.

- ESL's misclassifies regulatory afforestation penalties as RoU assets. This takes shape through compulsory land purchases ESL must make, the parcels and control of which are then transferred to the MoE. ESL inflates its asset base by paying these financial penalties.
- VSPL's trading operations appear to be fabricated. This semiconductor business simply does not exist, and its commodity trading operation appears to be structured for the purposes of evading audit scrutiny and hiding overseas liquidity movement.
- VEDL's disclosure of O&G reserves misleads investors about the operational life and profitability of its portfolio.

**Each of these constitutes a failure to present financial statements that are true, fair and reliable. This violates the core principle of Ind AS 1.**



## Case Study: ESL Steel - Misclassification of Environmental Penalties

ESL Steel Limited (formerly Electrosteels Limited) was acquired out of bankruptcy by VEDL in 2018 and remains chronically unprofitable. The Company operates without regulatory approval; it lacks Environmental Clearance and the Consent to Operate it needs to operate legally and relies on legal stays to remain operational.

To obtain its EC, ESL Steel must provide to the Forest Department five times the land occupied by its steel plant and identify, acquire and afforest a further 455 ha. Instead of recognizing these obligations as expenses, ESL has capitalized ₹688 crore of afforestation-related penalties as a Right-of-Use asset, representing more than one-third of ESL Steel's total tangible PPE capex since its acquisition by Vedanta.

ESL Financial Performance Overview (₹ crore)							
Year	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Revenue	8,147	8,578	7,978	6,596	4,771	4,378	4,952
EBIT	106	(192)	(95)	421	631	362	578
<b>EBIT Margin</b>	<b>1.30%</b>	<b>-2.24%</b>	<b>-1.19%</b>	<b>6.38%</b>	<b>13.23%</b>	<b>8.28%</b>	<b>11.68%</b>
Afforestation Amortization	24	16	12	12	23	0	-
EBIT less Afforestation Amortization	82	(208)	(107)	409	608	362	578
<b>Adj. EBIT Margin</b>	<b>1.01%</b>	<b>-2.43%</b>	<b>-1.34%</b>	<b>6.20%</b>	<b>12.75%</b>	<b>8.28%</b>	<b>11.68%</b>

Figure 4 – Viceroy Analysis – ESL Margins

Although the title deed for the land is in ESL Steel's name, the title and control belongs to the Forest Department and ESL Steel can derive no future economic benefit from it. ESL Steel's capex shows that gross capex after afforestation costs routinely falls below annual depreciation, indicating that ESL underinvests in its core steelmaking assets. In effect, ESL's accounting both inflates its asset base and hides the erosion of productive assets, producing a distorted picture of performance and solvency.

ESL Capex Analysis (₹ crore)							
Year	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Gross Capex	575*	474	592	779	51	82	71
Afforestation Capex	127*	231	50	11	66	55	-
<b>Gross Capex ex Afforestation</b>	<b>447*</b>	<b>243</b>	<b>543</b>	<b>769</b>	<b>(15)</b>	<b>27</b>	<b>71</b>
Depreciation	389	386	356	336	346	306	304
<b>Gross Capex Less Afforestation and Depreciation</b>	<b>59*</b>	<b>(143)</b>	<b>187</b>	<b>432</b>	<b>(361)</b>	<b>(279)</b>	<b>(233)</b>

\* The FY25 result is skewed by an outsized ₹200 crore proceeds from sale of PPE.

Figure 5 – Viceroy Analysis – ESL Capex

## Violations

- Capitalization of ₹688 crore of non-productive land which is transferred to the MoE, for which ESL Steel does not control, and cannot monetize. These **expenses** have no ability to generate economic benefits.
- Expenses related to environmental penalty compliance is misrepresented as "growth capex", hiding regulatory costs as productive investment. Fines are an abnormal expense in any case, and cannot be capitalized even in an asset sale scenario.
- By treating mandatory afforestation as capex, ESL Steel has inflated its asset base, suppressed current-period expenses and hidden operational losses.
- Gross capex after afforestation costs has consistently fallen below annual depreciation, showing that ESL Steel underinvests in productive assets, while VEDL portrays it as expanding.

## Regulatory Breaches:

- Ind AS 1: Failure to present fair and accurate classifications of assets and expenses.
- Companies Act, 2013, Section 129: Failure of financial statements to present a true and fair view.
- CARO 2020 Clause 3: Auditors are required to examine fixed asset classification and statutory compliance and did not report material irregularities.

