Vedanta - How to Fund a Dodgy Dividend

Vedanta circumvents RBI restrictions by employing creative accounting across subsidiary base.

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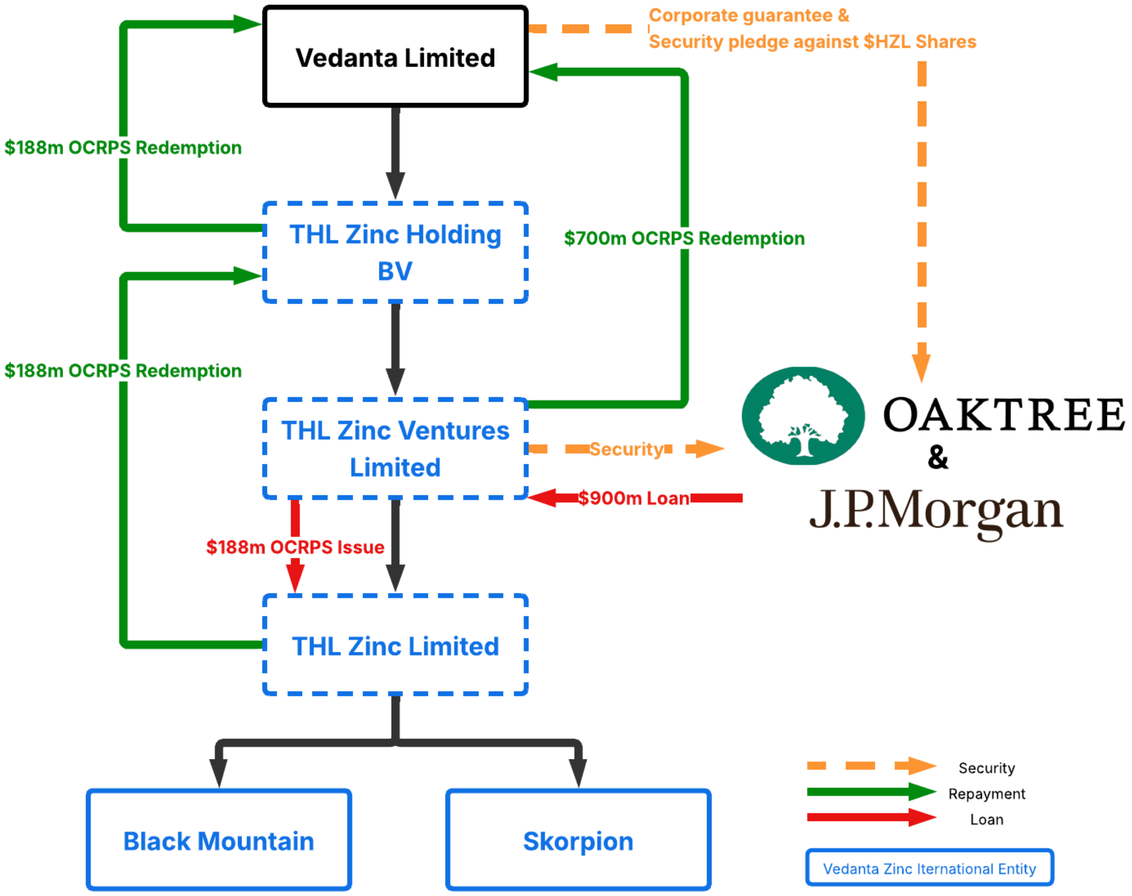
September 5, 2025 – Vedanta Resources Limited (VRL) has long relied on Vedanta Limited (VEDL) as a cash extraction vehicle, a collateral provider, and a legal shield for its increasingly complex financing arrangements.

