



Vedanta – No Office, No Service, No Cash

Beneath H1 2026 “Record Revenues”: Eroding Margins, FCF Losses, Dividend Cuts, Enormous Impairments, Regulatory Summons, Fake Offices, Greenwashing, Value Destruction.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 14

November 3, 2025 – Vedanta’s Q2 FY26 results confirm its financial structure is fundamentally broken and validates our core thesis. The company's headline claim of "record revenues" is a smokescreen, obscuring a collapse in free cash flow, eroding margins, and a balance sheet being propped up by new debt.

VRL’s management team continued to stumble on VEDL’s earnings call, seemingly admitting that they do not have an office at their registered office address, appear to be committing tax fraud, and have lost control of the Vedanta PR machine.

- **Dividends Funded Entirely by Debt:** VEDL’s free cash flow was negative, with a **\$1,049m FCF shortfall** to dividends paid in FY26 so far. This was funded largely by a **\$1,093m increase** in Gross Debt in the first half of the year.
 - VRL management has finally **dropped dividend guidance to 4-5% yield** for the next three years. This is a massive cut from the ~17% yield paid since FY22 and a tacit admission that prior payouts were unsustainable and funded by leverage. Vedanta Limited absorbed billions in debt and diluted stock to support VRL.
- **Operational Collapse:** The sole "bright spot," Aluminium, was propped up only by high commodity prices. All other core verticals are failing: Zinc India is being "hollowed out" by related-party deals, Zinc International’s EBITDA *fell* 12% as it fails to "convert scale to margin", Oil & Gas is in terminal decline, and the Power segment’s EBITDA halved.
- **Massive Write-Offs & Misleading Disclosures:** Management was forced to materialize liabilities it had previously denied. This includes a **₹1,407 crore (\$159m) write-off** at TSPL, wiping out 39% of its equity.
 - An additional **₹660 crore (\$75m)**, which management previously claimed was a **recoverable bank guarantee**, was paid to settle the SEPCO dispute, a liability VEDL had hidden from its demerger filings.
- **'Brand Fee' Farce Admitted:** We found VRL’s listed London office at 30 Berkeley Square is **vacant**. On the earnings call, VRL’s CEO *admitted* the parent company is now operating from Anil Agarwal’s **personal residence** at 44 Hill Street.
 - It was also admitted that services are rendered by **VEDL employees in India**. This is a tacit admission that the "brand fees" are a complete "fiction". We believe this is grounds for tax fraud.
- **Regulatory Scrutiny Intensifies:** VEDL formally acknowledged receiving **“summons for production of documents from the regulators”**, a compulsory legal escalation that directly references concerns raised in Viceroy’s reports.
- **'Bait and Switch' Investments Exposed:** Management’s high-profile investment promises have been exposed as hollow PR.
 - The ₹1 lakh crore (\$11.2b) Odisha investment was notably absent from management’s long-dated capex guide. It appears to be another "mirage" with no committed timeline.
 - The ₹17,000 crore (\$1.9b) JAL acquisition has no detailed plan or rationale, which management refuses to provide until the deal is irreversible.
- **Governance Collapse:** In a perfect symbol of VEDL's failed oversight, the company’s auditor, SR Batliboi, signed off on these disastrous financials from **Reykjavik, Iceland**.

Our previous reports about Vedanta Resources are available at:

<https://viceroyresearch.org/vedanta-resources-research/>



2. Q2 2026 Headline Financials vs Economic Reality

Vedanta's earnings fell flat on substantial losses incurred in the resolution of longstanding disputes. Many disputes remain. Slim operating profit improvements bring the business back in line to effectively perform on par with 2025 on current run rate.

Profit & Loss	Vedanta Limited					
	HY 2026	2025	HY 2025	2024	HY 2024	2023
Revenue	8,866	17,830	8,663	17,130	8,723	18,120
Cost of sale	(5,157)	(10,199)	(4,945)	(12,444)	(5,004)	(13,508)
Gross profit	3,709	7,631	3,718	4,686	3,719	4,612
Other operating income	(1,902)	(3,934)	(2,001)	(1,729)	(2,177)	(1,638)
Operating profit	1,807	3,696	1,716	2,957	1,542	2,974
Finance costs	(478)	(1,173)	(585)	(1,143)	(562)	(776)
Other gains / (losses) (net)	(56)	656	491	647	508	328
NPBT	1,272	3,179	1,622	2,460	1,488	2,527
Net tax expense	(354)	(750)	(342)	(1,549)	(1,198)	(719)
NPAT	918	2,429	1,280	911	290	1,807
Non-controlling interests	(342)	(656)	(328)	(399)	(186)	(490)
Equity owners of the parent	576	1,773	952	512	104	1,318

Figure 1 – Vedanta P&L Analysis

Vedanta's ability to translate earnings into cashflow, or plans to de-lever its business, consistently fail.

- VEDL recorded a \$1,049m FCF shortfall to dividends paid to date in FY 2026. This is greater than the amount of the dividend.
 - Vedanta has accrued a \$6.8b FCF shortfall on \$9b of dividends paid since 2023.
- It is a preposterous but repetitive suggestion from VEDL management that the consolidated Group's Net Debt/EBITDA coverage can be soundly used to measure the business' ability to repay credit fees in a scenario where the highest EBITDA margin entity is almost 50% held by NCI.
- Vedanta's highest margin businesses (namely including Hindustan Zinc) is also, among the group's major operating subsidiaries, the least encumbered by debt.