**The result of these violations is an inflated asset base, suppressed expenses and a false presentation of profitability.** You can read more on ESL steel here:

<https://viceroyresearch.org/2025/09/26/vedanta-esl-was-bankrupt-before-will-be-bankrupt-again/>



## Ind AS 16 - Property, Plant and Equipment

### Overview of Standard

Ind AS 16 - Property, Plant and Equipment prescribes the recognition and measurement of tangible assets used in the production of goods and services. It dictates that assets are only recorded when they provide probable future economic benefit and that asset cost, depreciation and impairment is presented accurately.

Capitalization of non-productive or non-existent assets, misclassifying expenses as capital expenditure or failing to impair items is a violation of Ind AS 16 and Sections 129 and 133 of the Companies Act.

### Summary Table of Violations

Entity	Nature of Breach / Violation
<b>Ind AS 16 - Property, Plant &amp; Equipment</b>	
Minova Runaya Pvt Ltd / Hindustan Zinc Ltd	Fabricated “tangible asset sales”; no actual transfer of PPE; recorded only in related-party notes.
ESL Steel Limited	Fraudulent capitalization of afforestation penalties to the MoE as RoU assets. ESL does not control these assets, which are immediately transferred to the MoE's Forestry division.

### Analysis of Violations

The Vedanta Group’s recurring violations of Ind AS 16 revolve around turning costs and penalties into capital assets to inflate profits and net worth.

- ESL’s capitalization of penalty afforestation expenses boosts assets, inflates bottom line.
- Minova Runaya’s declared asset sales to HZL are a fabricated cross-entity transaction to extract cash and overstate PPE.
- Captive coal mines remain on the books despite zero output for years, masking the economic impact of project failures.

**Each instance inflates total assets, suppresses expenses and produces false return-on-capital metrics in the Vedanta Group’s accounts.**





## Case Study: Minova Runaya - Fabricated Asset Sales to HZL

Minova Runaya Private Limited, a 49% Agarwal-owned joint venture, supplies Hindustan Zinc Limited (HZL) exclusively under non-arm's-length contracts. Minova Runaya's declared revenue from HZL exceeds its total reported revenue, an accounting impossibility. In FY24, the company disclosed ₹253 crore in sales to HZL but only ₹223 crore in total revenues.

Between FY21 and FY24, **Minova Runaya declared ₹543 crore in tangible asset sales to HZL while holding just ₹66 crore in total property, plant and equipment (PPE)**. These "asset sales" sales appear only in the Related-Party Transaction disclosures, not in the Statement of Cash Flows or Fixed Asset Notes.

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 LIMITED	ZINC HINDUSTAN 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]	On	
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 6 & 7 – Viceroy Analysis – Minova Runaya Accounts 2024

HZL's own financials record different sales values and no corresponding asset purchases, suggesting that Minova Runaya's transactions are falsified.

This contradiction suggests that the "sales" were **paper entries designed to justify cash transfers** between related entities, enabling promoter-controlled companies to extract liquidity from a government-backed listed entity. We note that transactions between Minova Runaya and HZL are for undifferentiated commoditized goods, such as mining supplies.

Minova Runaya assumes no risk and thus these transactions should not fall into the category of "billed" vs "earned". The Company procures goods at market price, applies a markup and resells them to HZL. It is a logical fallacy to suggest that Minova Runaya billed HZL on an "earned" basis for the pass-through supply of commoditized goods. This must be examined.

## Violations

- Minova Runaya recognized ₹253 crore in sales to HZL despite only reporting ₹223 crore in total revenues.
- ₹543 crore in tangible asset sales to HZL were recorded over four years even though Minova Runaya's total PPE never exceeded ₹crore
- Transactions amounting to 97% of turnover for the year appear only in related party notes.
- HZL's accounts show no purchase of PPE from Minova Runaya, and its purchase disclosures do not match Minova Runaya's.

## Regulatory Breaches

- Ind AS 16: Improper recognition and measurement of property and equipment.
- Ind AS 24: Non-disclosure of related-party nature and non-arm's-length terms.
- Ind AS 115: Revenue recognized from a single customer exceeds total revenue during the year.
- Ind AS 1: Failure to ensure consistency and faithful representation of financial statements.
- Companies Act, 2013, Section 129 & 133: Failure to present a true and fair view of financial position.
- CARO 2020 Clause 3: Auditor should have reported irregular movements in fixed assets.



