‘Vedanta well-positioned to manage repayments through refinancing, cash flow from operations’

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The Anil Agarwal-promoted Vedanta Ltd is looking to bring down its net debt-to-EBITDA ratio to 1x by the end of the current fiscal, aided by a combination of aggressive cost optimisation, internal accruals and strategic refinancing.

The diversified natural resources company reported a net leverage of 1.3x at the end of Q1FY26, an improvement from 1.5x a year ago.

CASH-LADEN. Vedanta expects internal accruals in the range of ₹20,000 crore to ₹25,000 crore across its group entities

INTEREST COST

According to Ajay Goel, Chief Financial Officer, Vedanta Ltd, the group has already reduced its interest cost by 130 basis points over the last year from 10.5 per cent to 9.2 per cent, and is now eyeing a further drop to 8.5 per cent by FY26-end.

The leverage reduction comes at a time when nearly ₹17,000 crore worth of debt is maturing in the current fiscal.

“All of this is secured debt, and we are well-positioned to manage repayments through a mix of refinancing and cash flow from operations,” Goel told *businessline*.

Vedanta expects internal accruals in the range of ₹20,000 crore to ₹25,000 crore for the year across its group entities.

“We are open to all three avenues that include internal accruals, refinancing and opportunistic monetisation to meet debt obligations. But the aim is clear: reduce interest cost and stretch maturity profiles,” said Goel.

During the quarter, the conglomerate sold 1.6 per cent stake in its subsidiary, Hindustan Zinc Ltd (HZL), which generated ₹3,028 crore cash. This was among the monetisation initiatives that the conglomerate had taken up.

“...has enabled Vedanta to deliver a net debt to EBITDA ratio of 1.3x. Given our NCD issuance of ₹5,000 crore and other refinancing, the cost of our debt has reduced,” said the CFO.

In fact, the conglomerate might now be taking up new debt in the immediate short term, sources in the know said.

DEBT BREAK DOWN

Net debt for the company stood at ₹58,220 crore for the quarter ending June 30, 2025. Nearly 82 per cent of its debt is in rupees.

Vedanta exited FY25 with a debt of ₹53,251 crore. In the April-June period, there were ₹4,280 crore payout as dividend, working capital requirements or borrowings of ₹3,916 crore, another ₹5,155 crore for ongoing capex and ₹2,953 crore of other additions. This was off set by cash flow from operations and HZL stake sale earnings to the tune of ₹11,300 crore.

The company, in a statement, said its cash and cash equivalents position remains strong at ₹22,137 crore, and increased by 7 per cent q-o-q and 33 per cent y-o-y.

PROFIT MOVEMENT

Vedanta’s PAT (adjusted) stood at ₹5,000 crore, up 13 per cent y-o-y, although reported PAT was impacted by a one-time write-off in the oil and gas segment.

Post write-off of ₹757 crore on Cairn’s OALP (oil acreage licensing policy) exploration costs, the reported PAT was ₹4457 crore, down 13 per cent y-o-y.

The company posted its highest-ever Q1 EBITDA of ₹10,746 crore, driven by disciplined cost control and improved margins across key verticals.