Free Cash Flow Analysis USD \$m	Vedanta Limited					
	HY 2026	2025	HY 2025	2024	HY 2024	2023
NPBT	1,272	3,179	1,622	2,460	1,488	2,527
Cash from operating activities	1,353	3,443	1,588	3,120	1,168	3,431
Less:						
Purchase of PPE & intangibles	(1,186)	(2,012)	(909)	(2,024)	(948)	(1,718)
Proceeds from disposal of PPE & intangibles	2	34	10	24	5	17
Dividends paid to NCI	(179)	(523)	(536)	(233)	(126)	(1,394)
Viceroy Estimated FCF	(10)	943	152	887	100	335
Reverse changes in working capital	362	79	159	(187)	552	(573)
Normalized FCF	353	1,021	310	700	652	(238)
Dividend paid *subject to Viceroy INR to USD conversion	(1,039)	(1,984)	(1,609)	(2,244)	(1,758)	(3,733)
Shortfall	(1,049)	(1,041)	(1,458)	(1,356)	(1,658)	(3,398)
Dividend cut required	101%	52%	91%	60%	94%	91%

Figure 2 – Vedanta HY FY26 Segment Revenue



- In order to support this dividend, VEDL has leaned heavily on working capital liquidity and borrowed substantially.
- VEDL's Gross Debt has jumped by \$1,093m in H1 2026 to \$11,514m. we do not see any evidence of a deleveraging strategy.

Debt Analysis USD \$m	Vedanta Limited					
	HY 2026	2025	HY 2025	2024	HY 2024	2023
Current interest bearing liabilities						
Borrowings	2,939	2,444	3,362	2,535	2,458	2,747
Operational buyers' credit / suppliers' credit	2,048	1,883	1,935	1,792	1,871	1,658
Non-current interest bearing liabilities						
Borrowings	6,527	6,094	5,998	6,076	6,479	5,261
Gross interest bearing liabilities	11,514	10,421	11,295	10,403	10,807	9,666
Cash						
Cash & equivalents	1,272	906	1,309	519	515	1,120
Short-term investments	1,636	1,705	1,799	1,710	1,457	1,984
Gross cash & short term investments	2,908	2,611	3,108	2,229	1,972	3,104
Net debt	8,605	7,810	8,187	8,174	8,835	6,562
Add: Payables						
Trade & other payables	4,427	4,312	4,411	4,733	5,585	5,410
Provisions	2,160	2,360	2,906	2,595	1,306	2,318
Less: Receivables & Inventory						
Trade & other receivables	1,835	1,639	2,348	2,416	2,910	2,223
Inventory	1,953	1,673	1,673	1,560	1,694	1,816
Current tax assets	1,272	906	1,309	519	515	1,120
Other non-current assets	643	741	799	826	742	743
Net Payables Adjustment	883	1,711	1,189	2,007	1,029	1,826
Net debt + Net Payables	9,488	9,521	9,376	10,181	9,865	8,388

Figure 3 – Vedanta Q1 FY26 Δ EBIT Margin

Dividend Cuts Incoming

Vedanta management quietly signaled a massive dividend cut in the Q2 FY26 Earnings Call, forecasting a 4% to 5% dividend yield over the next 3 years. Shareholders have been told to expect less than half of prior payouts.

Over the last two years, our average maturity profile at VRL has improved significantly from 1.3 years to now at 4.5 years. With most high-cost debt now retired, VRL is positioned to operate on autopilot mode, supported by a dividend payout of 4% to 5% in future and (inaudible) brand. On the demerger, we are at the final stage. We remain confident of completing our demerger by end of this fiscal unlocking focused value across our five verticals.

Figure 4 – Vedanta Limited Q2 FY26 Earnings Call Transcript

This is a massive decrease from the ~17% dividend yield Vedanta has paid since FY22. It may also signal that no further dividends are planned for FY26.

VEDL Dividend History (₹ crore)					
	FY26	FY25	FY24	FY23	FY22
Dividend per share	23.00	43.50	29.50	101.50	45.00
Share price	445.19	368.64	268.18	338.33	321.43
Dividend yield	5%	12%	11%	30%	14%

Figure 5 – VEDL Dividend History

VEDL's past dividends were funded by heavy borrowing and asset sales. This was not about distributing excess earnings, it was to prevent a default at VRL.



Segment Rundown

Vedanta Limited Q2 Segment Revenue	Quarter ended			Year ended			
	Q2 2026	Q1 2026	Q2 2025	2025	2024	2023	2022
Zinc, Lead and Silver	8,235	7,542	7,953	32,903	27,925	33,120	28,624
Zinc & Lead - India	6,529	6,116	6,403	26,774			
Silver - India	1,706	1,426	1,550	6,129			
Zinc - International	1,237	1,150	1,012	3,918	3,556	5,209	4,484
Oil & Gas	2,330	2,303	2,825	11,044	17,837	15,038	12,430
Aluminium	15,671	14,556	13,734	58,522	48,371	52,662	50,881
Copper	6,604	6,374	6,376	23,051	19,730	17,491	15,151
Iron Ore	1,449	1,334	1,374	6,086	9,069	6,503	6,350
Power	2,195	2,073	1,773	6,159	6,153	6,724	5,826
Others	1,856	2,264	2,326	1,080	10,080	9245	7,972
Total	47,812	45,138	45,326	175,666	142,721	145,992	131,718
Inter segment revenue	359	162	202	1,038	928	588	526
Revenue	47,453	44,976	45,124	174,628	141,793	145,404	131,192
Other operating income	650	390	463	2,243	1,934	1,904	1,540
Total revenue from operations	48,103	45,366	45,587	176,871	143,727	147,308	132,732