The result of these violations was a transfer of at least ₹543 crore from Hindustan Zinc to a promoter-owned subsidiary and the concealment of cash transfers from a GoI-backed entity. Read more about Minova Runaya here:

<https://viceroyresearch.org/2025/07/23/meet-the-agarwals-minova-runaya/>

## Ind AS 24 - Related Party Disclosures

### Overview of Standard

Ind AS 24 requires the full disclosure of all related party relationships, transactions and outstanding balances. This includes those between parent and subsidiaries, joint ventures, key management personnel and entities with common control.

Failure to accurately disclose or price such transactions is a violation of Ind AS 24 and Sections 129, 133 and 188 of the Companies Act, 2013.

### Summary Table of Violations

Entity	Nature of Breach / Violation
<b>Ind AS 24 - Related Party Disclosures</b>	
Serentica Renewables India / Singapore	Undisclosed related-party agreements and preferential power delivery contracts with Vedanta entities.
Vedanta Ltd / Vedanta Resources Ltd	Undisclosed brand-fee transfers lacking commercial substance; ED refund order indicates non-genuine nature; no benchmarking or justification for imposition or increases.
Vedanta Ltd / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Hindustan Zinc Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Bharat Aluminium Company Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Minova Runaya Pvt Ltd / Hindustan Zinc Limited	Startup capital provided by HZL, replaced supply chain.

### Analysis of Violations

Vedanta Group uses related entities to extract value, bypass liquidity constraints and evade disclosure rules.

- Brand fee transactions between VEDL and VRL operate as an interest-free unreported loan facility. Liquidity flows to the parent as needed, sometimes before any services are rendered.
- HZL's supplier base was replaced with promoter-owned shell entities, stealing margins and undermining shareholder value.
- Serentica's uneconomic OCRPS instruments issued to HZL and Vedanta are used to justify cash outflows to promoter-owned vehicles. These instruments are held at-cost, despite holding no value whatsoever in the related party, off-balance sheet entity.
- VSPL's trading activity functions as a circular cash loop to hide intra-group capital movements.



### Case Study: Serentica Renewables

Serentica Renewables India Pvt Ltd is an Agarwal-owned company that was presented to VEDL investors as a strategic green-energy partner. From FY22 to FY25, Vedanta, HZL and BALCO subscribed to ₹1,956 crore in Optionally Convertible Preference Shares (OCRPS) issued by Serentica India Single-Purpose Vehicles (SPVs).

These shares carried a coupon of 0.0001% and only gained conversion rights after 30 years, long after any assets would have been depreciated to zero.

#### Violations

- Vedanta Group Entities entered into 25-year cost plus Power Delivery Agreements with Serentica entities despite Serentica having no constructed or operational power generation.
- The investments made by Vedanta Group entities lack any commercial rationale, and no independent investor would accept such terms.
- The coupon and conversion right terms of the Serentica OCRPS was not disclosed by Vedanta Group entities in their annual reports.
- No valuation, arm's length opinion, or disclosure of the OCRPS terms by the Vedanta Group entities was provided.

#### Regulatory Breaches

- Ind AS 24: Non-disclosure of related-party nature and absence of arm's length justification.
- Companies Act, 2013, Section 188: Entering into related-party transactions without shareholder approval.
- SEBI LODR Regulation 23: Failure to disclose material related-party transactions to stock exchanges.

As a result of these violations, Vedanta Group entities have "invested" ₹1,343 crore in functionally worthless Serentica OCRPS and have committed to a further ₹613 crore as of FY25. This has reduced liquidity available to shareholders and exposed these entities to significant counter-party default risk.

Read about Serentica Renewables here:

<https://viceroyresearch.org/2025/07/16/vedanta-meet-the-agarwals-serentica-renewables/>





## Ind AS 36 - Impairment of Assets

### Overview of Standard

Ind AS 36 requires companies to assess whether any asset or group of assets, known as a cash generating unit (CGU), may be impaired at each reporting date. An impairment occurs when the recoverable amount (the higher of fair value, less cost to sell and value in use) is lower than the asset or CGU's carrying value on the balance sheet.

Assets that are idle, underutilized or persistently loss-making must be impairment tested and record write downs immediately.

