

July 18, 2025 (Revised)

Vedanta Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term/Short term – Unallocated limits	47.00	47.00	[ICRA]AA rating watch with developing implications/[ICRA]A1+ rating watch with developing implications; outstanding
Long term – Fund based – Term loan	3,453.00	3,453.00	[ICRA]AA rating watch with developing implications; outstanding
Commercial paper	2,500.00	2,500.00	[ICRA]A1+ rating watch with developing implications; outstanding
Non-convertible debenture	3,000.00	3,000.00	[ICRA]AA rating watch with developing implications; outstanding
Total	9,000.00	9,000.00	

*Instrument details are provided in Annexure I

Rationale

On July 09, 2025, a USA-based short seller and research firm published a report highlighting multiple adverse observations pertaining to the Vedanta Group. The report expressed concern over issues such as governance practices, related party transactions, brand-fee payments to holding company as well as regulatory and legal disputes that have been raised against the Group. In response, the Vedanta Group issued a formal media statement on the same day, refuting the allegations.

ICRA is closely monitoring the impact of the recent developments on its rated portfolio within the Vedanta Group, especially its financial flexibility. A key monitorable here would be the Group's access to the domestic and international capital markets and banking channels, debt pricing, tightening of debt covenants and implications for future refinancing capabilities. Nonetheless, comfort is drawn from the Group's stated commitment towards continued debt reduction. The leverage (net debt/OPBDITA), including Vedanta Resources Limited's (VRL) debt, improved to 2.5 times in FY2025 compared to 3.2 times reported in FY2024. Healthy profitability, particularly in the aluminium and zinc operations, is expected to further support the Group's leverage profile. Moreover, ICRA considers the total debt and financial expenses of VRL to calculate the adjusted leverage and coverage metrics of Vedanta Limited (VDL). At VRL's level, the recent refinancing of debt has smoothed the maturity profile over the long tenure and is likely to reduce the finance cost FY2026 onwards. ICRA would continue to monitor and review the ratings based on the movement of the credit metrics of the rated entities and the impact of the latest development on their financial flexibility.

Moreover, the ratings continue to remain on watch with developing implications owing to the ongoing demerger of Vedanta Limited's aluminium, oil and gas, power and iron and steel businesses into separate standalone listed entities, which is expected to be concluded in the current fiscal. ICRA will continue to monitor the development of the demerger process and the timelines involved and will take appropriate action, as required.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Non-Ferrous Metals (Primary Producers) Oil Exploration & Production Power – Thermal
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of VDL, including the entities mentioned in Annexure II. ICRA has also considered the total debt and financial expenses of Vedanta Resources Limited (Parent) to calculate the adjusted leverage and coverage metrics of VDL. ICRA understands that the interest and principal servicing of VRL's debt remains highly dependent on VDL's cash flows. ICRA also understands that there is no legal recourse to VDL with respect to VRL's debt obligations

About the company

Vedanta Limited, VDL, incorporated in June 1965 by Mr. Anil Agarwal, is a step-down subsidiary of Vedanta Resources Limited. It is headquartered in Mumbai, India. Vedanta has a diverse portfolio of assets comprising Indian and global companies involved in metals and minerals, such as zinc, silver, lead, aluminium, copper, nickel, oil and gas. There is a traditional ferrous vertical, including iron ore and steel, and a power vertical comprising coal and renewable energy. The company is now foraying into the manufacturing of semiconductors and display glass. The Group is among the largest producers in aluminium and zinc segments, commanding a strong market position in India.

Key financial indicators (audited)

VDL Consolidated	FY2024	FY2025
Operating income	144,035	153,264
PAT	7,359	20,534
OPBDIT/OI	24.9%	27.9%
PAT/OI	5.1%	13.4%
Total outside liabilities/Tangible net worth (times)	3.5	2.8
Total debt/OPBDIT (times)	2.4	2.1
Interest coverage (times)	3.8	4.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	July 18, 2025	Date	Rating	Date	Rating	Date	Rating
Unallocated limits	Long term/ Short term	47.00	[ICRA]AA Rating watch with Developing implications/ [ICRA]A1+ Rating watch with Developing implications	Jan 28, 2025	[ICRA]AA Rating watch with Developing implications	-	-	-	-
				Dec 19, 2024	[ICRA]AA Rating watch with Developing implications	-	-	-	-
				Sep 12, 2024	[ICRA]AA Rating watch with Developing implications /[ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				Sep 04, 2024	[ICRA]AA Rating watch with Developing implications/ [ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				Aug 26, 2024	[ICRA]AA- Rating watch with Developing implications/ [ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				May 30, 2024	[ICRA]AA- Rating watch with Developing implications/ [ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				May 16, 2024	[ICRA]AA- Rating watch with Developing implications/ [ICRA]A1+ Rating watch with Developing implications	-	-	-	-
Term loan	Long term	3,453.00	[ICRA]AA Rating watch with Developing implications	Jan 28, 2025	[ICRA]AA Rating watch with Developing implications	-	-	-	-
				Dec 19, 2024	[ICRA]AA Rating watch with	-	-	-	-