Vedanta Limited Q2 Segment results (EBITDA)	Quarter ended			Year ended				
	Q2 2026	Q1 2026	Q2 2025	2025	2024	2023	2022	2021
Zinc, Lead and Silver	4,434	3,815	4,119	17,365	13,562	17,474	16,161	11,620
Margin	53.8%	50.6%	51.8%	52.8%	48.6%	52.8%	56.5%	53.0%
Zinc international	373	422	378	1,321	693	1,934	1,533	811
Margin	30.2%	36.7%	37.4%	33.7%	19.5%	37.1%	34.2%	29.7%
Oil & Gas	1,029	1,268	1,170	4,664	9,777	7,782	5,992	3,206
Margin	44.2%	55.1%	41.4%	42.2%	54.8%	51.7%	48.2%	42.6%
Aluminium	5,532	4,462	4,159	17,798	9,657	5,775	17,337	7,751
Margin	35.3%	30.7%	30.3%	30.4%	20.0%	11.0%	34.1%	27.1%
Copper	(13)	(26)	(10)	(112)	(69)	(4)	(155)	(177)
Margin	-0.2%	-0.4%	-0.2%	-0.5%	-0.3%	0.0%	-1.0%	-1.6%
Iron Ore	108	204	137	1,006	1,676	988	2,280	1,804
Margin	7.5%	15.3%	10.0%	16.5%	18.5%	15.2%	35.9%	39.8%
Power	228	460	193	737	971	913	1,082	1,407
Margin	10.4%	22.2%	10.9%	12.0%	15.8%	13.6%	18.6%	26.2%
Others	(79)	141	218	762	188	379	1,049	919
Margin	-4.3%	6.2%	9.4%	70.6%	1.9%	4.1%	13.2%	17.1%
Total	11,614	10,748	10,366	43,543	36,457	35,243	45,281	27,343
Margin	24.1%	23.7%	22.7%	24.6%	25.4%	23.9%	34.1%	31.1%

Figures 6 & 7 – Vedanta H1 FY26 Analysis

- **Aluminium:** The only bright spot. VEDL posted record aluminum and alumina production of 617 kt (↑2% QoQ, ↑1% YoY) and 588kt (↑31% QoQ, ↑11% YoY), respectively. Segment revenue rose to ₹15,671 crore (↑2.9% QoQ, ↑13.1% YoY) and more significantly EBITDA rose to ₹5,532 crore (↑24% QoQ, ↑32.9% YoY). These increases were driven overwhelmingly by commodity price firmness.
 - The cost structure remains vulnerable to import reliance and underinvestment¹.
- **Zinc India:** Mined metal production fell to 258 kt in Q2 FY26 (↓3% QoQ, ↑1% YoY), while refined saleable metal fell (↓6% QoQ, ↓1% YoY). Segment EBITDA rose to ₹4,434 crore (↑16% QoQ, ↑8% YoY), driven by higher zinc prices.

Both segments are hollowed out by deals Serentica Renewables and Runaya entities owned by the Agarwal family. These arrangements effectively transfer value out of VEDL and into related-party pockets.

¹ <https://viceroystresearch.org/2025/09/09/vedanta-what-a-load-of-bull-xite/>



- **Zinc International:** Despite an increase in mined metal to 60 kt (↑6% QoQ, ↑38% YoY) and revenue increasing to ₹1,237 (↑8% QoQ, ↑22.2% YoY), EBITDA fell to ₹373 crore (↓12% QoQ, ↓1% YoY) again confirming scale is not converting to margin. As we have detailed in our reports, THL Zinc is non-operational and mothballed, and Gamsberg cannot fund its expansions and is facing winding up petitions from its suppliers.
- **Oil & Gas and Others:** Production declined to 89.3 kboepd (↓4% QoQ, ↓15% YoY). Segment revenue was flat, while EBITDA nosedived to ₹1,209 crore (↓19% QoQ, ↓12% YoY). MBA field decline continues to weigh down performance. The vertical remains in terminal decline, especially after the loss of the Cambay block and OALP blocks remain unproductive.
- **Power:** While revenue increased to ₹2,195 crore (↑6% QoQ, ↑24% YoY), EBITDA halved to ₹228 crore (↓50% QoQ, ↑1% YoY). Meenakshi and Athena ran at 48% and 36% respectively and still lack long term PPAs, while TSPL ran at 69% and still posted a loss.

SEPCO

In September 2025, VEDL subsidiary Talwandi Sabo Power Limited settled its dispute with SEPCO for ₹660 crore (\$75m). This was the materialization of a contingent liability that VEDL and TSPL had denied. VEDL claimed in its Q1 FY26 disclosures that this outflow was a bank guarantee expected to be released. It wasn't, the cash is gone.