Failure to do so violates Ind AS 36, Ind AS 1, and Sections 129 and 133 of the Companies Act.

### Summary Table of Violations

Entity	Nature of Breach / Violation
<b>Ind AS 36 - Impairment of Assets</b>	
Vedanta Limited / THL Zinc Ltd	No impairment in non-operational mine; recoverable amount overstated using flawed model.
Black Mountain Mine	Failure to impairment test development asset which has been delayed by 4 years and over-budget.
Vedanta Limited / ESL	Failure to impair non-productive and unmonetizable assets to be transferred to Forest Department
Talwandi Sabo Power Ltd	Failure to impair doubtful receivables despite indicators of impairment: legal disputes, decline in demand, underperformance of projections.
ESL Steel Limited	Fraudulent capitalization of afforestation penalties to the MoE as RoU assets. ESL does not control these assets, which are immediately transferred to the MoE's Forestry division.
Vedanta Ltd / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Hindustan Zinc Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Bharat Aluminium Company Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.

### Analysis of Violations

Vedanta has systematically failed to recognize impairment losses on assets whose operational or economic performance no longer supports their recorded book value.

- Power (Meenakshi and Athena): Both assets have loss-making unit economics despite selling their power through more lucrative but volatile short-term arrangements.
- ESL Steel: Continues to report negative free cash flow when adjusted for incorrectly capitalized environmental penalties.
- Coal Mines (Radhikapur, Kuraloi, Ghogharpali): Despite zero output and lapsed clearances, Vedanta has not impaired these work-in-progress assets.
- Oil & Gas: Production decline and reserve depletion have reduced profitability and output, but Vedanta conflates contingent resources with proven reserves to justify carrying values.





## Case Study: THL Zinc Ventures Limited

THL Zinc Ventures Limited (THLZV) is a Mauritius-incorporated Vedanta Limited subsidiary that holds the Company's Zinc International operations: the Skorpion Mine and Smelter in Namibia, and the Gamsberg and Black Mountain Mines in South Africa.

The Skorpion Mine has had multiple unmediated open-pit wall collapses since 2020, the first of which halted operations to this day. The adjoining smelter has been dismantled, equipment was removed, and no credible restart or sale plan exists despite management claiming for several years that mining would soon resume.

Skorpion Management Statements	
Report Date	Forecast Mine Opening
2020	"mining to resume in October 2020"
2021	"the last quarter of the 2022 financial year"
2022	"the last quarter of the 2022 financial year"
2023	"the last quarter of the 2024 financial year"
2024	"in the 2027 financial year"
2025	"in the 2027 financial year"

Figure 8 – Viceroy Analysis – ESL Capex

**The Black Mountain Mine has generated significant losses since FY24 and faces at least one winding up petition from a former labor contractor.** Black Mountain requires significant capex to operationalize the Deeps Expansion as the current Gamsberg mine is nearly depleted.

Free Cash Flow Analysis USD \$'000s	Black Mountain Mining			
	2025	2024	2023	2022
NPBT	1,640,655	508,957	3,095,830	2,087,211
Adjustments	661,695	731,719	753,442	971,214
WC changes	(943,917)	2,657,251	118,133	(85,134)
Taxes paid	(612,432)	(240,127)	(243,375)	-
Cash from operating activities	746,001	3,657,800	3,724,030	2,973,291
Less:				
Purchase of PPE & intangibles	(4,035,755)	(4,680,718)	(2,355,696)	(2,044,619)
Interest paid	(324,142)	(22,056)	(63,608)	(39,276)
Viceroy Estimated FCF	(3,613,896)	(1,044,974)	1,304,726	889,396
Reverse changes in working capital	943,917	(2,657,251)	(118,133)	85,134
Normalized FCF	(2,669,979)	(3,702,225)	1,186,593	974,530

Figure 9 – Viceroy Analysis – ESL Capex

Despite this, Vedanta's ₹5,300 crore investments in THLZV and ₹2,495 crore in its OCRPS instruments have not been impaired despite significant decreases in operational and financial performance.

## Violations

- The impairment test of Vedanta's investment in THLZV ignores market value tests, ignores restart/rehab capex and uses an inappropriately low discount rate.
- Vedanta has only booked \$15m in provisions for the closure and rehabilitation of the Skorpion Complex, a process with norms that run into the hundreds of millions.
- In FY24 Vedanta recorded a ₹860 crore impairment reversal on OCRPS investments in THLZV and THLZH despite declines in profitability in the segment.

