

# Fitch turns positive on Vedanta Resources citing deleveraging, earnings outlook



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**Fitch Ratings revised Vedanta Resources Ltd.'s outlook to positive, citing stronger earnings and lower leverage, but affirmed its B+ rating due to governance risks and complex structure.**



Fitch Ratings has revised the outlook on [Vedanta Ltd](#)'s UK-based parent, Vedanta Resources Ltd. (VRL), to 'positive' from 'stable', citing expectations of stronger earnings, lower leverage and improved financial discipline. The rating agency, however, affirmed VRL's long-term foreign-currency issuer default rating at 'B+'.

"The positive outlook reflects our estimate that VRL's proportionately consolidated EBITDA net leverage may reduce to around 3.2x or lower for a sustained period," Fitch Ratings said in a release on Thursday, December 18.

"This will be driven by our increased short-to-medium term commodity price assumptions for zinc, aluminium and silver, the improving backward integration in VRL's aluminium business, and management commitment towards deleveraging," it added.

Fitch estimates that the zinc, aluminium, and oil and gas businesses together contributed nearly 90% of Vedanta Resources' adjusted consolidated EBITDA of about \$5.3 billion in FY25 (April–March). Vedanta Resources currently holds a 56% stake in Vedanta Ltd.

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The agency said the 'B+' rating continues to reflect governance risks, the group's complex structure and a moderate business profile. "It also factors in manageable liquidity risks at the holding company, comprising VRL and other offshore investment holding companies owned by VRL," Fitch noted.

Fitch highlighted corporate governance concerns, pointing out that Vedanta Resources has a three-member board, with two directors from the founding family. At Vedanta Ltd., three of the eight board members belong to the founding family, while two of the four independent directors are former Vedanta Resources executives.

"The higher importance of our management and corporate governance assessment on VRL's rating navigator weighs on its rating. The rating could have been higher otherwise, considering VRL's business profile strengths," Fitch said.

As of October, Vedanta Resources had around \$5.2 billion of debt. Fitch said it expects the company to meet upcoming maturities through dividends from operating companies and/or refinancing, aided by improved access to funding. "Potential sales of stakes in listed opcos provide additional buffers," it added.

Vedanta Ltd. reported a consolidated net profit of ₹17.98 billion for the September quarter on revenue of ₹398.68 billion. The company's shares ended 0.4% higher at ₹581.60 on the NSE on Friday.