6	During FY 2023-24, TSPL terminated its contract with SEPCO Electric Power Construction Corporation ("SEPCO") due to persistent non-performance affecting plant operations and litigations were ongoing. Subsequently, under the Settlement Agreement dated 11 September 2025, TSPL and SEPCO agreed to a full and final payment of US\$ 75 million (₹660 Crore) to SEPCO towards its outstanding claims. The settlement payment has been charged to consolidated financial results for the quarter ended 30 September 2025. TSPL and SEPCO are in the process of filing joint application for consent award before the Arbitral Tribunal for closure of arbitration proceedings.
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Figure 8 – Vedanta Limited Q2 FY26 Financial Results

Ajay Goel:	So, on the bridge, you are right, Vikash. It has a couple of components. That's right. So maybe almost Rs. 270 odd crores is the TDS receivable from zinc on the last payout to Vedanta Limited. It is only a timing difference. And as we pay our income tax next time, this TDS will be adjusted. The significant portion is almost Rs. 1,250 crores is a bank guarantee that we have given to NCLAT as part of our TSPL demerger. So, as we earlier mentioned, for the power, TSPL demerger, while seeking the stay from NCLAT from NCLT order, Vedanta on its SEPCO matter, the creditor matter, we gave to NCLAT a bank guarantee. It is a fully cash backed. So, Rs. 1,248 crores is a bank guarantee and the remainder is a multiple bank guarantee given to the government in terms of Cairn blocks, which are cash margin backed. So, in summary, they have cash in with Vedanta in terms of fixed deposits or cash which has been subservient to the bank guarantees. As we augment, increase our limit for the bank guarantees, this cash will get released.
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Figure 9 – Vedanta Limited Q1 FY26 Earnings Call Transcript

TSPL was found to have hidden the liability to SEPCO in its demerger scheme of arrangement, which led to the NCLT dismissing the Company's demerger in March 2025.

Viceroy raised this concern in our first report into Vedanta, which management dismissed.



TSPL Receivable Write-Off

During the quarter TSPL wrote off a staggering ₹1,407 crore (\$159m) in receivables related to its long-running dispute over Mega Power Project Status with its sole customer, the Punjab State Power Corporation Limited (PSPCL). This is a massive financial collapse equivalent to:

- 27% of TSPL's FY25 revenues
- 13,794% of its FY25 pre-tax profit

Most critically, this wipes out 39% of TSPL's equity as of March 2025.

5	Up to 31 March 2025, Talwandi Sabo Power Limited ("TSPL"), a wholly owned subsidiary, had recognized a receivable of ₹ 1,407 crore in respect of Mega power benefit based on its assessment of the merits of the case. Pursuant to the judgment of the Hon'ble Supreme Court of India dated 19 August 2025, the matter has been decided against the TSPL. TSPL has filed a Review Petition before the Hon'ble Supreme Court against said order on 17 September 2025, currently it is pending for adjudication. Consequently, the aforesaid receivable is no longer recoverable and has been written off during the quarter ended 30 September 2025. The write-off of ₹ 1,407 crore has been presented under exceptional items in the consolidated financial results.
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Figure 10 – Vedanta Limited Q2 FY26 Financial Results

Vedanta Group CFO Ajay Goel claimed on the earnings call that TSPL had "provisioned" ₹1,407 crore (\$159m), while the accounts show a full write-off.

This quarter we have recorded two exceptional items of INR1547 crores net of taxes. The first matter is regarding PSPL Mega Matter. Now, person to Supreme Court's judgment we have recognized the impact of INR1407 crores provision against account receivable in the matter of a dispute with PSPL's claim regarding benefit of custom duty received in TSPL. A review petition has been filed against this order but on accounting basis we have taken the provision. The

Figure 11 – Vedanta Limited Q2 FY26 Financial Results

Despite its scale, management did not warn investors of the increased risk or the write-off before the release of earnings. The legal defeat highlights the ongoing exposure TSPL has to a customer relationship that appears increasingly hostile.

Viceroy raised this concern in our first report into Vedanta, which management dismissed.



3. Brand Fees Pay for Nothing, Grounds for Tax Fraud

On October 30, 2025, Viceroy physically visited the London office address listed in Vedanta Resources Limited's bond prospectuses: 30 Berkeley Square, London. This is the supposed headquarters of VEDL's parent company, which is forecast to receive \$400m - \$450m in brand fees in FY26 alone.

DESCRIPTION OF THE ISSUER	
The Issuer is a public company incorporated in England and Wales on March 20, 2019. The registered office of the Issuer is at 13 th Floor One Angel Court, London, United Kingdom, EC2R 7HJ and its business address is at 30 Berkeley Square, 4 th Floor, London W1J 6EX, and the telephone number is +44 20 7499 5900. The Issuer is a wholly owned subsidiary of Vedanta Resources Holdings Limited, which is a wholly owned subsidiary of our Company.	

Figure 12 – Vedanta Resources Finance II 2032 Bond Prospectus dated September 30, 2025

The receptionist informed us that VRL vacated the premises “at the start of the year” (2025) and left no forwarding address.

When we called the number listed in VRL's filings, we were told the new address was 44 Hill Street London. This is Anil Agarwal's personal address.

