



Vedanta – Our Complaint to the Securities and Exchange Board of India

In the absence of regulatory clarity, we present our findings to the public

PLEASE READ IMPORTANT DISCLAIMER – PAGE 2

August 14, 2025 – On July 23, 2025, we submitted a complaint to the Securities and Exchange Board of India (SEBI) regarding the conduct of Vedanta Resources Limited (VRL), the UK-domiciled parent of Vedanta Limited (VEDL).

Similarly to our letter sent to them on July 14, 2025, we have received no acknowledgement or response from SEBI to date. Despite encouraging comments by SEBI Chairman Tuhin Pandey regarding the Board's commitment to combatting financial fraud and non-arm's length transactions by promoters, we are not aware of any action being taken.

In light of a Public Interest Litigation (PIL) requesting that the Supreme Court of India order SEBI, among others, to investigate our claims, we are publishing our complaint in full.

The main concerns of the complaint are:

- **Chronic and systemic siphoning of funds from Vedanta Limited (VEDL)** and its subsidiaries to the promoter entity, Vedanta Resources Ltd (VRL), through *non-arm's-length brand fees, management fees, and intra-group transactions*.
- **Deliberate misstatements in financial disclosures** including concealment of material liabilities, improper asset valuations, and fictitious earnings—designed to obscure the group's true financial condition.
- **Use of public shareholder funds to service promoter-level debt**, including upstreaming of dividends and issuance of inter-company loans without proper disclosure.
- **Massive encumbrance of nearly 100% of VRL's holdings in VEDL**, effectively handing over control of the listed company to external lenders—*without disclosing the governance implications to public investors*.
- **Stock price manipulation and insider financial engineering**, including false or misleading corporate announcements, opaque buyback structures, and backdoor recapitalization during critical control consolidation phases.
- **Violation of numerous SEBI and Companies Act regulations**, including:
 - SEBI LODR Regulations: Reg. 4, 17(8), 23, 30, 30A, 34
 - PFUTP Regulations, 2003 (fraud and unfair trade practices)
 - Companies Act, 2013: Sections 129, 166, 188, 447, 448
 - Buyback Regulations and related criminal liability under Section 67(2)
- **Obfuscation of ownership and control** through a web of undisclosed related parties, undermining minority shareholder rights and facilitating corporate looting.
- **Material governance failures**, including weak auditor choice, board oversight breaches, and internal control violations that weaken institutional checks.

We are publishing this complaint in the interest of transparency and in contrast to the opacity, denial, and silence of VRL's disclosures.

We recognize that SEBI must often work behind the scenes; discretion is part of its duty. But it is precisely this discretion that the Agarwal family has long relied upon to operate unchecked. So long as their offshore lenders remain in the dark, they remain untouched. We do not seek to undermine SEBI's role, but to bring into the open what the Agarwals would rather keep hidden: the systematic and deliberate exploitation of Indian Investors, Insurers, Pensioners and Government of India.



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Vedanta Resources, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

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The authors may continue transacting directly and/or indirectly in the securities of issuers covered on this report for an indefinite period and may be long, short, or neutral at any time hereafter regardless of their initial recommendation.

Dated: July 23, 2025

To,

Chairperson,

Securities Exchange Board of India

SEBI Bhavan, Plot No. C4-A, 'G' Block, Bandra Kurla Complex,

Bandra (East), Mumbai - 400051, Maharashtra.

Subject: Complaint against the following listed entities for Systematic Corporate Governance Failures, Fraud, Financial Manipulations, Price Rigging, and Regulatory Violations:

- (a) Vedanta Limited;**
- (b) Hindustan Zinc Limited; and**
- (c) Vedanta Resources Ltd. along with its sister entities (Promoters and person in control of Vedanta Ltd).**

**Viceroy Research, LLC
1901 Orange Street, Wilmington, DE 19801, USA
July 23, 2025
Wilmington, Delaware, USA**

Dear Sirs,

1. With reference to the captioned matter, we bring to your kind notice the series of ongoing grave violations in the Vedanta Limited (“**VEDL**”) and Hindustan Zinc Limited (“**HZL**”). We would also like to draw your attention towards Vedanta Resources Ltd. (“**VRL PropCo**”), the heavily indebted parent entity and majority shareholder/promoter of VEDL. Please note that VEDL is operating a financially unsustainable and structurally opaque group that poses systemic risks to investors (including the Government of India), its creditors, and its public stakeholders. The issues in the complaint raise urgent questions of legal compliance, market integrity and minority shareholder protection. It covers mainly the following:
 - 1.1. Fraudulent and unfair trade practices as defined under SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (“**PFUTP Regulations**”).
 - 1.2. Systemic misrepresentations in financial disclosures.
 - 1.3. Ongoing related-party siphoning of funds through questionable brand and management fee arrangements.
 - 1.4. Ongoing related-party siphoning of funds through unfair, non-arms-length trading arrangements with promoter-owned entities.

- 1.5. Misuse of VEDL's financial position to service promoter-level debt and execute control-enhancing share acquisitions.
- 1.6. Breaches of obligations under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”) and the Companies Act, 2013, including violations of internal control, related party transactions, fair disclosure, and board responsibilities.
- 1.7. Misuse of upstream dividends, improper encumbrances, and subversion of shareholder rights.
- 1.8. Failure to disclose material events under Regulation 30 and 30A of SEBI LODR Regulations.
- 1.9. Abuse of audit and corporate structure to obscure liabilities and avoid scrutiny.

This conduct jeopardizes the interests of minority shareholders, compromises regulatory integrity, and undermines India's securities market. It is also to be noted that VEDL's investor base includes major pension and retirement funds entrusted with the savings of ordinary Indians. For many, these funds represent a lifetime of earnings and crucial support in their later years. Any collapse of VEDL does not merely threaten institutional investors or government stakeholders but would directly harm countless working-class and less privileged members of Indian society, compounding the seriousness of the company's alleged misconduct.

2. **Group Structure**

- 2.1. The Vedanta Resources Consolidated Group (“**the Group**”) can be bifurcated into two distinct parts:
 - 2.1.1. **VRL PropCo** – This refers to Vedanta Resources Limited and its web of intermediate holding companies, controlled by the Mr. Anil Agarwal and his family. It holds no material operating assets and carries approximately USD 4.9 billion (approximately INR 40,670 crore) in gross interest-bearing liabilities as of Financial Year 2025.
 - 2.1.2. **VEDL Group** – This refers to the publicly-listed Vedanta Limited and all of its consolidated operating subsidiaries, such as Hindustan Zinc Limited (“**HZL**”), Bharat Aluminium Company Limited (“**BALCO**”), and various other subsidiaries.

The detailed flowchart showing the entities involved in the Group is attached with the said complaint and marked as **Annexure -1**.

3. **Ongoing Violations/ Offences/ frauds/ defaults in the Group**

- 3.1. We would like to bring your kind attention to the below mentioned grave ongoing violations in the Group:

3.1.1. Ponzi Mechanism to provide financial support to VRL

- a. VRL PropCo's survival is entirely dependent on its ability to extract cash from VEDL Group to service its enormous debt load, which exceeds VEDL's cash flow. Accordingly, VEDL takes a disproportionately high amount of debt across its operating subsidiaries to meet the needs of VRL PropCo. The VEDL structure is subject to immense stress due to VRL PropCo's looting. The same can be seen from the VDL Group LTV and Debt analysis provided in the Viceroy Research Group Report on Vedanta Group dated 09.07.2025 ("Viceroy Report").

Debt, Cash, and Working Capital

VEDL's capital structure is subject to immense stress due to the PropCo's looting. The looting can be seen across 3 figures: the Gross Debt, the Net Debt, and Working Capital movements.

| Debt Analysis USD \$m | Vedanta Limited | | | | |
|---|-----------------|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Current interest bearing liabilities | | | | | |
| Borrowings | 2,546 | 2,535 | 2,747 | 2,333 | 2,631 |
| Operational buyers' credit / suppliers' credit | 1,962 | 1,792 | 1,658 | 1,539 | 1,141 |
| Non-current interest bearing liabilities | | | | | |
| Borrowings | 6,348 | 6,076 | 5,261 | 4,996 | 5,239 |
| Gross interest bearing liabilities | 10,856 | 10,403 | 9,666 | 8,868 | 9,010 |
| Cash | | | | | |
| Cash & equivalents | 944 | 519 | 1,120 | 2,119 | 2,295 |
| Short-term investments | 1,776 | 1,710 | 1,984 | 2,683 | 2,556 |
| Gross cash & short term investments | 2,720 | 2,229 | 3,104 | 4,802 | 4,851 |
| Net debt | 8,136 | 8,174 | 6,562 | 4,066 | 4,159 |
| Add: Payables | | | | | |
| Trade & other payables | 4,492 | 4,733 | 5,410 | 6,042 | 5,189 |
| Provisions | 2,458 | 2,595 | 2,318 | 670 | 481 |
| Current tax liabilities | - | - | - | - | - |
| Less: Receivables & Inventory | | | | | |
| Trade & other receivables | 1,708 | 2,416 | 2,223 | 2,614 | 1,525 |
| Inventory | 1,743 | 1,560 | 1,816 | 1,975 | 1,369 |
| Current tax assets | 944 | 519 | 1,120 | 2,119 | 2,295 |
| Other non-current assets | 772 | 826 | 743 | 889 | 879 |
| Net Payables Adjustment | 1,783 | 2,007 | 1,826 | (886) | (399) |
| Net debt + Net Payables | 9,919 | 10,181 | 8,388 | 3,180 | 3,761 |
| Property, plant & equipment | 15,508 | 14,046 | 13,436 | 14,658 | 14,257 |
| Financial asset investments | 775 | 440 | 521 | 1,586 | 1,069 |
| Long-term receivables (likely impaired) | 772 | 826 | 743 | 889 | 879 |
| Tangible Asset base | 17,056 | 15,311 | 14,700 | 17,134 | 16,204 |
| LTV | 58% | 66% | 57% | 19% | 23% |
| Total interest cost | 1,347 | 1,232 | 798 | 692 | 750 |
| Effective rate on Gross interest bearing liabilities | 12.7% | 12.3% | 8.5% | 7.8% | 10.8% |