## Regulatory breaches

- Ind AS 36: Failure to test for impairment and recognize losses on non-recoverable assets.
- Ind AS 1: Failure to ensure true and fair presentation of financial position.
- Companies Act, 2013, Sections 129 & 133: Failure to present a true and fair view of financial position.
- CARO 2020 Clause 3: Auditor should have reported non-recognition of impairment.

The Skorpion Complex has no credible path to restart or sale, and the Black Mountain Complex faces worsening losses as it is unable to fund its own expansion. Read more about Skorpion here:

<https://viceroyresearch.org/2025/08/22/vedanta-thl-zinc-valuation/>



## Ind AS 37 - Contingent Liabilities

### Overview of Standard

Ind AS 37 requires companies to recognize a provision when:

1. There is a present legal or constructive obligation because of past events
2. It is probable that an outflow of economic resources will be required to settle the obligation.
3. A reliable estimate can be made of the size of the obligation.

When the probability of outflows is unconfirmed or the recognition standard is not met, liabilities must be recognized as contingent liabilities.

Ignoring, deferring or misclassifying provisions understates liabilities and overstates profit and equity. Failure to comply violates Ind AS 37, Ind AS 1, and Sections 129, 133, and 134(5) of the Companies Act, 2013.

### Summary Table of Violations

Entity	Nature of Breach / Violation
<b>Ind AS 37 - Provisions, Contingent Liabilities &amp; Contingent Assets</b>	
Talwandi Sabo Power Ltd	Failure to provision for doubtful receivables and regulatory penalties; understated liabilities to SEPCO.
THL Zinc Namibia Holdings Limited	Insufficient provisioning for the Skorpion complex rehabilitation and remediation.
ESL Steel Limited	Insufficient provisioning for Environmental Clearance compliance cost; these expenses have been incorrectly capitalized and ongoing compensatory penalties should be presented as an ongoing liability.

### Analysis of Violations

**Vedanta's handling of provisions and contingent liabilities shows a pattern of deliberate misclassification and misrecognition designed to inflate profitability and net worth.**

- THL Zinc under-provisioned closure and rehabilitation costs by at least tenfold, inflating asset values. The Company currently holds provisions of only \$15m for the rehabilitation of the entire Skorpion Mine Complex.
- We note that the Skorpion mine is already defunct, and the PV is therefore the current value.

**This is a deliberate understatement of obligations that distorts the perception of Vedanta's consolidated solvency and financial risk recognition.**



## Case Study: Skorpion Mine and Smelter

Vedanta subsidiary THL Zinc Namibia Limited owns the Skorpion Mine and Smelter (the Skorpion Complex) in Namibia. The Skorpion Complex ceased operations in 2020 after a mine pit-wall collapsed.

All mining and smelting activities have stopped, and the mine itself is nearly exhausted. The site is without an industrial power source and has no credible restart plan. The only remaining source of revenue is the sale of old stock and a nearby guesthouse which THL Zinc Namibia Holdings owns.

	Note(s)	Group	
		2025 N\$ '000	2024 N\$ '000
Revenue	16	7,418	19,320
Cost of sales		(5,875)	(11,517)
<b>Gross profit</b>		<b>1,543</b>	<b>7,803</b>
Other operating income	17	15,612	8,041
Other operating expenses		(179,812)	(168,843)
Exceptional item - impairment loss		-	(263,522)
<b>Operating loss</b>	19	<b>(162,657)</b>	<b>(416,521)</b>
Finance income	20	77,309	91,493
Finance costs	21	(47,575)	(60,171)
Income / (loss) from equity accounted investments		3,172	3,445
<b>(Loss) profit before taxation</b>		<b>(129,751)</b>	<b>(381,754)</b>
Taxation	22	-	-
<b>(Loss) profit for the year</b>		<b>(129,751)</b>	<b>(381,754)</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(129,751)</b>	<b>(381,754)</b>