In FY 2024, VEDL was only able to pay a dividend by:

- Borrowing $900m at Vedanta Zinc International (**VZI**), which holds Skorpion & BMM mining assets.
- Providing unequivocal guarantees at the VEDL level, and collateral to the lender, Oaktree, in the form of shares of Hindustan Zinc. **This was required because VZI's assets were/are effectively worthless.**
- Redeeming $900m in impaired OCRPS loans from VZI.
- Reversing a $360m OCRPS valuation write-off against OCRPS notes in VZI, boosting VEDL standalone profit and distributable reserves.
- Repaying the Oaktree loan in subsequent period via equity injections from the VEDL, funded by other funding rounds.

We posit that the Oaktree loan was ostensibly secured against, forwarded to, and repaid by VEDL, not THL Zinc Ventures.

Without this loan, VEDL would not have realized sufficient gains to make its dividend at the standalone entity level, and VRL would not have been able to make a $2bn repayment due to its lenders.



The FY 2024 Dividend Shortfall – Saved by Write-Backs

VEDL reported a total exceptional gain of ₹5,073 crore ($614.5m) in FY24, including:

- **₹3,287 crore ($398.1m)**: Gain on redemption of $700m OCRPS
  - ₹2,597 crore ($314.6m) gain from THL Zinc Ventures Ltd (THLZVL)
  - ₹690 crore ($83.6m) gain from THL Zinc Holding BV (THLZBV)
- **₹1,064 crore ($128.9m)**: Reversals of impairment on investments in subsidiaries are primarily linked to THLZVL and Bloom Fountain Limited.

Adjusted for reversals, VEDL's distributable reserves would have been negative ₹2,847m ($344.8m). This redemption of $900m OCRPS inflated VEDL's standalone profits and enabled the full dividend payout of ₹16,798 crore ($2.03b), which would otherwise have been impermissible and unaffordable.

Balance as at 31 March 2023**	**26,027**	**19,009**	**5,879**	**15,884**	**71**	**25**	**2,581**	**69,476**
Profit for the year	-	-	6,623	-	-	-	-	6,623
Other comprehensive income for the year, net of tax	-	-	(7)	-	(17)	(62)	97	11
Total comprehensive income for the year	-	-	**6,616**	-	**(17)**	**(62)**	**97**	**6,634**
Recognition of share based payment	-	-	-	92	-	-	-	92
Exercise of stock options	-	-	(32)	(47)	-	-	-	(79)
Dividends (Refer note 37)	-	-	(10,959)	-	-	-	-	(10,959)
Balance as at 31 March 2024	**26,027**	**19,009**	**1,504**	**15,929**	**54**	**(37)**	**2,678**	**65,164**

Figure 1 – VEDL Standalone Financial Statements FY 2024

Particulars	**Year ended 31 March 2024**		
	Exceptional Items	**Tax effect of exceptional items**	**Exceptional items after tax**
Property, plant and equipment ("PPE"), exploration intangible assets under development, capital work-in-progress ("CWIP"), investments and other assets (impaired)/ reversal or (written off)/ written back in:			
- Oil and Gas			
1) Reversal of previously recorded impairment/ net (loss)/ gain on buy back [ab]	1,599	(138)	1,461
- Power			
1) CWIP written off (Refer note 3(d)(i))	-	-	-
- Copper (Refer note 3(c)(A)(ii))	(746)	188	(558)
- Aluminium [c]	(131)	33	(98)
- Unallocated			
1) Gain on redemption of OCRPS [d]	3,287	-	3,287
2) Reversal of previously recorded impairment [def]	1,064	-	1,064
SAED on Oil and Gas sector [g]	-	-	-
Total	**5,073**	**83**	**5,156**

Figures 2 & 3 – VEDL Standalone Financial Statements FY 2024

The dividend was enabled by reversing prior impairments on Optionally Convertible Redeemable Preference Shares (OCRPS) held in subsidiaries, most notably THL Zinc Ventures Ltd (THLZVL). These reversals were executed without independent valuation or operational justification.

The redemption of these OCRPS was inconsistent with management's stated plans for Skorpion and BMM, which had been presented as requiring capital expansion rather than cash extraction.