Figure 7 – VEDL Group LTV & Debt Analysis³

Figure 1 – VEDL Group LTV and Debt Analysis taken from Viceroy Report

- b. Due to this ongoing scheme, VEDL has accrued a USD 5.6 billion (approximately INR 48,048 crore) free cash flow shortfall against dividend payments of USD 8 billion (approximately INR 68,640 crore) over the last 3 (Three) years. The VEDL Group Free Cash Flow Analysis, as shown in the Viceroy Report, is set below:

Cash Flow Coverage and Debt Servicing Capacity

VEDL has accrued a \$5.6b free cash flow shortfall against dividend payments of \$8.0b over the last 3 years.

| Free Cash Flow Analysis USD \$m | Vedanta Limited | | | | |
|---|-----------------|----------------|----------------|--------------|--------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| NPBT | 3,213 | 2,460 | 2,527 | 4,407 | 2,318 |
| Cash from operating activities | 3,479 | 3,120 | 3,431 | 3,969 | 2,509 |
| Less: | | | | | |
| Purchase of PPE & intangibles | (2,033) | (2,024) | (1,718) | (1,421) | (927) |
| Proceeds from disposal of PPE & intangibles | 35 | 24 | 17 | 43 | 23 |
| Dividends paid to NCI of VEDL subsidiaries | (528) | (233) | (1,394) | (357) | (754) |
| Viceroy Estimated FCF | 953 | 887 | 335 | 2,235 | 850 |
| Dividend | (2,005) | (2,244) | (3,733) | (2,230) | (474) |
| Shortfall | (1,052) | (1,356) | (3,398) | N/A | N/A |
| Dividend cut required | 52% | 60% | 91% | - | - |

Figure 12 – VEDL Group Free Cash Flow Analysis

Figure 2 – VEDL Group Free Group Cash Flow Analysis taken from Viceroy Report

- c. VEDL has exhausted its cash reserves, its ability to borrow money, its ability to “liquidate” working capital items and has acted against the interests of investors in the securities market. The working capital ratio analysis showing the potential liquidity issues in the VEDL Group is shown below:

| WC Analysis USD \$m | Vedanta Limited | | | | |
|------------------------------|-----------------|-------------|-------------|-------------|-------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Total current assets | 6,234 | 6,231 | 7,321 | 9,431 | 7,756 |
| Total current liabilities | 8,861 | 9,439 | 10,533 | 9,038 | 8,161 |
| Working capital ratio | 0.70 | 0.66 | 0.70 | 1.04 | 0.95 |

Figure 9 – VEDL Working Capital Analysis

Figure 3 – VEDL Working Capital Analysis taken from Viceroy Report

- d. **Possible Defaults/ Non-Compliances**

We respectfully request the Securities and Exchange Board of India (“SEBI”) to investigate the Group and investigate the following possible defaults:

- i. Violation of the fundamental principles of fairness, transparency, and accountability mandated under Regulation 4 of the SEBI LODR Regulations.

- ii. Violation of SEBI LODR Regulations and Section 129 read with Sections 447 and 448 of the Companies Act, 2013 as the Group Financial Statements fails to present a true and fair view of its financial position.
- iii. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- iv. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- v. Violation of the legislative intent and objectives of SEBI to ensure investor protection, the orderly functioning of capital markets, and the prevention of abuse by dominant shareholders as enshrined under the Securities and Exchange Board of India Act of 1992 (“SEBI Act”).
- vi. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in a fraudulent and unfair trade practices.

3.1.2. Encumbrance on VEDL Shares.

- a. As set out in the VEDL shareholding pattern filings, 99.8 percent of the VRL PropCo’s shareholding in VEDL is encumbered. VEDL’s own assets nearing full encumbrance and deteriorating fundamentals gives VRL PropCo’s creditor a precarious, subordinate claim over almost fully-levered assets. Regulation 30 and 30A of the SEBI LODR Regulation Intimation Announcement for VEDL are attached below:

Pursuant to the terms of the Facility Agreement, the Borrower and the Guarantors have agreed to ensure in its capacity as the member of the promoter group of Vedanta Limited, that Vedanta Limited shall not undertake the following actions / activities unless permitted within the parameters of the Facility Agreement and / or with the consent of the requisite Lenders: (i) (subject to the carve-outs specified under the Facility Agreement) the creation of security over assets of Vedanta Limited; (ii) (subject to the carve-outs specified under the Facility Agreement) the sale, transfer and disposal of assets of Vedanta Limited which are not in the ordinary course; (iii) investment in or acquisition of material assets / business / shares by Vedanta Limited in each case, which are assets / businesses not associated with mining, metals, coal, oil and gas exploration and/or production, infrastructure, power or energy industries; (iv) (subject to the carve-outs specified under the Facility Agreement) any Merger (as defined in the Facility Agreement) of Vedanta Limited; (v) amendment of the constitutional documents such that it affects the rights of the Lenders or has a material adverse effect under the Facility Agreement; (vi) (subject to the provisions of the Facility Agreement) creation of a restriction on distributions; and (vii) (subject to the provisions of the Facility Agreement) grant of a loan

**Figure 4 – VEDL’s Intimation Announcement under Regulations 30 and 30A SEBI LODR
Regulations taken from Viceroy Report**

- b. As stated in VEDL’s intimation announcement under Regulations 30 and 30A of the SEBI LODR Regulations, the Lender has imposed multiple restrictions on VEDL, effectively taking away control from the shareholder to the Lenders through the following covenants:
- i. No mergers or amalgamations without lender consent.
 - ii. Restrictions on asset sales and reorganizations.
 - iii. Borrowings and lien creation subject to indirect approval.
 - iv. Dividends and distributions limitations.
 - v. Lending to affiliates, including subsidiaries, subject to lender approval.
- c. The encumbrance over the VEDL shares, effectively giving control to creditors over major decisions, is in complete violation of corporate governance principles laid down in Regulation 4 of SEBI LODR Regulations. This has created the following implication on VEDL:
- i. VEDL is governed in part by creditor-imposed veto points, not just its board.
 - ii. Minority shareholders getting cut out of critical decision-making.
 - iii. VRL PropCo’s other creditors falling behind the new facility group.
 - iv. Rise in VEDL’s cost of capital, making new creditors demand tighter terms.
 - v. As VEDL’s encumbers its assets, VRL PropCo’s collateral is diminished.
 - vi. Intra-group flows, on which the company depends, may be restricted or require lender consent.
- d. In its disclosure to SEBI, VEDL management conceded that VEDL is not a party to various loans made to VRL PropCo but is nonetheless bound by extremely restrictive conditions in those loan agreements.

| # | Particulars | Details |
|----|---|--|
| a) | If the listed entity is a party to the agreement: | Vedanta Limited is not a party to the facility agreement dated June 24, 2025 (“ Facility Agreement ”). Therefore, not applicable. |
| | i. Details of the counterparties (including name and relationship with the listed entity) | It is further clarified that the restrictions (as set out in paragraph (g) below) are effective and applicable from the first Utilisation Date (as defined under the terms of the Facility Agreement). |

Figure 4 – VEDL Regulation 30A Disclosure taken from Viceroy Report

- e. **Possible Default/Non-Compliances**

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- i. Violation of Regulations 30 and 30 A of the SEBI LODR Regulations as VEDL might have delayed in reporting the encumbrance of its shares.
- ii. Violation of the fundamental principles of fairness, transparency, and accountability mandated under Regulation 4 of the SEBI LODR Regulations.
- iii. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- iv. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- v. Violation of the legislative intent and objectives of SEBI to ensure investor protection, the orderly functioning of capital markets, and the prevention of abuse by dominant shareholders as enshrined under SEBI Act.
- vi. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.

3.1.3. Brand Fee Payments and Related Party Transaction Norms Breach

- a. VEDL and its subsidiaries have transferred significant sums to their parent entity, VRL, through prepaid brand and management service fees. In total VRL has received USD 1,156 million (approximately INR 9,600 crore) in brand fees from VEDL and its subsidiaries until Financial Year 2025 and an estimated USD 400 million (approximately INR 3,320 crore) in April 2025 itself. In Financial Year 2024, 37 (Thirty-Seven) percent of VEDL net profit has been paid to VRL in the form of Brand fees, etc. Apart from Vedanta Limited itself, none of the companies paying brand fees make meaningful use of the Vedanta brand. The same can be verified from the table below, extracted from the Viceroy Report:

| Brand Fees Paid to VRL (\$m) | | | | | |
|--------------------------------------|----------------|--------------|----------------|----------------|-----------------|
| Payor | FY25 | FY24 | FY23 | FY22 | Total |
| Vedanta Limited standalone | 315.7 | 289.5 | 207.0 | 171.2 | 983.43 |
| Hindustan Zinc | 77.0 | 67.3 | 38.7 | | 183.01 |
| Black Mountain Mining | | 6.4 | | | 24.89 |
| Cairn Energy Hydrocarbons | 16.9 | 30.0 | 18.4 | 15.9 | 81.27 |
| ESL Steel | 16.3 | 13.3 | 20.1 | 12.6 | 62.36 |
| Talwandi Sabo Power | 5.4 | 5.6 | 6.2 | 5.2 | 22.43 |
| Black Mountain Mining | 6.9 | | 9.3 | 9.2 | 6.90 |
| Total | 361.3 | 338.5 | 261.1 | 214.1 | 1,156.39 |
| VEDL net profit | 2,402.7 | 904.6 | 2,787.1 | 3,631.8 | 9,726.23 |
| Brand fees as % of net profit | 15% | 37% | 9% | 6% | 12% |

Figure 13 – Brand Fees Subsidiary Analysis⁶⁷

Figure 5 – Brand Fees Subsidiary Analysis taken from Viceroy Report

- b. Note that these fees are calculated on forecast turnover, not actual performance, and lack documented benchmarks or publicly disclosed contracts, as stated in the Viceroy Research Group report. We were informed that for HZL, brand fees were levied without the approval of Government-nominated directors, which is against the interest of minority shareholders of HZL and VEDL Group. Comparative data from peer companies such as Tata Steel show significantly lower brand-related charges, which are only 0.25 (Zero point two five) percent of Tata Steel's turnover, capped at INR 200 crore.
- c. There is no evidence to demonstrate that the brand fees are priced at arm's length. Brand fees extract cash that would otherwise benefit minority shareholders or be reinvested into the business.
- d. BALCO is set to begin paying brand fees following its planned demerger into Vedanta Aluminium Metals, which has committed to paying 3 (Three) percent of turnover to VRL.

