

Vedanta: Mining Giant's Best-Ever Year



Amit Mudgill : 7-9 minutes : 9/12/2025

When Vedanta Executive Director Arun Misra addressed shareholders during the company's March quarter earnings call last summer, his message was bold and optimistic. He said financial year 2024-25 (FY25) had the potential to be the “best-ever” year for Vedanta, promising record-breaking performance across volumes, revenue, costs, and profits.

Fast forward 12 months, and the Anil Agarwal-led mining giant delivered on that ambitious forecast. Vedanta and its subsidiary Hindustan Zinc ranked third among the fastest-growing major groups in the BT500 list of India's Most Profitable Companies, doubling profits and capping a standout year for the metals and mining conglomerate.

Vedanta posted its highest-ever aluminium and zinc volumes in FY25. Consolidated net profit jumped 172% year-on-year (YoY) to Rs 20,535 crore, while revenue climbed 6.4% to an all-time high of Rs 1.52 lakh crore. Operating profit rose 22% to Rs 46,018 crore—the second-highest ever—with a margin of 30%, leading the sector. Its aluminium business achieved its highest-ever annual metal production of 2,422 kilotonne (kt), surpassing the volume guidance for FY25.

Misra, who also serves as MD & CEO of Hindustan Zinc Ltd (HZL), oversaw another milestone: HZL became the world's largest integrated zinc producer. It reported its highest-ever domestic zinc sales at 603 kt in FY25, capturing a 77% domestic market share. The contribution of value-added products hit a new peak at 22%.

Financially, FY25 was HZL's second-best year. Zinc production cost fell to a four-year low of \$1,052 per tonne and free cash flows stood at Rs 10,857 crore. Together, Vedanta and HZL more than doubled their net profit to Rs 30,888 crore. Combined revenue rose 8.26% to Rs 1.86 lakh crore.

Vedanta leaned on its scale, backward integration, and operational rigour to stay ahead, Misra tells BT. "By increasing the focus on cost optimisation, diversifying raw material sourcing, and embracing technology, we navigated supply disruptions effectively. At the same time, the company shifted towards higher-margin value-added products across aluminium and zinc," he says.

Inside The Vedanta Empire

Vedanta Ltd is majority-owned (56.38%) by London-headquartered Vedanta Resources Ltd (VRL). Its Indian zinc business is largely run through HZL, where Vedanta holds nearly 62%. Other key holdings include a 51% stake in BALCO, 95.5% in ESL Steel and 100% in Zinc International.

In FY25, zinc (including HZL and international operations) contributed 43% of Vedanta's Rs 43,541 crore Ebitda, followed by aluminium (41%) and oil & gas (10.7%). The year saw global primary aluminium demand rising 3% and zinc demand growing 2%. But growth was higher in India, aluminium demand jumped 12% and zinc around 6%. Nearly half (48%) of Vedanta's aluminium and 77% of its zinc production was sold in India during the fiscal.

Debt Turnaround, Rating Upgrades

At the start of 2024, concerns intensified about VRL's debt, culminating in an S&P downgrade. However, that narrative flipped in FY25. VRL raised \$500 million by selling a stake in Vedanta and refinanced \$3.1 billion in bonds at lower costs and longer maturities. The group deleveraged by \$1.2 billion during the year—\$700 million at VRL and \$500 million at Vedanta.

As a result, VRL's total debt fell to \$5 billion by FY25-end, the lowest in a decade. Group-level leverage improved to 2 times. S&P upgraded VRL's credit rating by three notches to 'B+' from 'CCC+' in FY25.

By June 30, VRL's net debt had reduced further to \$4.8 billion, with \$750 million due in the rest of FY26—\$320 million in principal and \$430 million in interest. Analysts expect this to be managed via brand fees, dividends and partial refinancing. Ashish Kejriwal and Kunal Kothari, analysts at wealth management firm Nuvama, expect Vedanta to pay at least Rs 25 per share in dividend in FY26, of which Rs 23 has already been declared. VRL's debt is expected to be cut by \$500 million in FY26.

Investor Confidence

In FY25, Vedanta raised Rs 8,500 crore via a qualified institutional placement and Rs 3,134 crore through HZL's offer for sale. Also, VRL recently announced the release of Vedanta encumbrances after the full repayment of a facility agreement.

Investor confidence reflected this turnaround—mutual fund holdings rose from under 1% in September 2023 to 8.19% in June 2025. Foreign portfolio investor ownership has remained in double digits for five straight quarters. That said, US short-seller Viceroy recently accused Vedanta of governance lapses, capex fraud and inflated asset valuations. Vedanta called it a malicious combination of selective misinformation and baseless allegations.

Kranthi Bathini, Director–Equity Strategist at WealthMills Securities

“Vedanta has been able to win back the Street’s confidence by rewarding investors with dividends and firm financials. But there seems to be a bit of a governance issue, and the group needs to bridge those gaps quickly,” says Kranthi Bathini, Director–Equity Strategist at WealthMills Securities. Bathini believes Vedanta could continue its recent good show in FY26, too.

The Road Ahead

The Street is, perhaps, looking forward the most to Vedanta’s planned demerger into separate listed entities focused on aluminium, zinc & silver, oil & gas, power, and iron & steel to unlock shareholder value. “Vedanta aims to create simpler, more agile entities with greater strategic clarity. Each company will be able to focus on its core operations, make sector-specific capital allocation decisions, and attract targeted investor interest aligned with each of their own growth trajectory,” Misra said.

The company is on an expansion drive. In the case of aluminium, Vedanta is expanding capacity at Lanjigarh alumina refinery in Odisha and Balco smelter in Chhattisgarh. HZL, too, is progressing on multiple fronts. Another tailwind, according to JPMorgan’s Vibhav Zutshi, is that LME prices have bottomed out and should move higher in FY26-27.

ICICI Direct analysts Shashank Kanodia and Manisha Kesari see robust long-term prospects for Zinc India, a key cash cow that contributed about 40% to Vedanta’s FY25 Ebitda. “Vedanta has maintained strong cash flows from operating activities of over Rs 30,000 crore since FY22, enabling steady deleveraging, with net debt/Ebitda falling to 1.3x in FY25,” they noted.

Market Analyst Ambareesh Baliga

Market Analyst Ambareesh Baliga says Q1 earnings were among the strongest, with highest Ebitda margin in 13 quarters at 35%. “The recent deferment of the demerger hearing by NCLT is a negative but Vedanta’s low valuation indicates that the most negatives are priced in. The management has been focussing on debt reduction, which seems to have got an affirmation from credit rating agencies,” he says.

Vedanta's Misra says his company is betting on value-added products. The combination of lower debt, reduced interest burden, and sector-specific expansion positions Vedanta for stronger earnings visibility and long-term shareholder value creation, he says.

@amit_mudgill