VEDL had written off a ₹3,287 crore ($385m) investment in OCRPS on the basis that, even if they redeemed or converted into shares, the value would be non-recoverable.

d. During the year ended 31 March 2023, the Company had recognised an impairment reversal of ₹ 3,187 crore on the investments in OCRPS ("Optionally Convertible Redeemable Preference Shares") of THL Zinc Ventures Limited ("THLZVL"), a wholly owned subsidiary of the Company.

Recoverable amount of the OCRPS had been determined based on the valuation of Zinc International business ("VZI") held under THLZVL. The recoverable amount of VZI had been determined based on the fair value less cost of disposal approach, using the discounted cash flow method ("DCF method"), a level 3 valuation technique in the fair value hierarchy. This was based on the cash generated by the extraction and sale of proved and probable reserves/ natural estimated resources which are yet to be exploited during the estimated predetermined life of mine ("LOM") after deducting costs of closure and rehabilitation after expiry of LOM. The cash flows were discounted using the post tax weighted average cost of capital ranging 8.40% to 10.44%. Based on the sensitivities carried out by the Company using the risk adjustment factor of 5%, the recoverable amount was higher than the carrying value, resulting in impairment reversal.

During the current year ended 31 March 2024, these OCRPS have been redeemed and the Company has recorded a foreign exchange gain of ₹ 2,597 crore on this redemption.

Further, the Company held investments in OCRPS of ₹ 2,495 crore in THL Zinc Holding BV ("THLZBV"), a wholly owned subsidiary of the Company which was fully impaired in the books of the Company. During the year ended 31 March 2024, THLZBV redeemed investments amounting to ₹ 860 crore. Accordingly, the Company has recorded an impairment reversal of ₹ 860 crore and foreign exchange gain of ₹ 690 crore on the redemption of these OCRPS in THLZBV.

Figure 4 – VEDL Standalone Financial Statements FY 2024

But THL Zinc itself was on the brink of bankruptcy and starving for capital funding. This redemption demand came as THL Zinc, THLZVL's operating subsidiary, was nearing insolvency and in urgent need of capital funding.

How did THL manage to make repayment of $700m of OCRPS to VEDL?
By a loan secured against VEDL assets.

Whose Loan is This?

To justify the OCRPS reversal and support the dividend, the OCRPS first had to be redeemed. This required THLVZL to make a payment. However, THLVZL's portfolio consisted of distressed, loss-making assets with little recoverable value: no sane lender would lend against THLZVL assets alone.

Therefore, to secure a $900m loan from Oaktree and JPM, VEDL also pledged:

- A corporate guarantee from VEDL to $980m; and
- A 3.3% pledge of VEDL subsidiary Hindustan Zinc Ltd (HZL) shares, valued at ~$530m at the time of the pledge:

The value of this collateral amounted to ~$1.5b book value against a $900m loan from Oaktree, on top of the security against shares in THL Zinc Subsidiaries. In substance, this loan was secured against VEDL's assets, not THLVZL's, because THZVL's assets are substantially worthless. The only assets of value are BMM assets, which are encumbered by another loan.

Term loan from others	Secured by: (i) Exclusive pledge on 1.28% (2024: 3.3%) of HZL shares; (ii) 100% share pledge of THL Zinc Ventures Limited, THL Zinc Limited, THL Zinc Holding BV and THL Zinc Namibia Holdings (Pty) Limited; (iii) 100% share pledge of Zinc holding in BMM.	2,989	7,433

During the year ended 31 March 2024, the Company executed a secured loan facility agreement with Hope XI Investments PTE. Ltd. for a facility amount of USD 900,000,000 with an interest rate of 12 % p.a. along with running fee of 1% p.a. and an upfront fee of 1.3% on loan value. The loan is repayable as USD 180,000,000 in May 2025, USD 270,000,000 in November 2025 and USD 450,000,000 in May 2026.

As at 31 March 2024, the principal loan amount outstanding under this facility was USD 900,000,000 (2023: NIL) along with accrued interest of USD 10,500,000 (2023: NIL). The outstanding issue expenses (upfront fee) and outstanding running fee under this facility as at 31 March 2024 was **USD 8,166,998** (2023: NIL) and **USD 875,000** (2023: NIL) respectively.