* The Company has a Brand license and strategic service fee agreement ("the Agreement") with Vedanta Resources Limited, Vedanta Resources Investments Limited ("VRIL") for the use of brand 'Vedanta' and providing strategic services which envisaged payment to VRIL at the rate of 3% of turnover of the Company or ₹ 1 Lakh whichever is higher.
The Company has recorded an expense of ₹ 1 Lakh for the period ended 31 March 2024.

Figure 6 - Vedanta Aluminium Metal Financial Year 2024 Annual Report taken from Viceroy Report

- e. A clear case of minority shareholder abuse is demonstrated at HZL, where brand fees were imposed without approval of Government of India-appointed directors, resulting in HZL paying INR 1,562 crore (approximately USD 182.76 million), equal to 5 (Five) percent of its profits over the past 3 (Three) years for a brand it does not use to a company with an empty London office. Under this arrangement, a fee of 2 (Two) percent of projected turnover was extracted through a sub-licensing structure managed by VEDL, who retained 30 bps and paid the rest to

| Brand Fee Payments from HZL to VEDL | | | | |
|-------------------------------------|--------|-------|--------|--------|
| | FY25 | FY24 | FY23 | Total |
| Payments | 658 | 561 | 343 | 1,562 |
| Net profit | 10,279 | 7,787 | 10,520 | 28,586 |
| % of net profit | 6.40% | 7.20% | 3.26% | 5.46% |

Figure 20 – Brand Fee Payments from HZL to VEDL

Figure 6 – Brand Fee Payments from HZL to VEDL as per Viceroy Report

f. **Possible Defaults/ Non-Compliances**

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- i. Violation of Regulation 23 of the SEBI LODR Regulations as the Group has entered into multiple related party transaction that lacks transparency, arm's-length justification, and requisite shareholder approvals.
- ii. Violation of Regulation 4(2)(f)(i) of the SEBI LODR Regulations and Section 166 of the Companies Act, 2013 in relation to breach of fiduciary obligations of directors as the promoter-controlled VRL has systematically siphoned funds from listed entities in which the Government of India holds a direct and substantial economic stake. This conduct amounts to indirect expropriation of public assets and constitutes a grave misuse of promoter control, calling for immediate regulatory and governmental intervention.
- iii. Violation of the fundamental principles of fairness, transparency, and accountability mandated under Regulation 4 of the SEBI LODR Regulations.
- iv. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- v. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- vi. Violation of the legislative intent and objectives of SEBI to ensure investor protection, the orderly functioning of capital markets, and the prevention of abuse by dominant shareholders as enshrined under SEBI Act.
- vii. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.

3.1.4. Loan for Share Acquisition

- a. In June 2020, VEDL issued a USD 956 million (approximately INR 8129 crore) loan to multiple subsidiaries of its promoter, VRL, structured with interest rates between 3 (Three) percent and 7 (Seven) percent, accompanied by a 1 (One) percent guarantee fee. VEDL acted as both lender and guarantor. This transaction occurred shortly after VRL announced its intention to delist VEDL from the Indian stock exchange.
- b. Following the failure of the delisting attempt, the loan was restructured: the guarantee was extinguished, USD 122 million (approximately INR 1049 crore) was impaired, and repayment was deferred to 2023. From late 2020 through 2022, VRL aggressively increased its stake in VEDL from 50.14 (Fifty point one four) percent to 69.69 (Sixty nine point sixty nine) percent through open market purchases costing approximately USD 2.3 billion (approximately INR 1,97,780 crore). The timelines of the events stated in the Viceroy Report are as follows:

| Timeline of the VEDL-VRL Loan Scheme and Control Consolidation | |
|--|--|
| Date | Event |
| May-20 | Vedanta Resources announces its intention to delist Vedanta Resources |
| Jun-20 | Vedanta Limited, via Cairn India, issues a \$956m unsecured loan to Vedanta Resources subsidiaries through opaque channels to hide credit risk |
| Aug-20 | Vedanta Resources \$1.4b bond clause triggers full redemption risk after delisting fails, escalating pressure on Vedanta Resources. |
| | Delisting attempt fails |
| Oct-20 | Loan terms are restructured to impair \$122m, remove Vedanta Limited guarantee and extend repayment to December 2023 |
| Dec-20 | Vedanta Limited promoters begin aggressively acquiring shares, increasing stake from 50.14% to 70% by Q3 FY22 |
| FY22 | \$300m of the loan is novated to Vedanta Jersey Holdings at 10% interest, disguised as a debt restructuring |
| FY23 | Vedanta Jersey Holdings repays \$314m which is funnelled back to Vedanta Resources through a Cairn India share buyback and record Vedanta Limited dividend |
| FY24 | Remaining \$417m loan is extended to December 2024 |
| FY25 | Remaining \$417m loan is extended and split into 2 tranches: \$200m due in January 2026 and \$217m due in May 2026. |

Figure 23 – Timeline of the VEDL-VRL Loan Scheme and Control Consolidation

Figure 7 – Timeline of the VEDL-VRL Loan Scheme and Control Consolidation as per Viceroy Report

| Key VEDL Promoter Group Share Acquisitions | | | | | |
|--|------------------|-------------|---|---------|-------------------------|
| Date | Shares Purchased | % equity | Notes | Price ₹ | ₹ Cr \$M |
| 24-Dec-20 | 185,000,000 | ~5% | Post-delisting bulk acquisition to reassert VRL control | 159.9 | 2,958.3 402.0 |
| 16-Apr-21 | 374,231,161 | ~10% | Open offer to consolidate VRL position | 235.0 | 8,794.4 1,179.3 |
| 23-Nov-21 | 154,870,000 | ~4% | Follow-up bulk acquisition via VRL group entities | 349.7 | 5,412.7 727.5 |
| Total | | ~19% | | | 17,165.4 2,308.8 |

Prices reflect reported trade prices or inferred from SEBI bulk data. FX rate based on approximate deal-day conversion.
Based on total outstanding shares of 3,717,196,639

Figure 26 – Key VEDL Promoter Group Share Acquisitions

Figure 8 – Key VEDL Promoter Group Share Acquisitions as per Viceroy Report

- c. During this time the share price more than doubled from approximately INR 160 to INR 350 per share. It is unthinkable that a borrower who could not repay USD 122 million (approximately INR 1049 crore), could have fulfilled these purchases without the June 2020 loan.

d. **Possible Default/ Non-Compliances**

We respectfully request the SEBI to investigate these events and investigate the possible defaults mentioned below:

- i. Violation of the corporate governance under Regulation 4 of SEBI LODR Regulation as VEDL's USD 956 million (approximately INR 8,221 crore) loan to VRL subsidiaries, issued just before and during its delisting attempt, materially softened the balance sheet impact of VRL PropCo's subsequent share purchases.
- ii. Violation of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, read with Section 67(2) of the Companies Act, 2013 as the USD 956 (approximately INR 8,221 crore) extended by VEDL to entities within the promoter group functioned as a quasi-equity infusion designed to facilitate the indirect acquisition of shares of VEDL itself.
- iii. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- iv. Violation of the legislative intent and objectives of SEBI to ensure investor protection, the orderly functioning of capital markets, and the prevention of abuse by dominant shareholders as enshrined under SEBI Act.
- v. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.

3.1.5. Price Rigging Measures to Refinance Debt

- a. VEDL has demonstrated a sustained pattern of omissions and misstatements regarding material corporate events, compounded by governance instability, and repeated failures in financial disclosure. A clear example is VEDL's purported attempt to sell its steel business comprising its domestic iron ore business, Liberian assets, and ESL Steel Limited. The proposed sale was

halted by VEDL just within the period of 10 (Ten) months. However, during the said that period, the Group raised the following amounts:

- i. USD 1.25 billion (approximately INR 10,438 crore) of private credit at VRL in December 2023.
 - ii. USD 3.2 billion (approximately INR 26,720 crore) of VRL bond restructurings in December 2023/January 2024
 - iii. USD 1 billion (approximately INR 8,350 crore) qualified institutional placement by VEDL in July 2024
- b. We understand that the management of VEDL decided in October 2023 not to sell the steel business but is continued making misleading statements in the public domain that sale efforts were ongoing.
- c. The tentative timeline of events in the said 10 (Ten) months period is produced below:

| Steel asset sale timeline | | |
|---------------------------|--|----------------------------------|
| Date | Claim | Form |
| 30-Jun-23 | Vedanta announces strategic review of steel business for options including strategic sale of some or all of the business. | Press release |
| 29-Sep-23 | Vedanta announces demerger of its business units. | Press release |
| 29-Sep-23 | Omar Davis states that steel assets are the only assets under review. | Investor conference call |
| 03-Oct-23 | Agarwal states on CNBC-TV18 that it aims to complete steel asset sale by March 2024. | Interview |
| 04-Nov-23 | Arun Misra states that Vedanta cannot say when and to whom, the steel assets will be sold. | Earnings call |
| 25-Jan-24 | Ajay Goel states that the intent of noncore asset disposal is intact. Offers are expected by the end of Q4 FY24 to early Q1 FY25. | Earnings call |
| 26-Jan-24 | Ajay Goel states to the Economic Times that the steel asset sale process is underway. | Interview |
| 27-Feb-24 | Earnings day presentation states Vedanta Resources' maturities will be addressed partially by asset monetization. At the time the steel business was the only asset publicly under strategic review. | Analyst day presentation |
| 20-Apr-24 | Investor meet presentation repeats claims made in earnings day presentation on February 27, 2024. | Investor meet presentation |
| 25-Apr-24 | Arun Misra states the steel asset sale is still under consideration with regulatory clearances pending. End of Q1 FY25 to Q2 FY25 targeted for the sale. | Earnings call |
| 13-Jun-24 | Vedanta site visit overview presentation repeats the claim made in the earnings day presentation on February 27, 2024. | Site visit overview presentation |
| 08-Aug-24 | Bloomberg reports that the \$2.5b steel business sale is on hold after the \$1b | Bloomberg article |
| 09-Aug-24 | Vedanta calls the Bloomberg report "factually and completely incorrect" stating that company is open to a sale of ESL steel "at the right price" | CNBC-TV18 article |

