Vedanta confident of completing demerger by year-end: Arun Misra

Abhishek Law ⁝ 5-6 minutes ⁝ 9/18/2025

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Vedanta Ltd is confident of completing its proposed demerger by the end of this year, with the company dismissing speculation about government objections to its restructuring plans.

According to Arun Misra, Wholetime Director, Vedanta, and MD and CEO, Hindustan Zinc (a Vedanta subsidiary), the demerger process is that of a private company in which the government is not a shareholder.

“The demerger is [that of] a private company. It [process] is going through the National Company Law Tribunal (NCLT) as part of due procedure. There are no objections from the government. The Ministry of Petroleum and Natural Gas (MoPNG) has put in its view point on certain aspects,” he told *businessline* on the sidelines of the CII mining summit.

The MoPNG has sought further disclosures on regulatory and financial risks from Vedanta on their demerger process. In response, Vedanta said the company was willing to issue a corporate guarantee to protect MoPNG’s interests. It also said necessary disclosures were made.

Incidentally, all creditors and shareholders have agreed to the demerger.

No hurdles from ministries

Responding to queries on whether the Petroleum Ministry or any other government arm had raised concerns, Misra said the process was routine. “There is no ministry-level objection. This is a normal process under NCLT,” said the executive.

“The MoPNG is one of the [line ministries] for one of the proposed demerged entities,” he said. This makes the Ministry a stakeholder in one of the proposed demerged entities.

Mining moghul Anil Agarwal-led Vedanta, had in 2023, announced plans to demerge Indian ops into five separate listed entities — Vedanta Aluminium, Vedanta Oil & Gas, Vedanta Power, Vedanta Iron and Steel, while the restructured Vedanta Ltd will hold the zinc and silver businesses (via Hindustan Zinc) and serve as an incubator for new technologies and ventures.

Expansion on track

Alongside the demerger, Vedanta is pressing ahead with a massive expansion programme. The company’s fully-owned subsidiary, Hindustan Zinc, has started work on doubling its zinc capacity and has placed orders for multiple projects, which include a 450,000-tonne zinc smelter and a 200,000-tonne lead plant. It has sought approvals for new mining expansion projects, and for a (mineral waste / tailings) recycling facility.

“In total, we are looking at adding about one million tonnes of additional zinc capacity,” said Misra.

Vedanta has already declared a capital expenditure of ₹16,000 crore to ₹17,000 crore, and an additional ₹20,000 crore to ₹25,000 crore is being lined up. This takes the overall capex to nearly ₹31,000 crore to ₹32,000 crore over the next five years.

For funding, Hindustan Zinc’s ambitious expansion plans, Vedanta is relying on a mix of internal accruals and borrowings. The company expects strong cash generation from ongoing operations, with additional support from banks.

“We are generating nearly ₹10,000 crore of cash every year [through Hindustan Zinc]. And so that takes care of our expansion plans. Against a ₹32,000 crore requirement, our cash generation will be ₹50,000 crore in these five years,” Misra explained.

“But, even then, if we chose to use debt, banks are happy to lend to us. When we borrow, the investments we make earn more than the interest we pay. That creates value. Our focus is on growth and expansion, not on becoming debt-free at any cost,” he clarified.

Vedanta has often faced investor queries on its debt position and repayment schedules. The company has opted for refinancing of loans and is working to bring down finance costs to around 9 per cent [at a group level] by the end of this fiscal. Costs have been in the 9.6 per cent levels so far this year.

“There seems to be an unnecessary obsession with debt-free status. The idea is not to eliminate debt but to ensure productive use of capital,” said Misra.

Market outlook

On the demand side, Vedanta remains optimistic of zinc prices firming up to $3,000 per tonne by the end of this calendar year, up by 7 per cent from the current $2,800 per tonne. This gives the company, among the largest zinc miners in the world, enough room to grow and “generate cash”.

“Global trade tensions have eased. Countries have found their own equilibrium. There is also a new set of trade synergies emerging, between China and Russia, India, Canada, and Europe. People are optimistic about commodity demand now,” said the executive.

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