13. Decommissioning provisions				
Reconciliation of provisions - Group - 2025				
	Opening balance N\$'000	Unwinding discount N\$'000	Change in estimate N\$'000	Total N\$'000
Decommissioning provision	125,913	14,918	16,416	157,247
Restoration provision	118,992	11,300	(5,545)	124,747
	<b>244,905</b>	<b>26,218</b>	<b>10,871</b>	<b>281,994</b>
Reconciliation of provisions - Group - 2024				
	Opening balance N\$'000	Unwinding discount N\$'000	Change in estimate N\$'000	Total N\$'000
Decommissioning provision	196,794	13,427	(84,308)	125,913
Restoration provision	135,222	11,088	(27,318)	118,992
	<b>332,016</b>	<b>24,515</b>	<b>(111,626)</b>	<b>244,905</b>
The decommissioning provision relates to decommissioning of property, plant and equipment where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The current estimate was escalated using inflation rate of 4.38% (Mining) and 4.43% (Refinery) (2024: 5.04% (Mining) 4.91% (Refinery)) and discounted at a rate of 8.35% (Mining) and 9.65% (Refinery) (2024: 9.54% (Mining) 11.44% (Refinery)). These costs are expected to be incurred over the remaining life-of-mine currently being 10 years (NZ) and 4 years (SMC) (2024: 11 years (Mining) 5 years (Refinery)).				

Figures 10 & 11 – Viceroy Analysis – THL Zinc Accounts 2024

Despite this, THL Zinc Namibia Holdings Limited has only recorded a N\$282m (₹131 crore) closure and rehabilitation provision. There have been no rehabilitation efforts at the site to date.

THL Zinc Namibia Limited is held as a \$119m (1,017 crore) investment on its parent company THL Zinc Limited's balance sheet. Vedanta must still test for impairment and accurately reflect the Company's financial reality under Ind AS 36, even if it is accounted for under Ind AS 27.

## Violations

- Comparable zinc operations in the region record closure liabilities in the hundreds of millions of dollars.
- Failure to recognize full closure liability compounded by failure to record accurate impairment of the investment.

## Regulatory Breaches

- Ind AS 37: Failure to recognize best estimate of closure and rehabilitation obligations.
- Ind AS 1: Non-compliance with fair presentation of liabilities and assets.
- Companies Act Sections 129 & 134: Board responsibility for material understatement of obligations.
- CARO 2020 Clause 3: Auditor's duty to report unrecorded liabilities.



## Ind AS 109 - Financial Instruments

### Overview of Standard

Ind AS 109 prescribes the classification measurement and impairment of financial assets and liabilities. It dictates that financial assets must be recognized initially at fair value and subsequently measured using amortized cost or fair value.

Companies are required to assess Expected Credit Losses (ECLs) for all financial assets for each reporting date and recognize impairments when credit risk has increased significantly or financial instrument default risk is present.

### Summary Table of Violations

Entity	Nature of Breach / Violation
<b>Ind AS 109 - Financial Instruments</b>	
Vedanta Semiconductors Pvt Ltd	Improper classification of ₹2,500 crore inter-company loan; no ECL provisioning; disguised capital infusion.
Vedanta Limited / THL Zinc Limited / THL Zinc Ventures Limited	Unjustified reversal of impairment of OCRPS; failure to subsequently impair OCRPS despite significant signs of impairment.
Vedanta Ltd / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Hindustan Zinc Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the SPV's contract delivery terms.
Bharat Aluminium Company Limited / Serentica Renewables	Failure to impair 0.0001%-coupon, out-of-the-money Serentica OCRPS . These OCRPS are eligible for conversion in 30 years, a period longer than the the SPV's contract delivery terms.
Talwandi Sabo Power Ltd	No ECL provision on ₹1,100 crore of disputed trade receivables over 3 years old.

### Analysis of Violations

Vedanta has systematically failed to recognize impairments and credit-risk losses on financial assets whose recoverability is clearly compromised. Recoverability is accepted without challenge

- Talwandi Sabo Power Limited has made no provisions for ₹1,1000 crore of disputed trade receivables outstanding for more than three years. Income continues to be booked against disputed dues.
- Vedanta Limited's reversed previously impaired OCRPS in THL Zinc and THL Zinc Ventures despite continued loss-making operations. The only evidence of recoverability was from unsustainable borrowings at THL Zinc.
- OCRPS in Serentica Renewables held by Vedanta Limited, HZL and BALCO carry a 0.0001% coupon with out-of-the-money conversion terms. **These have not been impairment tested and are economically unviable from inception.**





### Case Study: Talwandi Sabo Power Limited - Uncollectible Receivables

TSPL operates a 1,980 MW coal-based power plant supplying the Punjab State Power Corporation Ltd (PSPCL) under long-term PPA arrangements.