Title number	NGL916058
Registered owners	Anil Agarwal 42-44 Hill Street, London W1J 5NU
Last sold for	No price recorded

Figure 13 – Title Register for 44 Hill Street, London

When pressed on their earnings call about these discrepancies and whether transfer pricing issues would be incurred, Vedanta management stated the following:

- VRL CEO Deshnee Naidoo admitted that 44 Hill Street was VRL's office. She referred to it as a “lean corporate center model”, an odd phrase that seems to mean “a handful PA's in Anil Agarwal's living room”.
- Naidoo further stated that services were in fact rendered by Vedanta Limited employees based in Mumbai and Delhi, not by VRL in London.
 - There is no evidence that VEDL has received payment for any services it has rendered on behalf of VRL.

On the second, in terms of the Vedanta offices, I think everyone understands our very lean corporate centre model. And in London specifically, the corporate offices do run out of Hill Street, which again is very well known and there is a small center there. But that office is also supported by resources dedicated through service agreements from Vedanta Limited as well out of both Mumbai and Delhi. And that's the operating model very well understood in the market.

Figure 14 – Vedanta Limited Q2 FY26 Earnings Call Transcript

- VRL CFO Ajay Goel added that it was irrelevant where the services are performed. He declined to explain what VRL actually does in exchange for hundreds of millions of dollars in brand fees.

A - Ajay Goel {BIO 20540894 <GO>}

It don't have to be domiciled at a geography. When we use a logo or a name as Vedanta and get services, it is a service that is being rendered and a service that is being received by Vedanta India entities, that is most important. I may like to also point out that the entire brand fee agreement has been internationally benchmarked. There are multiple studies done by one of the best Big Four firms. The brand fee rate, which has been charged over the last few years, in fact, is lower than the median rate recommended by the Big Four firms. So in summary, I would like to say the entire brand fee has been legally vetted. It has stood the test of scrutiny by multiple regulators, and we do see a challenge from the legal viewpoint.

Figure 15 – Vedanta Limited Q2 FY26 Earnings Call Transcript



This is a tacit admission that VRL's brand fees are fiction. There is no office, no service infrastructure and no substance.

Brand fees are designed to move capital out of India and to VRL's offshore creditors. They do not reflect services rendered and cannot be justified. **Given the Company is currently under investigation by regulators, we believe this flow of funds is at extreme risk, especially given management's inability to deny our findings.**

Grounds for Tax Fraud

India's Income Tax Department staunchly defends India's domestic profit retention by upholding transfer pricing laws, guided on principal of Arm's Length transactions. The proportion of benefit generated in India must be taxed in India. This is generally to ensure that profits from goods and services rendered in India retain profit in India and pay taxes in India at a 29% rate.

These also apply to some domestic related party transactions.

In this regard, we believe the following logical sequence will be viewed very poorly by the IRS:

- VRL, a British company with no human presence outside of the home of the CEO, is being paid £400m a year by its captured Indian subsidiary
- The Captured Indian subsidiary is doing the work of the Parent in India.

This is not an arm's length transaction, and is reminiscent of the scheme pulled by Truecaller. The IRS raided Truecaller's offices subsequent to a report by Viceroy in November 2024.

<https://timesofindia.indiatimes.com/technology/tech-news/truecaller-india-offices-raided-why-it-department-conducted-search-and-what-the-company-has-to-say/articleshow/115058412.cms>

Regulatory Scrutiny Intensifying

12	Subsequent to 30 June 2025, a short seller has published reports alleging certain matters against some of the Vedanta Group entities including the Company. Based on management assessment, legal advice obtained, and involvement of external experts, management continues to believe that these allegations are baseless and that the transactions stated in the allegations have appropriate commercial substance and that the said transactions have been duly approved through necessary processes and the Group remains compliant with contractual obligations and applicable laws and regulations. During and subsequent to the quarter, Group has received requests for information and summons for production of documents from the regulators. These have been duly submitted / are in the process of being submitted within the relevant due dates and no further communication has been received thereafter. Based on the above, management is confident that no adjustments are required to these Consolidated financial results and financial information of the Group for the quarter and six months ended 30 September 2025 or any prior periods with respect to the allegations in the short seller reports published till date.
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Figure 16 – Vedanta Limited Q2 FY26 Financial Results

- In its Q2 FY26 financials, Vedanta formally acknowledged receiving summons from multiple regulators, **both during and after Q2 FY26**, directly referencing concerns raised in Viceroy's reports.
- The Company acknowledged that it had received both "requests for information" and "summons for production of documents", a distinction with significant legal implications. "Requests for information" implies voluntary engagement, while "Summons for production of documents" indicates **a compulsory legal disclosure process**.
- Despite management's claims that ED requests were routine, the Enforcement Directorate previously demanded a \$123m brand fee refund and summoned VEDL executives in 2023. We believe the ED investigation remains unresolved.
- Vedanta stated that document submission is ongoing, but did not state which regulators were involved, nor what kind of documents were demanded.

This marks a shift from previous quarters where the Company maintained that our concerns were "baseless" and that there was no regulatory risk.



4. VRL Debt Uncertainty

Vedanta Group management reiterated VRL's commitment to reduce gross debt to \$3b by FY27. However, Group CFO Ajay Goel simultaneously stated FY27 liquidity requirements of \$950m (\$450m interest and \$500m maturities). After \$270 – 280m of interest costs in H2 FY26.

A - Ajay Goel {[BIO 20540894 <GO>](#)}

Yes, Vikash, of course, I mean, I'll start with -- look at maybe the past couple of years and the -- at the parent company Vedanta Resources over last three odd years. Our debt from \$9.1 billion now down to almost \$4.4 billion September end. So it is a decade low debt at Vedanta Resources. We also have publicly committed that from current \$4.4 billion, we'll go down to \$3 billion over next two years.