					Developing implications				
				Sep 12, 2024	[ICRA]AA Rating watch with Developing implications	-	-	-	-
				Sep 04, 2024	[ICRA]AA Rating watch with Developing implications	-	-	-	-
				Aug 26, 2024	[ICRA]AA- Rating watch with Developing implications	-	-	-	-
				May 30, 2024	[ICRA]AA- Rating watch with Developing implications				
Commercial paper	Short term	2,500.00	[ICRA]A1+ Rating watch with Developing implications	Jan 28, 2025	[ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				Dec 19, 2024	[ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				Sep 12, 2024	[ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				Sep 04, 2024	[ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				Aug 26, 2024	[ICRA]A1+ Rating watch with Developing implications	-	-	-	-
				May 30, 2024	[ICRA]A1+ Rating watch with Developing implications				
Non-convertible debenture	Long term	3,000.00	[ICRA]AA Rating watch with Developing implications	Jan 28, 2025	[ICRA]AA Rating watch with Developing implications	-	-	-	-
				Dec 19, 2024	[ICRA]AA Rating watch with Developing implications	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Unallocated limits	Not Applicable
Long term – Fund-based – Term loan	Simple
Commercial paper	Very Simple
Non-convertible debenture	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current RATING AND Outlook
NA	Long term/Short term – Unallocated limits	NA	NA	NA	47.00	[ICRA]AA rating watch with developing implications /[ICRA]A1+ rating watch with developing implications
NA	Long term – Fund based – Term loan	NA	NA	Up to FY2034	3,453.00	[ICRA]AA rating watch with developing implications
Yet to be placed	Commercial paper	NA	NA	NA	2,500.00	[ICRA]A1+ rating watch with developing implications
INE205A08038	Non-convertible debenture	20-02-2025	9.4%	20-02-2027	2,060.00	[ICRA]AA rating watch with developing implications
INE205A08020	Non-convertible debenture	20-02-2025	9.5%	20-08-2027	540.00	[ICRA]AA rating watch with developing implications
Yet to be placed	Non-convertible debenture	NA	NA	NA	400.00	[ICRA]AA rating watch with developing implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Name	% of shareholding	Consolidation approach
Thalanga Copper Mines Pty Limited (TCM)	100.00%	Full consolidation
Bharat Aluminium Company Limited (Balco)	51.00%	Full consolidation
Desai Cement Company Private Limited	100.00%	Full consolidation
ESL Steel Limited	95.49%	Full consolidation
Ferro Alloy Corporation Limited (Facor)	99.99%	Full consolidation
Hindustan Zinc Alloys Private Limited	64.92%*	Full consolidation
Hindustan Zinc Fertilizers Private Limited	64.92%*	Full consolidation
Hindustan Zinc Limited (Hzl)	64.92%	Full consolidation
MALCO Energy Limited (Mel)	100.00%	Full consolidation
Vedanta Zinc Football & Sports Foundation	64.92%*	Full consolidation
Hindmetal Exploration Services Private Limited	64.92%*	Full consolidation
Sesa Mining Corporation Limited	100.00%	Full consolidation
Sesa Resources Limited (SRL)	100.00%	Full consolidation
Talwandi Sabo Power Limited (TSPL)	100.00%	Full consolidation
Vizag General Cargo Berth Private Limited	100.00%	Full consolidation
Zinc India Foundation	64.92%*	Full consolidation
AvanStrate Inc (ASI)	51.63%	Full consolidation
Cairn India Holdings Limited	100.00%	Full consolidation
AvanStrate Taiwan Inc.	100.00%	Full consolidation
Western Cluster Limited	100.00%	Full consolidation
Bloom Fountain Limited	100.00%	Full consolidation
Amica Guesthouse (Proprietary) Limited	100.00%	Full consolidation
Namzinc (Proprietary) Limited	100.00%	Full consolidation
Skorpion Mining Company Proprietary Limited (Nz)	100.00%	Full consolidation
Skorpion Zinc Proprietary Limited (Szpl)	100.00%	Full consolidation
THL Zinc Namibia Holdings (Proprietary) Limited (VNHL)	100.00%	Full consolidation
Killoran Lisheen Mining Limited	100.00%	Full consolidation
Lisheen Milling Limited	100.00%	Full consolidation
Lisheen Mine Partnership	100.00%	Full consolidation
Vedanta Lisheen Mining Limited	100.00%	Full consolidation