Figures 5 & 6 – VEDL FY 25 Annual Report & THL Zinc Ventures Limited FY25 Annual Report

Oaktree and J.P. Morgan would have been aware that the loan was being used to funnel cash to VEDL, and that VEDL would be ultimately repaying for the loan.

The terms of the loan allowed the proceeds to be used for the redemption of the OCRPS owed to VEDL. This reversal of previously written-off OCRPS also created distributable reserves that were used to fund dividends upstream to VRL.

Who's repaying this loan?

Immediately after paying an enormous, outsized dividend with borrowings against its assets, VEDL issued a $1b Qualified Institutional Placement to purchase $600m shares in THLZVL, and lending it a further $129m. These funds were used to repay Oaktree's $550m portion of the $900m loan.

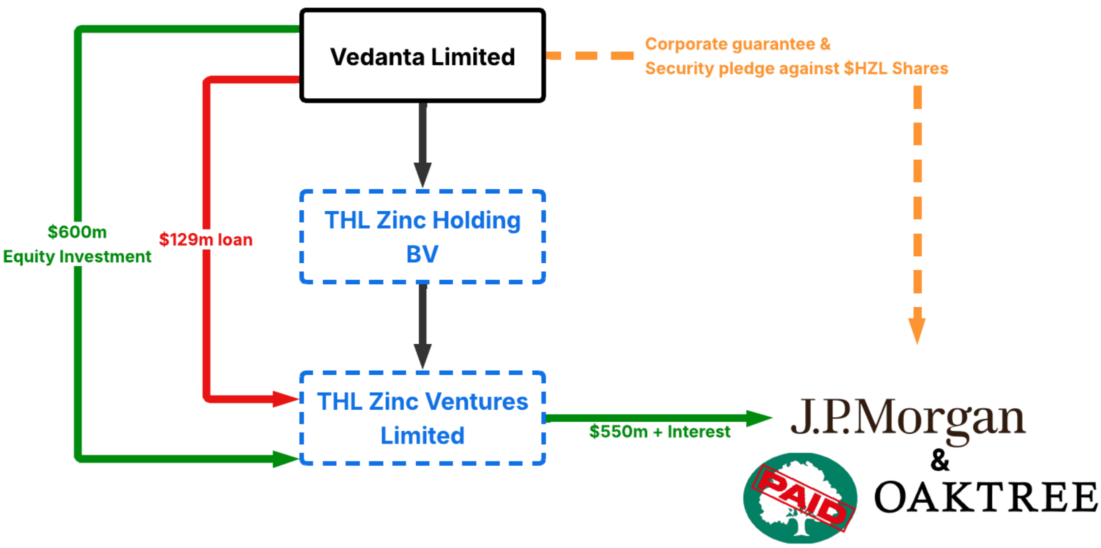
We understand the remaining $350m remains on JP Morgan's balance sheet, with Citigroup acting as trustee for the lending vehicle. The $HZL pledge has reduced in connection with this part-repayment

During the year 2023-24, the Company executed an unsecured loan facility agreement with Monte Cello BV, a group company for a facility amount of USD 23,884,513 at an interest rate of 13.25% p.a. repayable in November 2026. As at 31 March 2025, the principal amount of loan outstanding under this facility was **USD 23,884,513** (31 March 2024: USD 23,884,513) along with accrued interest of **USD 4,351,463** (31 March 2024: USD 1,186,763).