Corporate

Vedanta Resources Eyes Investment Grade Rating, Plans to Cut Debt to \$ 3 Billion By FY27

VRL is committed to reducing its total debt from the current \$ 5 billion to \$ 3 billion by FY27 while strengthening its critical minerals, transition metals, energy and technology portfolio

Figures 17 & 18 Figure 19 – Vedanta Limited Q2 FY26 Earnings Call Transcript & Vedanta Resources Eyes Investment Grade Rating – Outlook Business²

Even including brand fees from VEDL, there is no path for \$1.4b in deleveraging with only \$500m set aside for maturities without major asset sales, dilution or refinancing. Management also omitted the \$206m KCM payment due by December 2025, further undermining VRL's liquidity roadmap.

Yes, Ritesh. So for FY27, next year, the total debt which is external is about \$300 million, plus ICL \$217 million, so about \$0.5 billion. FY28, there is no ICL. So \$450 million external debt, so \$0.5 billion next year, \$450 million the year next. Interest will be almost \$450 million next year, FY27, and \$400 million in FY28, so \$0.5 billion next year maturities, \$450 million is interest. So give and take INR950 million to \$1 billion total requirement. FY28 \$450 million are the maturities, and \$400 million interest. So about \$800 million, \$850 million.

Figure 20 – Vedanta Limited Q2 FY26 Earnings Call Transcript

² <https://www.outlookbusiness.com/corporate/vedanta-resources-eyes-investment-grade-rating-plans-to-cut-debt-to-3-billion-by-fy27>



5. Jaiprakash Associates Acquisition

Management's comments about VEDL's acquisition of Jaiprakash Associates Limited (JAL) can best be described as confused. Our full analysis on the acquisition can be found at:

<https://viceroypresearch.org/2025/09/17/vedanta-jal-trophy-assets-empty-pockets>

- The ₹17,000 crore (\$1,917m) JAL acquisition is unsound and credit negative.
- Even debt-free, JAL is unable to meet the ₹13,200 crore (\$1,488m) of staggered obligations over 5 years.
- Over a 5-year period, JAL will require ~₹18,600 crore in direct support from VEDL, in addition to the ₹3,800 crore payment.
- JAL's key verticals are structurally loss-making. Its most monetizable asset, hospitality, is too small to offset losses.
- The Group's real estate portfolio has spent years in development hell and is mired in litigation. Dalmia Bharat discounted its JAL bid by ₹2,000 crore (\$225m) based on these issues alone.

VEDL already cannot fund its dividends, brand fees and maintenance capex from free cash flow. It cannot support JAL without increasing its borrowings.

Analysts appear not to have taken the acquisition seriously, which was reflected in the FY26 Q2 earnings call where several asked for the business case behind the deal. Instead, VRL CEO Deshnee Naidoo and IR Head Charanjit Singh offered no plan or justification.

A - Deshnee Naidoo {BIO 19953865 <GO>}

Thank you so much, Anup. I think, Indrajit, just on the JAL acquisition. We know the process is still - there's still a process underway. And only once the CoC process has been finally resolved will we come back to the market with a detailed plan. There's a lot of options within the five different business segments. But I'll try to upfront explain what the primary catalyst was, on the rest of it, following CoC, we will definitely come back to the market. I don't want to be preemptive at this point. Ajay, you take the next one.

I wanted to put that into context in terms of the rationale or as I put it, the key catalyst for the acquisition from our side. And I also want to make the point that this doesn't impact our deleveraging plan or our demerger plan. And as you rightly said, it's now left to process. Currently, the CoC is evaluating this, and the resolution will be submitted -- the resolution time will be submitted for this. We will share our way forward post the CoC decision. Ajay, would you like to supplement?

See, I think that's what we have been trying to explain. Even in the one-to-one meetings and also on this call that we are in position to provide a detailed explanation and our reason once the CoC decision is made, until then, I think you need to understand that we are comply -- we have our hands tied up with respect to explaining the details.

Figure 21 – Vedanta Limited Q2 FY26 Earnings Call Transcript

In other words:

"We committed ₹17,000 crore (\$1,917m) to acquire an unprofitable asset with no plan, funding strategy, or synergy. We will not explain our rationale or business case until the deal is irreversible."

This is, at best, a massive misjudgment, and at worst, gross negligence.



6. GoI O&G Claim & Cambay Block Loss

Vedanta acknowledged the possibility of a ₹9,545 crore (\$1,162m) potential liability to the Directorate General of Hydrocarbons dating back to May 2020. The dispute related to the GoI's claim for an additional share of Profit Oil in the Rajasthan Block.

5	The Government of India ("GoI"), acting through the Directorate General of Hydrocarbons ("DGH"), had raised a demand up to 14 May 2020 for Government's additional share of Profit Oil based on its computation of disallowance of cost incurred over retrospective re-allocation of certain common costs between Development Areas (DAs) of Rajasthan Block; recovery of exploration costs incurred after the Exploration phase; and certain other matters aggregating to ₹ 9,545 Crore (US\$ 1,162 million) and applicable interest thereon representing share of Vedanta Limited and its subsidiary.
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Figure 22 – Vedanta Limited Q2 FY26 Financial Results

The Company had previously recognized ₹2,318 crore (\$289m) in revenue following a favorable ruling. It would be impossible to demerge the Oil and Gas segment while a ₹9,545 crore (\$1,076m) contingent liability hangs over it.