As of March 31, 2025, TSPL reported ₹2,650 crore in trade receivables, comprised of ₹1,691 crore classified as non-current and ₹1,102 crore outstanding for more than three years. These outstanding receivables are attributable to legal disputes with PSPCL dating back to at least March 2017.

To the extent that TSPL has been able to recover these balances, it has been minor sums obtained under court judgements during each year.

<b>43 Disputed Trade Receivables</b>	
Punjab State Power Corporation Limited ("PSPCL"), which is the Company's sole customer has withheld payments aggregating to ₹ 1,622.07 Crore (previous year ₹ 1,544.94 Crore) which are on account of various disputes including yield loss during washing, tax benefits at the time of initial plant setup, procurement of alternate coal, basis of computation of plant availability, capacity charges during force majeure and gross calorific value amongst others. Pursuant to an order of the Hon'ble Supreme Court dated March 09, 2021, the Company has received ₹ 375 Crore from PSPCL (previous year ₹ 1,002 Crore on the basis of Hon'ble Supreme Court dated August 05, 2019) in the matter of yield loss during washing & difference in the assessment of gross calorific value. The balance	

Figure 12 – TSPL Accounts 2024

As a result, these balances have grown year-on-year, despite continuing disputes and delays in payment under the PPA.

Talwandi Sabo Power Limited Receivables Analysis (₹ crore)						
	FY25	FY24	FY23	FY22	FY21	FY20
<b>Non-Current</b>						
Disputed Trade Receivables -						
Considered Good	1,691	1,620	1,476	1,725	1,622	1,545
Not due	25	24	26	28	27	47
< 6 months	74	74	124	83		
6 months - 1 year	86	77	122	60	373	395
1 - 2 years	151	164	227	495		
2 - 3 years	252	227	206	281	1,223	1,103
> 3 years	1,103	1,054	771	778		

Figure 13 – Viceroy Analysis – TSPL Accounts

### Violations

- Receivables past due for more than three years are still recorded at full value despite demonstrated lack of collectability.
- Overdue receivables are shown as trade receivables rather than doubtful or impaired financial assets.
- Income continues to be recognized even though probability of timely collection of associated receivables is demonstrably low.
- No evidence of ECL evaluation or credit-risk.
- Carrying value of receivables has inflated the balance sheet by at ₹1,102 crore.

### Regulatory Breaches

- Ind AS 1: Financial assets and revenue are inflated by uncollectible revenue and receivables.
- Ind AS 36: No impairment of associated assets despite non-payment for more than three years, possible up to eight years.
- Ind AS 109: Improper measurement of financial assets, failure to recognize ECLs.
- Ind AS 115: Recognition of revenue when collectability is not probable.
- Companies Act Sections 129 & 134: Board responsibility for material understatement of obligations.
- CARO 2020 Clause 3: Auditor's duty to report when loans and advances are of doubtful recoverability.



## Ind AS 115 - Revenue Recognition

Ind AS 115 dictates the recognition of revenue from contracts with customers. Revenue must only be recognized when control of goods or services is transferred and must reflect the amount the company expects to receive in exchange for those goods or services.

The core tests under Ind AS 115 are regarding substance:

1. There must be a contract with enforceable rights and obligations
2. The contract has commercial substance regarding the risk, timing, or amount of future cash flows received.
3. The performance obligation must be satisfied
4. The consideration must be measurable and probably of collections.

**Recording revenue without a genuine transaction or arrangements violated Ind AS 115, Ind AS 1, and Sections 129 & 133 of the Companies Act, 2013.**

## Summary Table of Violations

Entity	Nature of Breach / Violation
<b>Ind AS 115 - Revenue from Contracts with Customers</b>	
Vedanta Semiconductors Pvt Ltd	Recognition of ₹416 crore trading revenue with no performance obligation or control transfer.
Vedanta Limited	Brand fees paid in advance based on projected turnover; no measurable service rendered.
Minova Runaya Pvt Ltd / Hindustan Zinc Limited	Fabricated “tangible asset sales”; no actual transfer of PPE; recorded only in related-party notes.
Talwandi Sabo Power Ltd	Revenue recognized when collection is not probable, disputed receivable recognized as revenue.