Figure 30 – Steel Asset Sale Timeline

Figure 9 – Steel Asset Sale as per Viceroy Report

- d. It is clear that the proposed sale of VEDL's steel business was a tactic by the Group to raise funds to repay or refinance its debt, in particular those of VRL PropCo.
- e. Further, VEDL's large scale restructuring plans without any materialization may be classified as unfair trade practices. The corporate announcements by VEDL have artificially affected the price of VEDL shares as mentioned below:

VDAN Historical Data ^①

Time Frame

Daily

[Download](#)

11-07-2024 - 12-08-2024

| Date | Price | Open | High | Low | Vol. | Change % |
|--------------|--------|--------|--------|--------|--------|----------|
| Aug 12, 2024 | 432.10 | 426.15 | 436.00 | 424.75 | 8.18M | +0.76% |
| Aug 09, 2024 | 428.85 | 430.10 | 432.25 | 423.55 | 8.36M | +1.55% |
| Aug 08, 2024 | 422.30 | 430.05 | 431.50 | 421.05 | 9.31M | -2.31% |
| Aug 07, 2024 | 432.30 | 425.50 | 434.45 | 418.50 | 15.30M | +4.45% |

Figure 10 - Price changes after Bloomberg article on halting of steel business

Vedanta Ltd (VDAN)

NSE Currency in INR

444.05 +4.85 (+1.10%) ▲

Real-time Data · 11:43:49

[Add to Watchlist](#)

Fair Value ^①

[Unlock Value](#)

Day's Range

436.55 - 445.40

52 wk Range

363.00 - 526.95

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[Overview](#) [Profile](#) [Ownership](#) [Historical Data](#) [Historical Splits](#) [Index Component](#)

VDAN Historical Data ^①

Time Frame

Daily

[Download](#)

03-09-2023 - 03-10-2023

| Date | Price | Open | High | Low | Vol. | Change % |
|--------------|--------|--------|--------|--------|--------|----------|
| Oct 03, 2023 | 230.75 | 230.00 | 233.75 | 225.10 | 46.75M | +3.68% |
| Sep 29, 2023 | 222.55 | 210.00 | 224.75 | 210.00 | 27.71M | +6.82% |

Figure 11 - Price changes after announcement of demerger and review of steel business assets

f. Some of the other instances of potential unfair trade practices by VEDL are as follows:

- i. **The Proposed Sale of VEDL's International Zinc Division to HZL** - In early 2023 VRL proposed selling its international zinc assets under THL Zinc to HZL in a phased transaction for USD 2.98 billion (approximately INR 24,883 crore). The deal was

eventually cancelled after pressure from the Ministry of Mines and the Government of India, who held a minority stake in HZL.

- ii. **The Purchase and Sale of VRL's Anglo-American Mandatory Convertible Bonds -**
In December 2018 Cairn acquired an economic interest (but not ownership) of VRL's Anglo American stake for USD 200 million (approximately INR 1,670 crore). This effectively de-risked VRL's attempted Anglo-American takeover attempt and recapitalized their balance sheet in a similar manner to the 2020 USD 956 million (approximately INR 7,984 crore) loan from VEDL to VRL.
- iii. **Loans from Trafigura and Glencore:** In June 2023, VRL secured USD 450 million (approximately INR 3,758 crore) in two highly unusual loans from competitors Trafigura and Glencore, neither of which are financial lenders but commodities trading houses.

g. **Possible Defaults/ Non-Compliances**

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- i. Violation of Regulations 30 and Regulation 34 of the SEBI LODR Regulations.
- ii. Violation of the fundamental principles of fairness, transparency, and accountability mandated under Regulation 4 of the SEBI LODR Regulations.
- iii. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- iv. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- v. Violation of the legislative intent and objectives of SEBI to ensure investor protection, the orderly functioning of capital markets, and the prevention of abuse by dominant shareholders as enshrined under SEBI Act.
- vi. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.
- vii. The deliberate manipulation of stock prices of group companies through misleading disclosures, strategic corporate announcements, and opaque restructuring exercises

necessitates a comprehensive forensic investigation by SEBI. Such practices appear to have been orchestrated to artificially influence market valuations to the detriment of minority shareholders and to facilitate undisclosed financial engineering by promoter-controlled entities.

viii. The SEBI should also investigate and find out the exact date of the decision of the management of VEDL not to sell the steel business to unearth the planted statement made by the Group in the public domain for their own benefit.

4. Analysis of Subsidiaries of VEDL

4.1. The forensic investigation done by Viceroy Research Group into VEDL's key operating subsidiaries reveals a portfolio riddled with financially unviable assets, undisclosed liabilities, systematic fraud, and profound governance failures. There is a possibility that book values reported by VEDL are fictitious and false. The details of the Subsidiaries are as follows:

4.1.1. HINDUSTAN ZINC LTD

a. It is to be noted that HZL is not merely a troubled company but a legal and financial minefield. The business of HZL is entangled in contract breaches, regulatory violations, production fraud, and related-party transactions designed to extract value at the expense of the Indian public. The Government of India has a minority stake in HZL and has entered into a Shareholders Agreement (“SHA”) to protect its interest. We have tried to outline the legal basis for enforcement under the Shareholders' Agreement between the Government of India and VEDL, focusing on three key issues: (1) the Kapasan breach, (2) the procedural breach in executing the Brand Support Services (BSS) agreement, and (3) the unjustifiability of brand fees. Such enforcement of contractual rights and other non-compliances in HZL is as follows:

i. The Kapasan Default Contract Breach

- The Kapasan breach constitutes a default under Clause 6.1.3 of the SHA. Clause 5.7(a) provides that if the defaulting party is the Strategic Partner (SP) and the breach falls under Clause 6.1.3, the Government of India (as the Non-Defaulting Party) may exercise a Put or Call Option at penal pricing:

- Offer to Sell: Government of India may sell its shares to VEDL at 150 (One Hundred and Fifty) percent of the Market Value.

- Offer to Purchase: Government of India may acquire VEDL's shares at 50 (Fifty) percent of Market Value.

This pricing mechanism is triggered by breaches under Clause 6.1.3, Clause 4.5 (read with Schedule 4.5 items 23 and/or 25), and Article 5. The Kapasan breach meets this threshold and entitles the Government of India to invoke Clause 5.7(a).

- HZL has triggered a material "Event of Default" under the HZL Shareholders' Agreement, granting the Government of India the contractual right to repurchase HZL shares at a 50 percent discount due to VEDL's failure to evaluate and execute the Kapasan Project, a 100 MTPA zinc smelter that was a mandatory condition of the original disinvestment. Article 6.1.3 of the said Shareholder Agreement mandated VEDL to either build the facility or do a formal waiver process within one year of the deal closing. The formal process required them to (a) get a report from an independent expert confirming the project was economically unviable and (b) get the finding formally confirmed by the HZL Board.
- Despite the well-laid-out process, VEDL did not provide any formal report to the Government of India, claiming no report was required, and also did not provide any board meeting minutes showing any discussion of the economic feasibility or the expert report. This omission amounts to a breach of directors' fiduciary responsibilities and undermines the regulatory framework designed to ensure transparency and accountability in the management of the company.

We respectfully request SEBI to ask Government of India to take note of this issue on most priority to protect the interest of minority shareholders and public at large.

ii. **Sovereign Put and Call options**

- This default above triggered two contractual options in favor of the Government of India, disclosed in VEDL's own SEC filings:
 - Put Option: The Government of India can force VEDL to buy its 29.54 (Twenty-Nine point Five Four) percent stake at a 50 (Fifty) percent premium to market value.
 - Call Option: The Government of India can buy VEDL's 64.92 (Sixty Four point Nine Two) percent stake at a 50 (Fifty) percent discount to market value.

If the Government claims that SOVL has breached the covenant related to the Kapasan Project under the shareholders' agreement between the Government of India and SOVL resulting in litigation, and it was determined that SOVL had breached such covenant triggering an event of default, the Government of India, under the terms of the shareholders' agreement, may become entitled to the right, which is exercisable at any time within 90 days of the day it became aware of such event of default, to either sell any or all of the shares of HZL held by the Government of India to SOVL at a price equivalent to 150% of the market value of such shares, or purchase any or all of the shares of HZL held by SOVL at a price equivalent to 50% of the market value of such shares. Based solely

Figure 11 - Sterlite Industries India SEC Form 20-F dated March 31, 2008

- Neither of the options is present in the VEDL Financial Year 2025 filing. It is important to note that the HZL accounted for 21 (Twenty One) percent of VEDL revenue, 40 (Forty) percent of EBITDA, and an alarming 50 (Fifty) percent of net profits and nearly 100 (One Hundred) percent of free cash flows. HZL, long touted as VEDL's most valuable assets, now represents a significant and growing risk to VEDL's financial stability.

iii. **Related Party Transactions**

Runaya Greentech Private Limited

- Runaya Greentech is owned by Naivedya Agarwal and Annanya Agarwal, the sons of promoter Navin Agarwal. The financial relationship with HZL transcends normal commercial arrangements and veers directly into captive financing. Some of the instances are:
 - Receivables from Runaya Greentech increased from INR 58 crore (approximately USD 6.76 million) to INR 125 crore (about USD 14.56 million USD) in Financial Year 2025. This represents deferred collection on sales, effectively functioning as an unsecured credit line.
 - Business advances to Runaya Greentech surged from INR 4 crore to INR 55 crore (USD 6.41 million) in Financial Year 2025. These are formal loans, evidenced by INR 10 crore (USD 1.16 million) crore of interest income HZL reported.
 - The total exposure to Runaya Greentech as of Financial Year 2025 stood at INR 180 crore (approximately USD 21.06 million) as a combination of overdue receivables and advances.