VRL CEO Deshnee Naidoo stated that in response to the MoPNG's concerns, VEDL had made a corporate guarantee. This further increases contagion risk in the post-demerger group and undermines the very reason for the demerger.

A - Deshnee Naidoo {BIO 19953865 <GO>}

Yes. Ritesh, so you remember even at the last call we had taken this question because the subject was raised then. I just want to confirm to everyone MoPNG's concern is actually as you rightly mentioned, the financial risk faced in recovering some of these alleged at this point, alleged plays from the business and basically questioning whether the P&L of the demerger and gas business would actually be able to sustain these should they realize. Their concern has been taken care of by us providing a corporate guarantee from Vedanta. So that's already in place.

Figure 23 – Vedanta Limited Q1 FY26 Earnings Call Transcript

On September 19, 2025, the MoPNG officially declined to extend Vedanta's Production Sharing Contract (PSC) over the Cambay Block, citing:

- Non-compliance with PSC terms.
- Outstanding statutory dues and restoration fund contributions.
- Consistently falling production volumes while costs increased.
- Illegal exploration and extraction efforts.

8	The Group's Production Sharing Contract (PSC) for the Cambay Block (CB-OS/2) expired on 29 June 2023. The Group, along with its joint venture partners, had submitted an application for extension of the PSC under the Government of India's 2017 Extension Policy in June 2021. The Group received few temporary short-term extensions in the interim. The carrying value of Property, Plant and equipment/ Capital work-in progress and receivables from other joint venture partner in Cambay block is ₹453 crore (US\$ 51 million). MoPNG vide its letter dated 19 September 2025 informed that the application for extension of the PSC is not accepted as there were certain delays & procedural non-compliances of PSC such as creation of encumbrance of oil & gas assets as loan security, non- payment of contractual dues, excess cost recovery etc. The Group has challenged the said rejection before the Delhi High Court through a writ petition filed in September 2025, on the grounds that the rejection is arbitrary and did not consider relevant factors under 2017 Extension policy. The matter is currently sub judice. Next Date of hearing is 10th November 2025.
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Figure 24 – Vedanta Limited Q2 FY26 Financial Results

The Company quantified its exposure to the Cambay Block at ₹453 crore (\$51m) from PPE, CWIP and JV receivables. None of these have been impaired, despite the Company being in arrears for \$22m in statutory payments.

The MoPNG's objection is available at:

<https://viceroypresearch.org/wp-content/uploads/2025/10/MoPNG-Objection-and-Letter.pdf>

The next hearing is scheduled for November 10, 2025, but Vedanta's odds of reversing the decision appear slim.



7. Odisha Investment: The Myth of ₹1 Lakh Crore

The Company all but confirmed that the “₹1 Lakh Crore” (\$11,273m) investment commitment in Odisha was a mirage.

A - Ajay Goel {[BIO 20540894 <GO>](#)}

So the INR1 lakh crore investment the Chairman has committed, it of course remains Chairman's long term vision for the state where we operate. And you may have seen even earlier in couple of large geographies where we operate in terms of Zinc, Oil and Gas and Aluminum specifically, the commitment is made. Now you would appreciate Vikash, these commitments also needs lots of partnership and support from the state government to enable in terms of land allotment and multiple approvals. So, at this point in time, it will be very difficult to give a committed timeline, then at what time frame, we do spend INR1 lakh crore.

In the interim, as we have been previously guiding in terms of CapEx for the current fiscal, our range remains \$1.7 billion to \$1.9 billion. And over the next three years, cumulatively -- collectively it will be about \$4.5 billion to \$5 billion.

Figure 25 – Vedanta Limited Q1 FY26 Earnings Call Transcript

Management acknowledged that this investment:

1. Has no committed timeline or spending
2. Is contingent on partnerships and state-level approvals
3. The only disclosed capex guidance is \$4.5 – 5b over 3 years **across the entire group**.

This is in stark contrast to comments made by Vedanta Chairman Anil Agarwal which specified the sum would be invested “in the coming days”.

Vedanta group to invest Rs 1 lakh crore in Odisha; plans ferro-alloys plant, aluminium parks, and 1 lakh jobs

Ashok Pradhan / TNN / Updated: Oct 24, 2025, 16:46 IST

Vedanta Group commits a massive Rs 1 lakh crore investment in Odisha, promising over 1 lakh jobs. The company will establish an ultra-modern Ferro-Alloys Plant in Keonjhar and two new aluminium parks, one near Jharsuguda and another in Dhenkanal, boosting aerospace, EV, and defence sectors. This initiative a ... [Read More](#)

Vedanta Group commits a massive Rs 1 lakh crore investment in Odisha

BHUBANESWAR: Vedanta Group will invest Rs 1 lakh crore in Odisha in the coming days, the chief minister's office said after company chairman Anil Agarwal met chief minister Mohan Charan Majhi, here on Thursday.

The CMO said during the discussion it was revealed that Vedanta plans to make a capital investment of around Rs 1 lakh crore in Odisha in the coming days. This investment will generate

Figure 26 – Vedanta group to invest Rs 1 lakh crore in Odisha – The Times Of India

The reality is that Vedanta has no capacity to meet the investment commitment without massive leverage, asset sales, or dilution. The ₹1 lakh crore figure is more than half of Vedanta’s current market capitalization.

