

Vedanta – VRL H1 FY26 Analysis

The H1 FY26 results show PropCo earnings turning negative, free cash flow remaining deeply negative and liquidity weakening further.

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December 8, 2025 – On December 5, 2025, Vedanta Resources Limited (VRL) released its H1 FY26 earnings. The headline consolidated numbers mask the reality: VRL PropCo posted its worst half-year performance on record. To isolate credit risk, Viceroy subtracted VEDL's H1 FY26 consolidated results from VRL's figures to analyze the PropCo earnings directly.

- VRL Consolidated reported a \$2m net loss to equity owners, despite contributions from operating subsidiaries with high non-controlling interests (NCIs).

Profit & Loss	Vedanta Resources					
	HY 2026	2025	HY 2025	2024	HY 2024	2023
Revenue	9,367	18,220	8,668	17,128	8,722	18,283
Cost of sales	(7,201)	(13,656)	(6,427)	(12,959)	(6,529)	(14,178)
Gross profit	2,091	4,538	2,214	4,265	2,193	3,846
Other operating income	133	350	195	247	109	239
Distribution costs	(171)	(379)	(181)	(473)	(234)	(476)
Administrative expenses	(463)	(607)	(323)	(596)	(288)	(530)
Impairment reversal (net)	-	379	279	28	151	(61)
Operating profit	1,590	4,281	2,184	3,471	1,931	3,018
Investment revenue	128	1,545	1,005	202	92	251
Finance costs	(781)	(2,033)	(1,063)	(1,882)	(870)	(1,558)
Other gains / (losses) (net)	(4)	(10)	21	(37)	(31)	(79)
NPBT	933	3,783	2,147	1,754	1,122	1,632
Net tax expense	(374)	(772)	(412)	(1,655)	(1,265)	(794)
NPAT	559	3,011	1,735	99	(143)	838
Non-controlling interests	561	1,617	740	499	137	843
Equity owners of the parent	(2)	1,394	995	(400)	(280)	(5)

Profit & Loss	Prop-Co					
	HY 2026	2025	HY 2025	2024	HY 2024	2023
Revenue	501	390	5	(2)	(1)	163
Cost of sales	(2,044)	(3,457)	(1,482)	(515)	(1,525)	(670)
Gross profit	(1,618)	(3,093)	(1,504)	(421)	(1,526)	(766)
Other operating income	2,035	4,284	2,196	1,976	2,286	1,877
Distribution costs	(171)	(379)	(181)	(473)	(234)	(476)
Administrative expenses	(463)	(607)	(323)	(596)	(288)	(530)
Impairment reversal (net)	-	379	279	28	151	(61)
Operating profit	(217)	585	468	514	389	44
Investment revenue	128	1,545	1,005	202	92	251
Finance costs	(303)	(860)	(478)	(739)	(308)	(782)
Other gains / (losses) (net)	52	(666)	(470)	(684)	(539)	(407)
NPBT	(339)	604	525	(706)	(366)	(895)
Net tax expense	(20)	(22)	(70)	(106)	(67)	(75)
NPAT	(359)	582	455	(812)	(433)	(969)
Non-controlling interests	903	2,273	1,068	898	323	1,333
Equity owners of the parent	(1,261)	(1,691)	(613)	(1,709)	(757)	(2,302)

Figure 1 & 2 – VRL Consolidated & VRL PropCo Profit & Loss Analysis

- VRL PropCo reported a \$1,261m net loss to equity owners, highlighting the structural inability of the PropCo to generate profits once NCIs are stripped out. The group's strongest assets are also those with the highest NCIs, meaning little to no economic value flows to VRL creditors.
- Operating profit at VRL PropCo turned decisively negative in H1 FY26, reflecting a core business that cannot cover its own operating costs, even before considering interest.



- Finance costs, reduced by debt extensions and repayments, sit below the operating line and therefore do not explain the collapse in operating margins.