The above figures clearly show that HZL's capital is being redirected into a promoter-owned business in contravention of the fiduciary duties of directors.

Serentica Renewables

- Serentica Renewables India ("**Serentica**") is a promoter-linked entity owned by Anil Agarwal through Twin Star Overseas and chaired by Pratik Agarwal, nephew of Anil Agarwal. It is structured as a cash extraction vehicle rather than a power producer, and is funded almost exclusively by VEDL, HZL and BALCO, despite having no operating assets. The arrangement constitutes a systemic abuse of related-party contracts to

siphon promoter-enriching margin.

- Specific instances include:
 - VEDL, HZL, and BALCO have collectively invested INR 1,343 crore (approximately USD 157 million) in Serentica Optionally Convertible Redeemable Preference Shares (“OCRPS”), which pay an annual return of just 0.0001 (zero point zero zero zero one) percent of face value. The instruments are effectively 30-year subordinated loans with no voting rights, structured to provide Serentica control without accountability.
 - These OCRPS are convertible into equity only after 30 years, beyond the lifespan of the underlying power contracts, rendering them economically worthless. Meanwhile, Serentica continues to receive long-term power purchase agreements (“PDAs”) from these Vedanta Group companies on a cost-plus basis, guaranteeing profit regardless of performance.
 - The power projects under these PDAs are not yet operational, and Serentica had no power generation capacity when the contracts were signed. The PDAs nonetheless bind VEDL, HZL, and BALCO for 25 years to purchase power at guaranteed profit to Serentica.
 - Serentica’s parent entity, Serentica Renewables Singapore (controlled by Twin Star Overseas, an Agarwal family entity), holds Compulsorily Convertible Debentures (“CCDs”) and Non-Convertible Debentures (“NCDs”) paying 11 (Eleven) percent to 14 (Fourteen) percent annually. This structure ensures preferential payouts to the offshore promoter at the expense of Indian stakeholders.
 - As of FY24, Serentica had raised over INR 7,487 crore (USD 877 million) in debt, including loans from GoI-owned Power Finance Corporation and REC. These institutions are effectively subordinated beneath the promoter’s own offshore funding structure.

Minova Runaya

- Minova Runaya is a pass-through vehicle set up to siphon value from HZL under the guise of a joint venture between Runaya Metsource LLP with Minova Minetek Private Limited. Its financial and operational arrangement with HZL cannot be considered commercial and it represents systematic, related-party value extraction.
- Minova Runaya is 49% owned by Runaya Metsource LLP, founded by Ruchira

Agarwal, Annanya Agarwal and Naivedya Agarwal. We were informed that Runaya Metsource now benefits Anil Agarwal, a change we believe occurred in September 2022.

- Some instances of related-party value extraction are:
 - Minova Runaya earns gross margins of approximately 30% despite providing no substantive value addition. It sources over INR 35 crore (approximately USD 4.1 million) of goods from ESL Steel, another Vedanta entity, and resells them to HZL at a markup with minimal or no processing.
 - Minova Runaya does not operate as a real manufacturer. Its Bhilwara plant, described publicly as a manufacturing facility, is a basic warehouse with no industrial activity beyond packaging and distribution. Yet, it is treated as a primary supplier of safety-critical mining inputs to HZL.
 - Minova Runaya's sales to HZL in Financial Year 2024 exceeded its total revenue, indicating possible accounting inconsistencies or intercompany manipulation.
 - Approximately 35% of Minova Runaya's cost base is related-party purchases, primarily from ESL Steel, with no competitive bidding or arm's length procurement apparent.
 - Minova Runaya has claimed over INR 540 crore (USD 63.18 million) in asset sales to HZL since FY21, yet there is no matching asset movement or revenue realization visible in either Minova Runaya or HZL's public filings.

iv. **Brand fee**

- HZL paid INR 1,562 crore (approximately USD 183 million) in brand fees to VEDL from Financial Year 2023 to Financial Year 2025. This amounts to 5.46 (Five point four six) percent of cumulative net profit over 3 (Three) years in payments without operational rationale.

| Brand Fee Payments from HZL to VEDL | | | | |
|-------------------------------------|--------|-------|--------|--------|
| | FY25 | FY24 | FY23 | Total |
| Payments | 658 | 561 | 343 | 1,562 |
| Net profit | 10,279 | 7,787 | 10,520 | 28,586 |
| % of net profit | 6.40% | 7.20% | 3.26% | 5.46% |

Figure 35 – Brand Fee Payments from HZL to VEDL

Figure 12 - Brand Fee Payments from HZL to VEDL as per Viceroy Report

- While not a breach of the SHA per se, the brand fees are economically unjustifiable. HZL does not use VEDL's brand in any meaningful way. Comparisons with industry peers show no similar charges. These payments should be reclaimed, and future

payments halted. The Government of India should challenge the validity and necessity of the BSS agreement on the grounds of fiduciary duty and public interest.

- Enforcement of Clause 5.7(a) could yield significant financial benefit:
 - Call Option: Acquisition of VEDL's stake at 50 (Fifty) percent discount (approximately USD 3.6 billion gain).
 - Put Option: Sale of Government of India's stake at 150 (One Hundred Fifty) percent discount (approximately USD 7.9 billion proceeds).
- Reclaiming brand fees would recover over USD 106 million (approximately INR 910 crore) to date. Preventing future payments protects public assets. The Government of India has a fiduciary duty to act in the public interest and enforce its contractual rights.

We respectfully request SEBI to ask Government of India to take note of this issue on most priority to protect the interest of minority shareholders and public at large.

v. **Brand Support Services Agreement (BSS)**

- In Financial Year 2024, HZL entered into a new BSS agreement with VEDL, committing to pay a minimum of 2 (Two) percent of forecast turnover annually. This agreement was not approved by the HZL Board or the Government of India nominee directors, violating Clause 4.5 of the SHA. Schedule 4.5 requires 'Special Consent' for obligations such as:
 - Provision 16: Loans or guarantees to group companies (advance payment is an interest-free loan).
 - Provision 24: Advances exceeding INR 22 billion (USD 77 million) paid in Financial Year 2025 alone).
 - Implied breach of Provisions 23 and 27: Distribution of cash exceeding 10 (Ten) percent of fixed assets over time.

This constitutes a material breach under Clause 4.5. Under Clause 5.7(a), if not remedied within 15 days of notice, the Government of India may exercise a Call or Put Option at a 25 (Twenty-five) percent discount or premium, respectively.

We respectfully request SEBI to ask the Government of India to take note of this issue as a top priority to protect the interest of minority shareholders and the public at large.

vi. **Undisputed Statutory Dues**

- HZL faces a ticking financial time bomb in the form of massive, unresolved tax and royalty disputes. As of Financial Year 2025, the HZL has disclosed a total of INR 15,156 crore (approximately USD 1.68 billion) in undisputed statutory dues and INR 2,663 crore (USD 308 million) in contingent liabilities under litigation. HZL's off-balance-sheet liabilities are mentioned below:

| HZL Off-Balance Sheet Liabilities | | |
|--|------------------|---------------|
| | Amount (₹ crore) | Amount (USDm) |
| Undisputed Statutory Dues | | |
| Income Tax | 13,388 | 1,566 |
| Customs Duty | 107 | 13 |
| Excise Duty | 394 | 46 |
| Service Tax | 198 | 23 |
| Sales Tax | 71 | 8 |
| GST | 827 | 97 |
| Environmental & Health Cess | 142 | 17 |
| Electricity Duty | 29 | 3 |
| Total | 15,156 | 1,773 |
| Contingent Liabilities Under Litigation | | |
| Rajasthan show cause notices | 334 | 39 |
| Rajasthan Jan 2020 royalty assessment | 1,925 | 225 |
| Rajasthan Dec 2020 royalty assessment | 311 | 36 |
| Various | 63 | 7 |
| Total | 2,633 | 308 |

Figure 36 – HZL Off-Balance Sheet Liabilities

Figure 13 -HZL Off-Balance Sheet Liabilities as per Viceroy Report

Neither of these sums is recognized on the balance sheet or detailed in VEDL's filings and if crystallized, these liabilities would severely impair HZL's balance sheet and its ability to pay dividends.

b. Possible Defaults/Non-Compliances in relation to transactions with HZL

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- Violation of the fundamental principles of fairness, transparency, and accountability mandated under Regulation 4 of the SEBI LODR Regulations as VEDL assets are

significantly overstated. This practice presents a misleading picture of VEDL's financial health, concealing the company's actual vulnerabilities from investors and regulators.

- ii. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- iii. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- iv. Violation of the legislative intent and objectives of SEBI to ensure investor protection, the orderly functioning of capital markets, and the prevention of abuse by dominant shareholders as enshrined under SEBI Act.
- v. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.
- vi. Violation of Regulations 30 and 30 A of the SEBI LODR Regulations as VEDL could have delayed in reporting the encumbrance of its shares.
- vii. Violation of Regulation 23 of the SEBI LODR Regulations as the Group has entered into multiple related party transaction that lacks transparency, arm's-length justification, and requisite shareholder approvals.
- viii. The Government of India should take all possible immediate action to enforce its rights under the SHA with HZL for the benefit of minority shareholders and the public at large and also to fulfil its fiduciary duties towards citizens of India.