Vedanta also has multiple stalled, failed, or underperforming projects in Odisha, including:

- The proposed Niyamgiri Hills bauxite mine, which failed after a 2013 Supreme Court Judgement.
- The Sijimali mine, which remains on hold in complex legal proceedings as the Odisha State Government investigates allegations of forged Gram Sabha resolutions.
- The stalled Radhikapur Coal Mine, which has made no progress 5 years after acquisition.
- The Kuraloi coal mine, whose targeted date for operation has slipped by 3 fiscal years.
- The Ghogharpalli coal mine, which is yet to obtain any of the required clearances.

The investment is best understood as a political placeholder designed to generate headlines and appease state authorities, not a feasible commitment.



8. KCM

VRL Management's comments regarding Konkola Copper Mines contradict themselves.

Just two days after being quoted saying VRL intended to scale up its investment in KCM to \$1b, VRL CEO Deshnee Naidoo stated that KCM would be effectively self-funding. This implies no further capital will be contributed, a direct contradiction of VRL's commitment to retain KCM and public-facing statements.

Q - Imtiaz Shefuddin {[BIO 21671598 <GO>](#)}

Okay. And just to -- yeah, just to follow up. Any funding that's going to be done at KCM, I think you mentioned the last time that it will be ring-fenced within KCM. Is that still the case?

A - Deshnee Naidoo {[BIO 19953865 <GO>](#)}

That is still the case. In fact, I think I am more positive today than I was a quarter ago, given what's happening on the production ramp-up as well as the copper prices.

Figure 27 – Vedanta Limited Q1 FY26 Earnings Call Transcript

Naidoo also stated that KCM was operating “close to numbers the business last achieved in 2017” in reference to production figures of 8,500 to 9,000 tonnes a month (102,000 – 108,000 tpa).

A - Deshnee Naidoo {[BIO 19953865 <GO>](#)}

Thank you for that, Imtiaz. So in the normal course of business and per the shareholder agreement, we remain compliant with what we have agreed with the shareholder agreement year to date. That's about \$130 odd million in the first half of the year. In terms of the rest of the KCM funding, I think everyone will be very happy to know that KCM is now operating on an integrated network basis, around 8,500 tons to 9,000 tons per month, which is actually close to the numbers that this business last achieved in 2017. And at these copper prices, they've been able to sustain both the operational cash requirements as well as the sustaining capital cash requirements.

Figure 28 – Vedanta Limited Q1 FY26 Earnings Call Transcript

In fact:

1. KCM's production during FY17 and FY18 was 179,900 tonnes and 195,300 tonnes, respectively. KCM's current figures are nowhere close to this figure.
2. KCM generated massive losses in FY17 and FY18 of \$139m and \$115m respectively.

Either VRL intends to withhold funding from KCM, or it is misleading investors about the Company's self-sufficiency. Our investigation into VRL's KCM investment is ongoing.

Mine Guidance

Management provided guidance that several key projects have fallen further behind schedule

- The Kuraloi coal mine's operation has been pushed to Q4 FY26. It was originally forecast to be operational by October 2023.
- The Sijimali bauxite mine's operation is expected in the current financial year, likely Q4 FY26 based on previous forecasts.
- The Ghogharpalli coal mine's operation has been pushed back to Q2 – Q3 FY27. It was originally forecast to be operational in Q2 FY25.
- No timeline was provided for the Radhikapur coal mine. It was originally forecast to be operational by October 2023.

We believe these timelines are likely to slip again due to regulatory, legal, and procedural delays. Our full reports on VEDL's coal and bauxite mines are available below:

<https://viceroymresearch.org/2025/09/11/vedanta-5-years-3-coal-mines-0-progress>

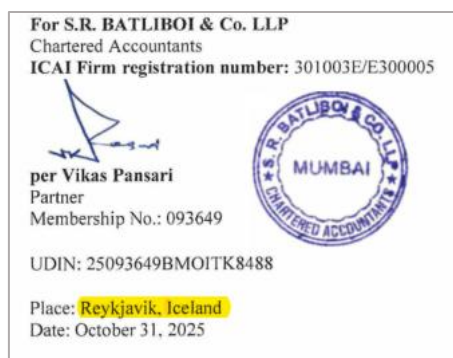
<https://viceroymresearch.org/2025/09/09/vedanta-what-a-load-of-bull-xite>



9. Auditor on Holiday

Vedanta's Q2 FY26 results were signed off by SR Batliboi partner Vikas Pansari...from Reykjavik, Iceland.

With **Vedanta possibly under active investigation by SEBI, the ED, ICAI, the RBI, and the SPF's CAD**, we expected the auditor to be in Vedanta's boardroom, not Iceland's capital city.



Given the state and inaccuracy of the Company's filings, we understand why they needed a holiday.

10. Conclusion

Vedanta's Q2 FY26 earnings show a continuing fall in free cash flow generation, balance sheet quality, and transparency. Operations were stable but dividends were completely debt-funded. Capex efficiency is unclear and related-party transactions including brand fees have no clear justification.

Material write downs at TSPL and increasing regulatory scrutiny represent unpriceable events with no clear management communication. The gap between reported performance and underlying financial deterioration further increases the risk to VRL creditors and VEDL shareholders.



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.

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