The Company has executed an additional unsecured loan facility agreement with Monte Cello BV for an amount of USD 8,139,000 at an interest rate of 13.25% p.a. repayable in November 2026. As at 31 March 2025, the principal amount of loan outstanding under this facility was **USD 8,139,000** (31 March 2024: USD 8,139,000) and accrued interest of **USD 1,464,849** (31 March 2024: USD 386,428)

During the year ended 31 March 2024, the Company executed an unsecured loan facility agreement with Vedanta Limited, the immediate holding company for facility value of USD 150,000,000 at an interest rate of 12% p.a. repayable in November 2027, out of which, the Company has drawn an amount of USD 35,000,000 and USD 94,000,000 as on 31 March 2024 and 31 March 2025, respectively. As at 31 March 2025, the principal loan amount outstanding under this facility was **USD 129,000,000** (31 March 2024: USD 35,000,000) and accrued interest of **USD 11,505,000** (31 March 2024: USD 455,000).

Figure 7 – THL Zinc Ventures Limited FY24 Annual Report



We reiterate that the VEDL group is severely cash-flow negative, and had to borrow elsewhere in the group to lend to and invest in THLZVL, and therefore repay Oaktree.

Loan Rate Limits & ODI Restrictions

In substance, the $900m loan was made to VEDL, repaid by VEDL, and secured against VEDL assets, not VZI.

This appears intentionally designed to circumvent Reserve Bank of India (**RBI**) restrictions.

The RBI has set all-in cost ceilings on external commercial borrowings from overseas lenders. This can create a problem for distressed local entities such as Vedanta, who cannot tap international lenders for loans below the interest ceiling ***because of their risk rating.***

vi	All-in-cost ceiling per annum	[5]Benchmark Rate plus **550 bps** spread: For existing ECBs linked to LIBOR whose benchmarks are changed to ARR. Benchmark rate plus **500 bps** spread: For new ECBs.	Benchmark rate plus 450 bps spread.
		[6]All-in-cost ceiling has been temporarily increased by 100 bps for ECBs raised till December 31, 2022. The enhanced all-in-cost ceiling shall be available only to eligible borrowers of investment grade rating from Indian Credit Rating Agencies (CRAs). Other eligible borrowers may raise ECB within the existing all-in-cost ceiling as hitherto.	

Figure 8 – RBI ECB Framework[1]

The $900m facility, arranged with Oaktree Capital and JPMorgan at a 13.9% interest rate, while the ECB all-in cost ceiling would only have been 11.5% at the time.

By allowing this transaction, the RBI will create a precedent that will subvert their entire policy on ECB.

The $900m loan made against VEDL assets would have required RBI approval under its Overseas Direct Investments (**ODI**). The costs incurred would have pushed the all-obligation limits above the ECB ceiling of $1b.

This is especially true in this case, where VEDL made pledges (which constitutes financial commitment to the value of the obligation/s) at the VEDL level, far above the value of the entire loan made to its subsidiary. The Oaktree loan's deal structure makes little effort to acknowledge the RBI's ODI framework, and creates a precedent for persistent abuse.

Why Do The Dodgy Divi?

VEDL's Promoters were in a dire state at the end of FY 2023, with $5.8b of "current" borrowings. We estimate the promoter group held ~$3b of current borrowings the end of the period, with ~$2b requiring immediate refinancing (which they could not afford) or repayment.

		Prop-Co		
Balance Sheet Analysis	*Note*	**2023**	**2022**	**2021**
Current liabilities				
Borrowings	*22(a)*	3,062	2,639	1,042

Figure 9 – PropCo Analysis – Viceroy Research

As a result, the THL Group is burdened with almost $800m in debt costing $76m annually. It is bleeding cash, has no further access to capital outside of VEDL, and has made no tangible progress on capex projects.

THL Debt - FY 2025	*THL Zinc*		
US$'000s	**Balance**	**Rate**	**Annual Interest**
THL Zinc Ventures - Loan from Citicorp	350,000	9.60%	33,600
THL Zinc Ventures - Loan from Vedanta Limited	129,000	12.00%	15,480
THL Zinc Ventures - Loan from Monte Cello BV	32,024	13.25%	4,243
BMM - Loan from ABSA & RMB	250,000	8.25%	20,625
Accrued interest - VEDL & Monte Cello*	17,362	12%	2,083
THL Group Debt	**778,386**	**9.77%**	**76,032**

Figure 10 – THL Group FY25 Debt

[1] https://m.rbi.org.in//scripts/bs_viewmasdirections.aspx?id=11510#22

Pledges Need GoI Approval

VEDL may have breached its unenforced HZL Shareholders Agreement (**SHA**) with the GoI, if the latter was not informed about the pledge. the SHA requires VEDL to notify The GoI (not HZL) that it intends to pledge shares of HZL, to whom, and for what purpose.