4.1.2. Talwandi Sabo Power

- a. The Talwandi Sabo Power Limited ("TSPL") power plant's only customer is the Punjab State Power Corporation (PSPCL). VEDL records approximately USD 435 million (around INR 3,610 crore) in equity value against Talwandi, which purportedly generates approximately USD 100 million (about INR 830 crore) a year in profit and no cash flows. As per the Viceroy Research Report, there are multiple corporate governance issues in the TSPL, such as:
 - i. TSPL is losing an active dispute against SEPCO Electric Power Construction Corporation (SEPCO), the Chinese contractor who built its 1980 MW power plant.
 - ii. TSPL had consistently recognized SEPCO as its creditor until its scheme of arrangement in 2023, where SEPCO was omitted as a creditor.
 - iii. SEPCO is seeking INR 1,251 crore (USD 150.72 million) from Talwandi and is

successfully pursuing this claim through the Indian courts. **This claim is off-balance sheet.**

- iv. PSPCL has disputed, withheld, and delayed payments to TSPL due to performance disputes.
 - v. As of Financial Year 2024, PSPCL is withholding INR 1,691 crore (approximately USD 197.89 million) in receivables from TSPL. PSPCL withheld these amounts over disputes over eligibility and contract terms. There are no recorded provisions for this dispute.
 - vi. PSPCL is also engaged in numerous disputes with TSPL in relation to tariffs, power outages, and payment timing.
- b. TSPL represents a contingent USD 348.61 million (approximately INR 2,893 crore) write-off against USD 427.61 million (approximately INR 3,548 crore) equity, casting doubt on the reliability of financial reporting across the VEDL group. We believe TSPL is virtually worthless and heavily distressed. Its loans are unconditionally guaranteed by VEDL.

4.1.3. International Zinc Assets – Depleted Mines and Stranded Assets

- a. VEDL's International Zinc assets, largely comprised of the Skorpion mine and refinery in Namibia and the Black Mountain operations in South Africa, are fundamentally impaired through two distinct failures:
 - i. At Skorpion, geological, structural, and energy problems have rendered the asset economically unviable.
 - ii. Black Mountain, a cash-burning operation, has used aggressive accounting methods to raise debt it cannot afford to repay.
- b. Together Skorpion and Black Mountain Mining represent a combined value of approximately USD 460 million (approximately INR 3,818 crore) on VEDL's balance sheet, backed by approximately USD 900 million (approximately INR 7,470 crore) of debt, subject to unconditional guarantees by VEDL. Both are FCF negative and face significant operational issues with no clear path to recovery.
- c. **Skorpion Mine**
 - i. The Skorpion Mine has no credible path to reopening and has been non-operational since early 2020. Despite repeated claims by management, geological and operational circumstances make the asset unviable and its listing as an active operation artificially

inflates VEDL's asset values.

| Timeline of Deterioration | |
|---------------------------|--|
| Year | Details |
| 2003 | Skorpion Zinc mine officially opens in September 2003. |
| 2010 | Vedanta Resources acquires Skorpion Zinc from Anglo American. |
| 2011 | Life of mine extended from 2015 to mid-2017 through further exploration. |
| 2013 | Further exploration extends life of mine to 2020 with the Pit 112 project. |
| May 2019 | Major slope failure sterilizes a significant portion (~400kt) of open pit 112. |
| March 2020 | Additional wedge failures lead to suspension of operations and placement of mine under care and maintenance. |
| 2020-2024 | Multiple reopening targets are announced and missed; no material rehabilitation undertaken. |

Figure 60 – Skorpion Mine Timeline of Deterioration

Figure 14 - Skorpion Mine Timeline of Deterioration as per Viceroy Research Report

- ii. As per the Viceroy Research Report, VEDL Management's assertions of reopening the Skorpion mine are not credible. The mine has only 8 months of ore remaining once operational, and reopening timelines have been repeatedly delayed. VEDLs on the Government of India narrative serve to avoid impairments that are effectively eroding their borrowing base and increasing covenant pressure. Skorpion Mine is effectively a stranded, exhausted asset.

d. Black Mountain

- i. In Financial Year 2024, VEDL, through THL Zinc Ventures, has reversed USD 504 million (approximately INR 4,180 crore) of impairment provisions tied to Black Mountain Mining. This reversal came despite continued operational deterioration and was critical in strengthening VEDL's balance sheet ahead of securing a USD 900 million (about INR 7,470 crore) loan from Oaktree Capital. The impairment was reversed through THL Zinc Ventures' holdings of OCRPS (Optionally Convertible Redeemable Preference Shares) in Black Mountain's holding company, THL Zinc Limited.
- ii. Black Mountain's performance has fallen off a cliff in Financial Year 2024, resulting in enormous FCF losses.

| Black Mountain Mining Performance | | | | |
|-------------------------------------|-------|--------|-------|-------|
| ZARm | FY24 | FY23 | FY22 | FY21 |
| Revenue | 8,024 | 11,055 | 8,855 | 5,934 |
| Net Profit | 173 | 2,360 | 1,536 | 1,244 |
| Free Cash Flow | (959) | 1,426 | 980 | 989 |
| Operational Performance (kt) | | | | |
| Black Mountain | 61 | 65 | 52 | 58 |
| Gamsberg | 147 | 208 | 170 | 145 |

Figures 64 – Black Mountain Mining Ore Production Income Statement

Figure 15 – Black Mountain Mining Ore Production Income Report as per Viceroy Report

- iii. The reversal amount was large relative to Black Mountain's modest scale and deteriorating fundamentals, and it is possible this reversal was done to create reserves required to pay dividends.
- iv. The impairment reversal related to THL Zinc OCRPS was almost the same amount as the impairment THL Zinc Ventures had recorded against the Twin Star Mauritius OCRPS from the Cairn acquisition in Financial Year 2017.
- v. The timing of the reversal, coinciding with debt-raising efforts and just before the USD 900 million (about INR 7,470 crore) Oaktree loan, suggests the primary objective was to inflate asset values for collateral purposes.

4.1.4. **Possible Defaults/ Non-Compliances**

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- a. Violation of the fundamental principles of fairness, transparency, and accountability mandated under Regulation 4 of the SEBI LODR Regulations as VEDL assets are significantly overstated. This practice presents a misleading picture of VEDL's financial health, concealing the company's actual vulnerabilities from investors and regulators.
- b. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- c. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.

- d. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.
- e. Violation of SEBI LODR Regulations and Section 129 read with Sections 447 and 448 of the Companies Act, 2013 as the Group Financial Statements fails to present a true and fair view of its financial position.

5. Poor Management and Governance

5.1. Regulatory Disputes:

- 5.1.1. In the past 12 months, VEDL has issued 50 updates to the market regarding taxes and penalties received by the VEDL Group. Many of these relate to unpaid taxes, customs duties and breaches of stock exchange rules. A general comparison of the corporate governance issues in Vedanta is below:

A peer group comparison shows just how much of an outlier Vedanta is:

| Liability-related announcement analysis (February 2022 to February 2025) | |
|--|---|
| Company | Number of liability-related announcements |
| JSW Steel | 3 |
| Tata Steel | 8 |
| Vedanta Limited | 107 |
| Hindalco | 6 |
| NALCO | 1 |
| Gravita | 12 |
| NDMC | 0 |

Figure 81 – Fine and Penalty Peer Group Analysis

Figure 16 – Fine and Penalty Peer Group Analysis as per Viceroy Report

5.2. Brain Drain – Senior Executive Departures

- 5.2.1. Vedanta has experienced an accelerating exodus of senior management at a rate and scale that is concerning, especially as it approaches the demerger. The following executives have left since the September 2023 announcement of the demerger:

- i. John Slaven, CEO of Vedanta Aluminium – 10 months
- ii. Krishnamohan Narayan, Deputy CEO of HZL – 18 months
- iii. Omar Davis, Vedanta Resources' President of Strategy – 11 months
- iv. Sonal Shrivastava, CFO Vedanta Resources – ~3 months

- v. Sanjeev Gemawat, General Counsel, Vedanta – 2 years 3 months
- vi. Nick Walker, CEO of Cairn Oil and Gas – ~7 months
- vii. Deepak Kumar, Vedanta Group Company Secretary and Senior Finance Executive – 18 years 9 months
- viii. David Reed, CEO of Vedanta Semiconductor – 1 year 2 months
- ix. Hugo Schumann, CEO of Hindustan Zinc Silver – 8 months

5.3. **Audit Arbitrage:** A cornerstone of Vedanta's governance failure is its deliberate selection of compromised auditors to oversee its most troubled subsidiaries. This is a strategy to avoid scrutiny of the group's most questionable transactions. The Auditors appointed by the Vedanta group have a poor record, as detailed under:

5.3.1. VRL's auditor: MHA MacIntyre Hudson – Sanctioned by UK regulators for lax quality controls and failing to report client breaches. VRL is by far its largest client, raising serious independence concerns.

5.3.2. VEDL's auditor: SR Batliboi - EY affiliate – Involved in multiple recent accounting scandals and was banned by India's central bank from auditing commercial banks due to its role in the IL&FS fraud.

5.3.3. ESL Steel and other key subsidiaries: Haribhakti & Co, Lodha & Co. – Banned or sanctioned by Indian regulators for professional misconduct and audit failures.

5.3.4. International holding companies involved in loan recycling and impairment concealment: Rakesh M. Agrawal & Associates – A tiny, two-partner firm using a Hotmail address for official correspondence based out of a residential apartment complex in Bhiwandi, India. They audit several international subsidiaries in Japan, Taiwan and the Netherlands.