Name	% of shareholding	Consolidation approach
Cairn Energy Hydrocarbons Limited	100.00%	Full consolidation
Black Mountain Mining (Proprietary) Limited	74.00%	Full consolidation
AvanStrate Korea Inc	100.00%	Full consolidation
Monte Cello BV (MCBV)	100.00%	Full consolidation
THL Zinc Holding BV	100.00%	Full consolidation
Vedanta Lisheen Holdings Limited	100.00%	Full consolidation
Fujairah Gold FZC	100.00%	Full consolidation
Gaurav Overseas Private Limited	50.00%	Equity method
Madanpur South Coal Company Limited	17.60%	Equity method
Goa Maritime Private Limited	50.00%	Equity method
Rosh Pinah Health Care (Proprietary) Limited	69.00%	Full consolidation
Gergarub Exploration And Mining (Pty) Limited	51.00%	Full consolidation
Roshskor Township (Pty) Limited	50.00%	Equity method
THL Zinc Ventures Limited	100.00%	Full consolidation
THL Zinc Limited	100.00%	Full consolidation
Sesa Iron & Steel Limited	100.00%	Full consolidation
Vedanta Displays Limited	100.00%	Full consolidation
Vedanta Aluminium Metal Limited	100.00%	Full consolidation
Vedanta Base Metals Limited	100.00%	Full consolidation
Vedanta Iron and Steel Limited	100.00%	Full consolidation
Vedanta Semiconductors Private Limited	100.00%	Full consolidation
Vedanta Copper International VCI Company Limited	100.00%	Full consolidation
Meenakshi Energy Limited	100.00%	Full consolidation

*Wholly-owned subsidiary of Hindustan Zinc Limited

Corrigendum

Rationale dated July 18, 2025, has been revised with the changes as below:

ISIN details for non-convertible debentures in Annexure I have been updated

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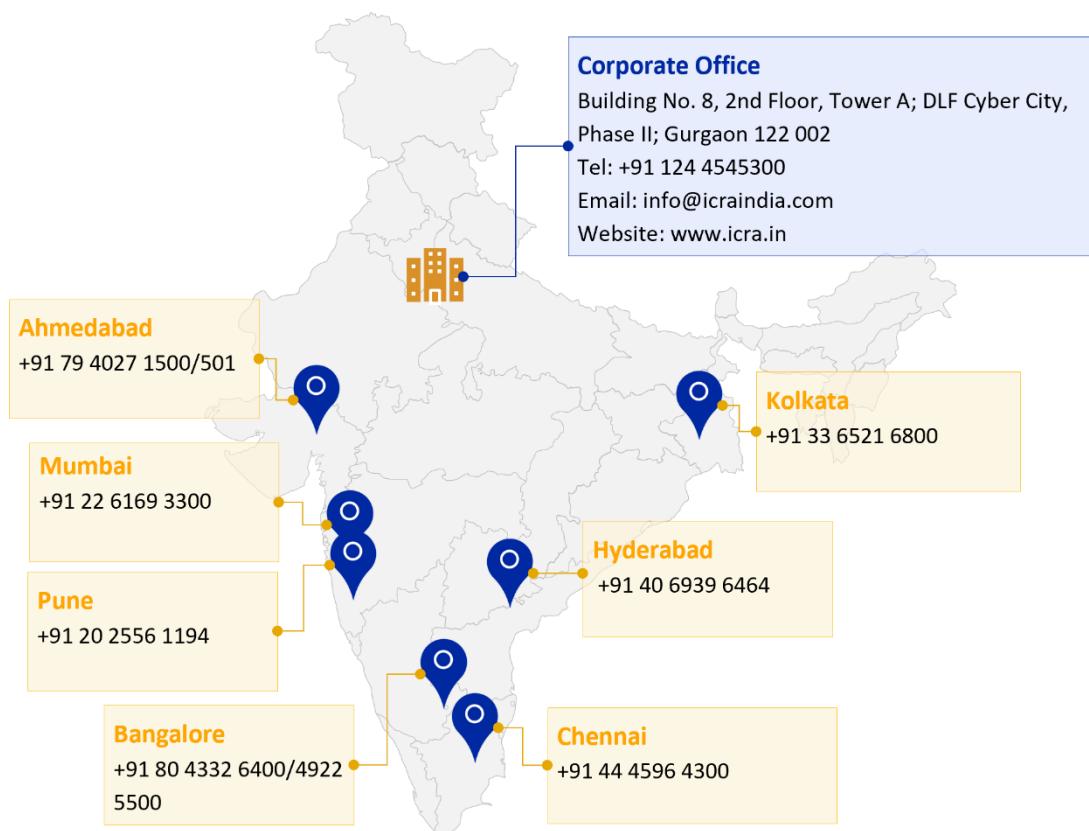
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