5.2 PLEDGE OF SHARES

Subject to the terms of the NDA, the SP may pledge, charge or mortgage any Purchase Shares for supporting any financial arrangements, provided it gives a written notice to the Government, at least 15 (fifteen) days prior to the creation of any such pledge, charge or mortgage, specifying the identity of the Person in whose favour the SP proposes to pledge, charge or mortgage any Purchase Shares and the material terms and conditions concerning such pledge, charge or mortgage. Similarly, the Government may pledge, charge or mortgage any Shares held by it, provided it gives a written notice to the SP, at least 15 (fifteen) days prior to the creation of any such pledge, charge or mortgage, specifying the identity of the Person in whose favour the Government proposes to pledge, charge or mortgage any Shares held by it and the material terms and conditions concerning the creation of such pledge, charge or mortgage.

Figure 11 – HZL Shareholders Agreement

Either:

- The GoI was informed by VEDL that it had pledged HZL shares to borrow money to substantiate a dividend or,
- The GoI was not informed that VEDL had pledged its HZL shares.

In any case, it does not appear that the GoI is taking its custodianship of HZL assets seriously, to the detriment of the Indian public.

Key Takeaway

The Promoter Group's unending need for cash to satisfy debts not only drains VEDL operating assets of capital and loads them with debt, it also forces VEDL to engage in transactions that we believe were intentionally structured to circumvent RBI restrictions.

Inaction from the RBI creates a precedent that Indian entities can (with relative ease) bypass decades of regulatory development intended to capture offshoring capital. These transactions are not well hidden, we believe the RBI will find many more.

Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Vedanta Resources Limited, 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.

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Annexure: Following the Money

VEDL, via THL Zinc Ventures, has not made net investments in either Skorpion or Black Mountain. Instead, the capital raised against the segment's African assets has been siphoned to VEDL. The mechanism is simple:

1. THL Zinc Ventures raises debt secured against their holdings in BMM or Skorpion.
2. The funds are upstreamed to VEDL to support unsustainable dividends, bridge liquidity shortfalls to pay brand fees.
3. VEDL channels cash back to THL Zinc as supposed "investments" which in reality are used to repay THL Zinc Ventures' lenders.
4. Deprived of capital, BMM and Skorpion either do not continue projects or resort to capitalizing operating expenses.

Almost all debt proceeds raised by the THL Group in the past 2 years have been remitted to VEDL, and all equity proceeds have gone toward repaying that same debt.

This structure can be seen in THL Zinc Ventures' FY24 and FY25 financing operations.

1. Sometime prior to FY15, THL Zinc Ventures issued $700m in Optionally Convertible Redeemable Preference Shares (OCRPS) to VEDL. These accrued interest at 0.25% though this has never been settled in cash.

> The Company has issued 7 million, 0.25% optionally convertible redeemable preference shares ("OCRPS") of USD 1 each with a premium of USD 99 each to Vedanta Limited, the immediate holding company, incorporated in India pursuant to a board resolution dated 3 December 2010.

Figure 12 – THL Zinc Ventures Limited FY24 Annual Report

2. In FY24, THL Zinc Ventures took out a $900m loan from Oaktree secured against BMM and Skorpion's inflated valuations from offshore lenders, under the guise of capital expansion. This loan accrued interest at 12% plus a 1% per annum "running fee", plus a 1.3% upfront fee.