5.4. **Historical Director Exposure:** Several current and former directors of VEDL have historical legal and regulatory proceedings involving allegations of misconduct (money laundering, breach of trust and fraud) mirroring the schemes outlined in the Viceroy Research Report.

| Director Due Diligence Summary | | | |
|--------------------------------|---|---|---|
| Name | Role | Issue / Allegation | Legal Status / Outcome |
| Anil Agarwal | Executive Chairman, Vedanta Resources; Non-Executive Chairman, VEDL | ₹208 Cr (\$25M) FDI/money laundering violation via Twinstar | \$70M ED fine (2004); upheld by Delhi HC (2009); final status unknown |
| | | Criminal breach of trust (BALCO case) | Bail cancelled after leaving India; case stayed, pending |
| | | SEBI criminal complaint under PFUTP regs (Sterlite case) | Bombay HC granted interim stay; proceedings pending |
| Navin Agarwal | Executive Vice Chairman, Vedanta Resources & Vedanta Limited | ₹208 Cr FDI case + BALCO breach of trust | Same as above |
| | | Barred from securities market (2024, Cairn dividend case) | Two-month bar by SEBI |
| Priya Agarwal Hebbar | Non-Executive Director, VEDL | SEBI action for delayed Cairn dividend payment | One-month bar from securities market (Mar 2024) |
| P. K. Mukherjee | Independent Director, VEDL | SFIO fraud case (Sesa Goa over/under-invoicing ₹1,000 Cr) | SFIO recommended prosecution (2011); MCA withdrew charges in 2013 |
| Upendra Kumar Sinha | Former Independent Director, VEDL; ex-SEBI Chairman | Alleged suppression of Adani-linked DRI warning (2014) | No legal case filed; reputational risk due to conflicting SEBI statements |

Figure 90 – Director Due Diligence Summary

Figure 17 – Director Due Diligence Summary taken from Viceroy Report

5.5. Possible Defaults/ Non Compliances

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- 5.5.1. Violation of the fundamental principles of fairness, transparency, and accountability mandated under Regulation 4 of the SEBI LODR Regulations as VEDL assets are significantly overstated. This practice presents a misleading picture of VEDL's financial health, concealing the company's actual vulnerabilities from investors and regulators.
- 5.5.2. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- 5.5.3. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- 5.5.4. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.

5.5.5. Violation of SEBI LODR Regulations and Section 129 read with Sections 447 and 448 of the Companies Act, 2013 as the Group Financial Statements fails to present a true and fair view of its financial position.

6. Offshore Network – Shell layers, Nominee Control and Compliance Arbitrage

6.1. The Group's financial structure is built on a web of international subsidiaries created not for efficiency but for legal, regulatory, and operational insulation. Some of these entities are:

6.1.1. Amicorp Group –

- a. Amicorp Group, a corporate services provider, has been directly linked to major global financial scandals, most notably the 1MDB fraud. In 2024, the Malaysian sovereign fund filed a lawsuit against Amicorp and its CEO, alleging they facilitated the laundering of over USD 7 billion (about INR 58,100 crore) through a series of sham entities and falsified transactions. The case is ongoing and underscores Amicorp's involvement in shady dealings.
- b. Despite this, Amicorp remains central to Agarwal's offshore architecture.
- c. Amicorp (Mauritius) Limited was the administrator and company secretary for numerous Agarwal-related entities, including Vedanta Resources Mauritius Limited, Vedanta Holdings Mauritius I & II, and others.
- d. Amicorp Netherlands B.V., used by Vedanta Netherlands Investments BV and THL Zinc Holding BV, was fined by De Nederlandsche Bank in March 2025 for inadequate customer due diligence.

| | | |
|-----|---|--|
| 17. | Vedanta Holdings Mauritius Limited | C/o Amicorp (Mauritius) Limited, 6 th Floor, Tower I, Nexteracom Building, Ebene, 72201 Mauritius. |
| 18. | Vedanta Holdings Mauritius II Limited | C/o Amicorp (Mauritius) Limited, 6 th Floor, Tower I, Nexteracom Building, Ebene, 72201 Mauritius. |
| 19. | Vedanta Netherlands Investments B.V. | C/o Amicorp Netherlands B.V., WTC Amsterdam, Tower C-11, Strawinskyiaan 1143 1077 XX Amsterdam, The Netherlands |
| 20. | Vedanta Netherlands Investments II B.V. | Strawinskyiaan 1143, C-11, 1077 XX Amsterdam, The Netherlands |
| 21. | Vedanta UK Investments Limited | 4 th Floor, 30 Berkeley Square, London W1J 6EX |
| 22. | Westglobe Limited | C/o IQEQ Corporate Services (Mauritius) Ltd. 33 Edith Cavell Street, Port Louis, 11324 Port- Louis, Mauritius |
| 23. | Richter Holding Limited, Cyprus | 66 Ippocratus Street, 1015 Nicosia, Cyprus |
| 24. | Vedanta Resources Cyprus Limited (VRCL, Cyprus) | 66 Ippocratus Street, 1015 Nicosia, Cyprus |
| 25. | Vedanta Resources Mauritius Limited | C/o Amicorp (Mauritius) Limited, 6 th Floor, Tower I, NeXTeracom Building, Ebene, Mauritius |

Figure 18 – Vedanta Limited Form 6-K dated 10 Sept, 2012 taken from Viceroy Report

6.1.2. Brockway Inc. – A historical shell with ties to suspected regulatory breaches

- a. Brockway Inc. is a name that has quietly followed Indian corporate controversies for two decades. It has no formal ties to Vedanta on paper today, but its proximity to the Agarwal family and history of involvement in Indian-linked transactions raise immediate red flags.
- b. In 2003, VRL disclosed that Brockway Inc., a related party controlled by relatives of Navin Agarwal, had repaid a USD 1.5 million (approximately INR 12.5 crore) loan. Navin is the brother of Anil Agarwal.

• Brockway Inc.
The Group held a loan due from Brockway Inc., a related party controlled by relatives of Mr Navin Agarwal. The loan bore interest at LIBOR plus 100 basis points. The loan was for \$1.5 million and was repaid in full in October 2003.

Figure 19 – VRL FY04 Annual Report taken from Viceroy Report

- c. There is no explanation in public filings for the use of Brockway Inc. The related party label was attached to Navin, not Anil, though the familial connection leaves little doubt that Brockway's controllers would have a relationship with Anil as well.

6.2. Possible Default / Non-Compliances

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- 6.2.1. Violation of Regulation 23 of the SEBI LODR Regulations as the Group has entered into multiple related party transaction that lacks transparency, arm's-length justification, and requisite shareholder approvals.
- 6.2.2. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- 6.2.3. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- 6.2.4. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, the Group has engaged in fraudulent and unfair trade practices.

7. Hidden Shareholding, BJST and PTCC

- 7.1. The VEDL Group has paid over INR 1,499 crore (approximately USD 175.4 million) dividend

to entities which are indirectly controlled by the Agarwal family. These entities are as follows:

7.1.1. The Bhadram Janhit Shalika Trust (“BJST”)

- a. BJST is a supposed “non-profit” trust, originally set up by Sterlite as the Sterlite Industries Employee Welfare Trust (“SEWT”). BJST appears to be an Employee Welfare Trust (“EWTs”), and its primary purpose should be to act in the best interests of its beneficiaries i.e., Vedanta’s employees. Since EWTs are not governed and bound by disclosure requirements under the Companies Act and/or SEBI regulations, there are multiple ongoing corporate governance issues.
- b. We would like to point out that, BJST till 2017 held a substantial shareholding in VEDL, which it in the year 2018 gifted to its own subsidiary, PTC Cables Pvt Ltd (“PTCC”). Even though SEBI (Share Based Employee Benefits) Regulations, 2014 (“**Employee Benefit Regulation**”) allows the listed entities to implement the share benefit scheme through a trust, it restricts the said trusts from carrying out off-market share transfers. Further, there is no evidence that BJST has performed its intended primary function, and its only known activities are centered on political donations and lobbying, not employee welfare. This further raises eyebrows that the promoters are using BJST as a vehicle to fill their pockets.

7.1.2. PTC Cables Private Limited

- a. As mentioned above, PTCC is a low-profile entity now fully owned by BJST and is being quietly used to hold VEDL shares and transfer funds to promote-linked companies. In the year 2018, BJST gifted its entire VEDL stake to PTCC, and in the same year BJST vanished from VEDL’s top shareholders, and PTCC appeared. Currently, PTCC holds 1.91 (One point Nine One) percent of VEDL and until Financial year 2021, held 0.27 (Zero point Two Seven) percent of HZL, which makes it a significant, undisclosed related party shareholder. Further, the directors of PTCC, Arun Todarwal and Kannan Ramamirthan, have long-standing ties to Vedanta entities, including HZL, Sterlite Power, and BALCO.
- b. PTCC has no employees, no operations, and no independent revenue, yet it has received INR 427 crore (approximately USD 50.01 million) dividends in the Financial Year 2024 and has an asset size of around USD 400 million (approximately INR 3,404 crore). Most of the dividend amount is either retained or redirected to BJST as loan repayments.
- c. It is to be noted that PTCC has no visible operating business, and its key assets are the equity stakes in VEDL and an INR 150 crore (approximately USD 17.6 million) interest-free loan to Sterlite Power Transmission, later converted to equity. Sterlite Power is a struggling VRL-linked entity held via Twin Star Overseas Ltd, meaning PTCC is being used to quietly recapitalize promoter companies using Vedanta dividends.

7.2. Key Issues to be investigated by SEBI

7.2.1. We respectfully request SEBI to

- a. Ask the Central Board of Direct Taxes to investigate any taxation fraud in BJST and PTCC to protect the Public Interest at large.
- b. Conduct an investigation and audit of the BJST and its Trustees.