Free Cash Flow Analysis USD \$m	Prop-Co					
	HY 2026	2025	HY 2025	2024	HY 2024	2023
NPBT						
Cash from operating activities	(94)	(786)	(482)	(636)	(65)	(645)
Less:						
Purchase of PPE & intangibles	(41)	(9)	5	5	2	18
Proceeds from disposal of PPE & intangibles	(0)	(0)	(1)	(1)	1	(1)
Dividends paid to NCI	(452)	(841)	(670)	(734)	(567)	(1,129)
Viceroy Estimated FCF	(587)	(1,637)	(1,147)	(1,366)	(630)	(1,756)
Reverse changes in working capital	39	496	309	433	(75)	22
Normalized FCF	(549)	(1,140)	(837)	(933)	(705)	(1,734)

Figure 3 – VRL PropCo Free Cash Flow Analysis

- VRL PropCo's liquidity situation worsened materially with a \$549m free cash flow loss, largely due to dividends to NCIs. With no independent source of operating income, VRL PropCo is entirely reliant on dividends or brand fees from VEDL to service obligations.

Balance Sheet Analysis \$m	Prop-Co					
	HY 2026	2025	HY 2025	2024	HY 2024	2023
Current assets						
Inventories	241	193	147	(0)	4	14
Trade & other receivables	(152)	108	19	22	(301)	56
Financial instruments (derivatives)	0	1	(0)	(0)	0	0
Current tax assets	35	7	33	2	40	(107)
Short-term investments	437	361	721	(135)	233	(256)
Cash & equivalents	(586)	(305)	(164)	(135)	(61)	(83)
Total current assets	(25)	364	757	(246)	(84)	(376)

Figure 4 – VRL PropCo Balance Sheet Analysis

- VRL PropCo's current assets have collapsed into negative territory, and cash balances swung sharply negative in H1 FY26. Only marginal amounts of this can be explained by our standardization of VRL's accounts. The PropCo has no working capital buffer and relies on external liquidity to fund routine liabilities.

Debt Analysis USD \$m	Vedanta Resources			Prop-Co		
	HY 2026	2025	HY 2025	HY 2026	2025	HY 2025
Current interest bearing liabilities						
Borrowings	3,680	3,389	4,394	741	945	1,032
Operational buyers' credit / suppliers' credit	2,036	1,906	1,941	-	-	6
Loan to VEDL				417	417	417
Non-current interest bearing liabilities						
Borrowings	10,317	10,368	10,549	3,790	4,274	4,551
Gross interest bearing liabilities	16,033	15,663	16,884	4,948	5,637	6,006
Cash						
Cash & equivalents	686	601	1,145	(586)	(305)	(164)
Short-term investments	2,073	2,066	2,520	437	361	721
Gross cash & short term investments	2,759	2,667	3,665	(149)	56	557
Net debt	13,274	12,996	13,219	5,098	5,581	5,449

Figure 5 – VRL PropCo Debt Analysis

- VRL PropCo gross debt fell by \$689, but this was offset by a \$370m increase in net debt at the consolidated level, meaning the group is merely shifting leverage between entities rather than deleveraging.
- Konkola Copper Mines (KCM) reported a \$192m operating loss and a \$6m EBITDA loss and is unlikely to return a profit in the long term.

KCM				
Konkola deep mining project	39	0	8	31

Figure 6 – VRL H1 FY26 Earnings Release



- Despite lending \$346m to KCM through its subsidiary Vedanta Resources Holdings Limited and promising significant capex flows, KCM only spent \$8m capex on the Konkola deeps expansion during H1 FY26. D&A of \$186m implies ongoing asset shrinkage.

(ii) During the reporting period and thereafter, a short seller has published reports alleging certain matters against some of the Group entities. 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. The 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.

Figure 7 – VRL H1 FY26 Earnings Release

- Despite publicly dismissing Viceroy's reports as "baseless" and "already known," VRL confirmed it received regulatory summons and multiple requests for document production to which it is still in the process of responding.
- The regulators involved include SEBI, the Enforcement Directorate (ED), and the Singapore Police Force's Commercial Affairs Department (CAD) and the Monetary Authority of Singapore, all of whom have been provided our findings. This directly contradicts management's narrative and underscores that regulators consider these matters material and actionable.

VRL's H1 FY26 earnings confirm that VRL PropCo's earnings, liquidity and cash generation have not meaningfully improved despite deleveraging efforts. These efforts did not come from operational improvements. They came from selling assets, shifting debt to VEDL and draining VEDL of liquidity.

The result is a weakened asset base that provides less coverage for the borrowings it is supposed to service.



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