Vedanta demerger to be completed by March 2026; five pure-play listed firms to emerge: Anil Agarwal

FE Business : 6-7 minutes

Vedanta Chairman Anil Agarwal said that the company's proposed demerger is targeted for completion by March 2026 and will result in five independently listed companies. In an interview with PTI, the oil-to-metal company's Chairman said that each company is capable of growing independently to the scale of the current parent company

On Tuesday, the National Company Law Tribunal (NCLT) approved the Vedanta demerger plan, which will split Vedanta into five separate listed entities. After the demerger, the base metals business will be housed in Vedanta Ltd, while Vedanta Aluminium, Talwandi Sabo Power, Vedanta Steel and Iron and Malco Energy will be the other four entities, focused on separate segments of the company's businesses.

Agarwal explains demerger reasoning

In an interview with PTI, Agarwal stated that the demerger was chosen over asset sales or alternative restructuring to unlock the full growth potential of each business, including zinc, aluminium, oil and gas, power, and iron ore and steel, amid strong and rising demand, particularly in India.

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"Vedanta is like a big Banyan tree. There is tremendous potential in each business, and each one of them has the potential to become a Banyan tree by itself," he said.

"I have a vision that each company be as big as Vedanta in terms of revenue. Effectively, we are creating five more Vedantas, which will make shareholders the happiest." He said the demerger process is likely to be completed in the next 3-4 months. "March 2026 is the target." Shareholders of Vedanta will get one equity share of every demerged entity for every one share they currently hold in the company.

Explaining the rationale for the demerger, he said that globally most large resource companies operate as pure-play entities, focused solely on zinc, silver, aluminium, iron ore, power generation, or oil and gas, and Vedanta's proposed restructuring is aligned with this global model.

"Each of Vedanta's businesses – zinc, silver, aluminium, oil and gas, power, iron ore and steel – has tremendous potential. Demand is almost doubling, particularly in India. Demerger is the right thing to do to let each business grow on its own," Agarwal said.

Debt reallocation

On debt, he said the Rs 48,000 crore debt will be allocated to the demerged entities based on their respective cash flows.

The Rs 48,000 crore debt on the books of Vedanta Ltd will be allocated to the demerged entities based on their respective cash flows. Each company will have an independent board and professional management, and promoters will hold around 50 per cent stake without involvement in day-to-day operations, Agarwal said, adding that aggressive capital expenditure and regular dividend payouts will continue post-demerger.

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On the structure, he said all resulting companies will be pure-play businesses. Oil and gas will remain a standalone hydrocarbon company, iron ore and power will be single-product entities, while metals businesses may explore further vertical opportunities over time.

Addressing concerns about regulatory risks, Agarwal said the company does not foresee major hurdles, given the approvals already received, although timelines will depend on procedural requirements.

Regarding debt allocation, he stated that liabilities will not be divided equally, but rather based on the cash flow strength of each entity.

“Debt will be apportioned according to the cash flows and balance-sheet capacity of each business.” Each demerged company will have an independent board and professional management. Promoters will hold around 50 per cent stake through a holding structure, but will not be involved in day-to-day operations. “There will be proper boards, CEOs and fully incentivised management teams. Management participation through shareholding schemes will continue,” he noted.

Leadership and growth outlook

Agarwal said he may not necessarily chair all the demerged companies. Citing Hindustan Zinc, which is chaired by his daughter Priya, he said leadership independence has already demonstrated strong results. “We are not supposed to run operations; that is for professional management,” he added.

Outlining growth plans, Agarwal said Vedanta aims to scale zinc production, positioning itself among the world’s largest producers. Silver output is targeted to rise sharply to 3,000 tonnes from the current 700 tonnes to meet India’s domestic demand, while lead production is also expected to increase significantly.

In aluminium, Vedanta plans to double capacity from the current 3 million tonnes, supported by captive mines and renewable energy-linked greenfield projects. The company is also setting up a large DAP fertiliser plant in Rajasthan, he said.

In oil and gas, Agarwal said recent policy changes by the government have improved the investment climate. Vedanta aims to raise production to 3,00,000 barrels per day in the short term, scaling up to 1 million barrels per day over the next four to five years.

The iron ore and steel business will focus on producing green steel, leveraging access to gas and renewable power, with a proposed capacity of 10–15 million tonnes. The power business targets 20,000 MW capacity in India.

Vedanta capex plans

On capital expenditure and dividends, Agarwal said aggressive capex will continue post-demerger, alongside regular dividend payouts.

“Capex is essential for manufacturing growth in India. And dividend is in my blood – there will always be dividends,” he said.

Responding to questions on debt, Agarwal said Vedanta’s net debt of around Rs 48,000 crore remains manageable.

“This is among the lowest leverage levels globally. Debt is part of business, and we are very comfortable with our position,” he said, adding that the company will continue to optimise its balance sheet.

(With inputs from PTI)

This article was first uploaded on December seventeen, twenty twenty-five, at zero minutes past six in the evening.