7.3. Possible Default / Non Compliances

We respectfully request the SEBI to investigate the Group and look into the possible defaults mentioned below:

- 7.3.1. Violation of Regulation 23 of the SEBI LODR Regulations as the Group has entered into multiple related party transaction that lacks transparency, arm's-length justification, and requisite shareholder approvals.
- 7.3.2. Violation of Regulation 17(8) of the SEBI LODR Regulations as Key Managerial Personnel (KMPs), including the Managing Director, Chief Executive Officer, and Chief Financial Officer of the Group has failed to maintain effective internal financial control.
- 7.3.3. Violation of PFUTP Regulations as the Group has engaged in acts of misrepresentation and the deployment of deceptive practices to manipulate the price of its securities.
- 7.3.4. Violation of Regulation 3 of the Employee Benefit Regulation as Group through BJST has carried off-market share transfers
- 7.3.5. Violation of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, read with Section 67(2) of the Companies Act, 2013 in case PTCC used VEDL or HZL dividends to buy VEDL or HZL stock, this could constitute a criminal offense
- 7.3.6. Violation and imposition of penalties mentioned under Section 15 of the SEBI Act amounting to INR 25 crore or three times the amount of profits made out of such practices, whichever is higher, as the Group has engaged in fraudulent and unfair trade practices.

8. VEDL Dismissal of Viceroy Report

- 8.1. We would like to point out that within one day of issuance of Viceroy Research Report, VEDL issued a one-page response to the detailed allegations in the report. VEDL ignored serious questions on questionable related-party transactions, mounting unsustainable debt, inflated asset values, and glaring governance failures by brushing off all concerns as already “publicly known.” Despite the release of Viceroy Research’s detailed report just a day before the Annual General Meeting of VEDL, VEDL failed to address any of the issues raised during the meeting.

No discussion took place regarding the serious allegations of financial mismanagement, governance failures, or related-party transactions flagged in the report. This dismissive stance, especially at such a critical moment, amounts to a mockery of meaningful stakeholder engagement and raises further doubts about VEDL commitment to accountability.

- 8.2. It is to be noted that both the NSE and BSE have already requested clarifications from VEDL regarding the serious concerns raised. The clarification sought from NSE and BSE are mentioned below –

| |
|---|
| Security Code : 500295 Company : VEDL |
| Clarification sought from Vedanta Ltd |
| Exchange Disseminated Time : 09/07/2025 15:10:04 |
| The Exchange has sought clarification from Vedanta Ltd on July 9, 2025, with reference to news appeared in www.cnbtv18.com dated July 9, 2025 quoting "Vedanta, HZL shares fall up to 8% after short-seller alleges 'material discrepancies' in financials" |
| The reply is awaited. |

| SUBJECT | ANNOUNCEMENT | ATTACHMENT | BROADCAST DATE/TIME |
|-------------------|--|------------|--------------------------------------|
| News Verification | The Exchange has sought clarification from Vedanta Limited with respect to recent news item captioned Vedanta, HZL shares fall up to 8% after short-seller alleges 'material discrepancies' in financials. The response from the Company is awaited. Read Less | - | 09-Jul-2025 14:16:18 |

Figure 2 & 3 – BSE and NSE announcements regarding Vedanta Limited

Figure 20 – BSE and NSE announcements regarding Vedanta Limited.

9. Request to SEBI for Intervention and Direction

In view of the grave and continuing violations outlined above, and in order to safeguard the rights of minority shareholders and uphold the integrity of India's securities markets, it is respectfully submitted that SEBI may be pleased to take the following urgent and appropriate regulatory actions under its powers conferred by the SEBI Act and allied regulations:

- Initiate a thorough and time-bound investigation** into the financial reporting practices, related-party transactions, and governance failures of Vedanta Limited and Hindustan Zinc Limited, including the role of their promoter entities and persons acting in concert.

For context, we draw attention to **Annexure 2**, which outlines **precedents** where SEBI has acted decisively and initiated investigation in similar circumstances including in the cases of Adani (2023), DHFL (2019), and FTIL/NSEL (2013-2014) following credible whistleblower or forensic reports. These actions have directly contributed to safeguarding public shareholders and improving disclosure practices across the market.

- b. **Direct Vedanta Limited to restate its financial statements** for the relevant financial years to reflect the accurate position with respect to liabilities, related party transactions, and asset valuations, in accordance with applicable accounting and disclosure standards.
- c. **Prohibit the further upstreaming of cash flows, dividends, or other financial resources** from Vedanta Limited to Vedanta Resources Ltd. or its affiliates until the interests of minority shareholders and unsecured creditors are adequately safeguarded.
- d. **Initiate enforcement proceedings** under the SEBI Act and relevant regulations against culpable directors, key managerial personnel, auditors, and related entities for breaches of fiduciary duties, disclosure obligations, and fraudulent conduct.
- e. **Mandate heightened disclosures and require the appointment of an independent monitoring agency** for all future material corporate actions, including restructuring, demergers, or asset sales undertaken by the Group.
- f. **Compel VEDL to make full and transparent disclosure** of all contingent liabilities, legal disputes, and off-balance-sheet exposures in its public filings in order to enable informed investor decision-making.
- g. **Appoint a nominee director of the Government of India or a SEBI-observed independent director** to the boards of the listed group companies to ensure oversight of public interest and compliance with corporate governance norms.
- h. **Restrict or suspend the capital market access** of the promoter entities and persons in control, pending the outcome of the investigation, and claw back any unlawful gains obtained through market manipulation or insider advantage.

In light of the systemic nature of these violations, and considering the material impact on public shareholders, creditors, and national interest (in view of the Government of India's shareholding), it is earnestly expected that SEBI will take swift and deterrent action to restore market confidence and ensure accountability.

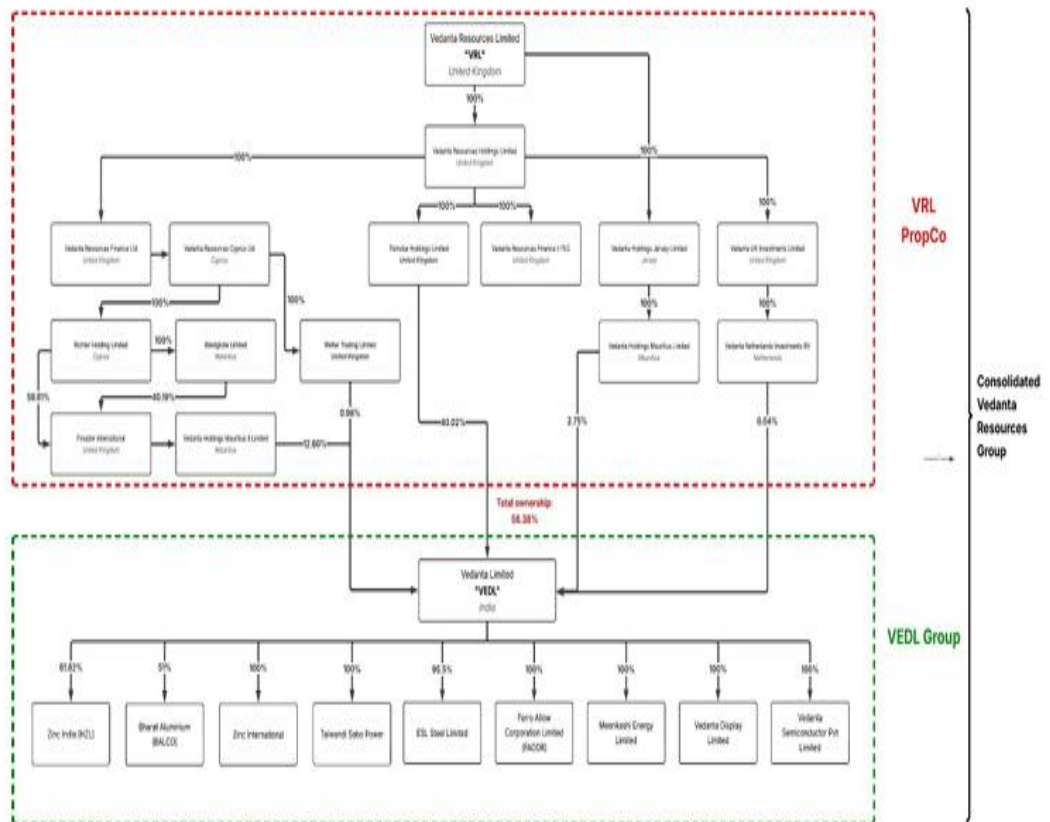
Yours Sincerely,

Fraser Perring, Director
Viceroy Research, LLC
1901 Orange Street, Wilmington, DE 19801, USA
July 23, 2025
Wilmington, Delaware, USA

ANNEXURE -1

Flowchart showing the entities involved in the Group

1. Corporate Structure



ANNEXURE – 2

Precedence where SEBI has acted based on Whistle-blowers Report

1. Adani Group (2023) – Hindenburg Research Report

1.1. Investigative Agency: Hindenburg Research

- a. Allegations: Stock manipulation, accounting fraud, offshore round-tripping, and undisclosed related party transactions.
- b. SEBI Action:
 - i. Launched a formal investigation into stock price volatility, related party transactions, and offshore entities.
 - ii. Supreme Court of India directed SEBI to probe the matter and submit a report.
 - iii. SEBI filed multiple status reports and extended investigation timelines until late 2023.

2. Dewan Housing Finance Corporation Ltd (DHFL) – Cobrapost (2019)

2.1. Investigative Agency: Cobrapost (Investigative Journalism)

- a. Allegations: INR 31,000 crore scam involving loans to shell companies and siphoning of funds by the promoters.
- b. SEBI Action:
 - i. Initiated a probe into disclosures, related party transactions, and corporate governance failures.
 - ii. Later led to credit rating downgrades, auditor resignations, and regulatory penalties.

3. Financial Technologies (India) Ltd (FTIL) / NSEL Scam – Investor Reports (2013–2014)

3.1. Source: Investigative reports and whistleblowers, including forensic accounting critiques.

- a. Allegations: ₹5,600 crore payment crisis at the National Spot Exchange Ltd (NSEL), governed by FTIL.
- b. SEBI Action:
 - i. Barred the promoter Jignesh Shah from the securities market.
 - ii. Initiated forensic audits, enforced the Fit & Proper norms, and pursued criminal complaints.