## Analysis of Violations

Vedanta’s application of Ind AS 115 shows fictional revenue to give the impression of an operating business to justify overseas borrowings and remittances. VSPL’s revenue only appears in

### Case Study: Vedanta Semiconductors Pvt Ltd

Vedanta Semiconductors Private Limited (VSPL) was incorporated as part of Anil Agarwal’s ultimately unsuccessful entry into India’s semiconductor sector.

Despite having no operational facilities, no inventories, no logistics expenses and no trade credit, VSPL reported ₹416 crore in “trading revenue” during FY25, a 30,994% year-on-year increase. The company reported this revenue at a 0% margin, suggesting that no goods or services were actually exchanged.

During the same period, VSPL issued ₹2,454 crore in 10% Non-Convertible Debentures to foreign investors including JP Morgan, Fort Canning Investments, Burlington Loan Management and Bank of America Singapore.

The proceeds were on-lent to Vedanta Limited through a ₹2,500 crore 12% loan during the year.

A review of VSPL’s statutory filings and Vedanta Limited’s financials shows:

- Vedanta changed VSPL’s principal activity from electronics to copper trading during the year.
- VSPL reported no opening, closing or movement in inventories and no logistics or freight costs.
- VSPL reported no trade credit, leases, transit or freight costs and only ₹16 lakh in insurance expenses.
- VSPL sold all its furniture during the year, and employee costs fell 55%. Overheads, legal and professional expenses fell 54%.



- All ₹178 crore of VSPL's sales to Vedanta Copper were recorded as receivables with no corresponding cash flow.

This pattern shows that VSPL's reported revenues lack commercial substance. The "trading" activity appears to simulate operational turnover and justify foreign borrowings that were channeled directly to Vedanta Limited.

#### Violations

- VSPL recognized ₹416 crore of trading income without any evidence of goods delivered or control transferred
- The NCD proceeds raised from foreign investors were immediately funneled to Vedanta Limited, indicating the purpose of the revenue entries was to justify a financing flow, not record commerce.
- By booking possibly fictitious turnover, VSPL distorted its financial position in breach of Ind AS 1's requirement for fair and faithful representation.

#### Regulatory Breaches

- Ind AS 115: Recognition of revenue absent delivery, contract or performance obligation.
- Ind AS1: Misrepresentation of financial position and performance through fabricated turnover
- Companies Act Sections 129 & 134: Board responsibility for fabricated turnover.
- CARO 2020 Clause 3: Auditors obligated to report fictitious or irregular revenue recognition.
- FEMA 1999: Possible breach for routing foreign-borrowed funds through non-operational domestic subsidiary.

**VSPL's 2025 financials inflated group revenue and misrepresented liquidity. The Company functioned as a conduit for offshore borrowing disguised as domestic operating cash flow, allowing Vedanta Limited to present a healthier balance sheet and improved covenant ratios.**



## Annexure 1: Vedanta Group Indian Companies and Auditor Details

Vedanta Group Indian Companies and Auditor Details				
Company	Statutory Auditor	Registration Number	Partner	ICAI Membership Number
Vedanta Limited	S.R. Batliboi Co	301003E/E300005	Vikas Pansari	93649
ESL Steel Limited	Lodha & Co	301051E	Ashim Kumar Ghosh	54564
Hindustan Zinc Limited	S.R. Batliboi Co	301003E/E300005	Tridevlat Khandelwal	501160
Bharat Aluminium Company Limited	S.R. Batliboi Co	301003E/E300005	Pramod Kumar Bapna	105497
Talwandi Sabo Power Limited	S.R. Batliboi Co	301003E/E300005	Amit Kumar Jain	97214
Serentica Renewables India Limited	Walker Chandio & Co	001076N/N50013	Rohit Arora	504774
Vedanta Semiconductors Limited	M.P. Chitale & Co	101851W	Narendra Joshi	143582
Minova Runaya Limited	Singhi & Co	302049E	Navindra Kumar Surana	53816
Meenakshi Energy Limited	Haribhakti & Co	105323W/W100048	Deepak Badrinara Yan Kabra	133472

Figure 14 – VEDL Auditor Details





### **Attention: Whistleblowers**

Viceroy encourage any parties with information pertaining to misconduct within Vedanta Resources, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on [viceroy@viceroyresearch.com](mailto:viceroy@viceroyresearch.com).

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