> During the year ended 31 March 2024, the Company executed a secured loan facility agreement with Hope XI Investments PTE. Ltd. for a facility amount of USD 900,000,000 with an interest rate of 12 % p.a. along with running fee of 1% p.a. and an upfront fee of 1.3% on loan value. The loan is repayable as USD 180,000,000 in May 2025, USD 270,000,000 in November 2025 and USD 450,000,000 in May 2026.
>
> As at 31 March 2024, the principal loan amount outstanding under this facility was USD 900,000,000 (2023: NIL) along with accrued interest of USD 10,500,000 (2023: NIL). The outstanding issue expenses (upfront fee) and outstanding running fee under this facility as at 31 March 2024 was **USD 8,166,998** (2023: NIL) and **USD 875,000** (2023: NIL) respectively.

Figure 13 – THL Zinc Ventures Limited FY25 Annual Report

3. VEDL then *redeemed* the THL Zinc Ventures OCRPS for the full $700m, which THL Zinc Ventures met with funds from the Oaktree loan.

				(Amount in USD)
Issued to	**No. of OCRPS of USD 1 each and premium of USD 99**		**Amount of liability**	
	As at 31 March 2024	As at 31 March 2023	**As at 31 March 2024**	As at 31 March 2023
Vedanta Limited	-	7,000,000	-	700,000,000
	-	7,000,000	-	700,000,000

The Company has issued 7 million, 0.25% optionally convertible redeemable preference shares ("OCRPS") of USD 1 each with a premium of USD 99 each to Vedanta Limited, the immediate holding company, incorporated in India pursuant to a board resolution dated 3 December 2010.

During the current year, the entire 7 million OCRPS were redeemed and the outstanding balance as on 31 March 2024 is Nil (2023: USD 7,000,000)

Figure 14 – THL Zinc Ventures Limited FY24 Annual Report

4. THL Zinc Ventures' debt burden left it on the brink of insolvency. In FY25:
    a. VEDL re-invested $600m in new shares in THL Zinc Ventures.
    b. VEDL issued THL Zinc Ventures three loans amounting to ~$182m (~$161m drawn), at 12-13.75% rates[2].

[2] We presume this rate also applies to accrued interest

During the year 2023-24, the Company executed an unsecured loan facility agreement with Monte Cello BV, a group company for a facility amount of USD 23,884,513 at an interest rate of 13.25% p.a. repayable in November 2026. As at 31 March 2025, the principal amount of loan outstanding under this facility was **USD 23,884,513** (31 March 2024: USD 23,884,513) along with accrued interest of **USD 4,351,463** (31 March 2024: USD 1,186,763).

The Company has executed an additional unsecured loan facility agreement with Monte Cello BV for an amount of USD 8,139,000 at an interest rate of 13.25% p.a. repayable in November 2026. As at 31 March 2025, the principal amount of loan outstanding under this facility was **USD 8,139,000** (31 March 2024: USD 8,139,000) and accrued interest of **USD 1,464,849** (31 March 2024: USD 386,428)

During the year ended 31 March 2024, the Company executed an unsecured loan facility agreement with Vedanta Limited, the immediate holding company for facility value of USD 150,000,000 at an interest rate of 12% p.a. repayable in November 2027, out of which, the Company has drawn an amount of USD 35,000,000 and USD 94,000,000 as on 31 March 2024 and 31 March 2025, respectively. As at 31 March 2025, the principal loan amount outstanding under this facility was **USD 129,000,000** (31 March 2024: USD 35,000,000) and accrued interest of **USD 11,505,000** (31 March 2024: USD 455,000).

Figure 15 – THL Zinc Ventures Limited FY24 Annual Report

c. THL Zinc Ventures took a $350m loan from Citigroup at 9.60%.

During the year ended 31 March 2025, the Company executed a secured loan facility agreement with Citicorp International Limited for a facility amount of USD 350,000,000 with an interest rate of 9.6%.

As at 31 March 2025, the principal loan amount outstanding under this facility is USD 350,000,000. Loan amount shall be repaid in full after 2 years.

Figure 16 – THL Zinc Ventures Limited FY24 Annual Report

5. Instead of using these funds to stabilize its position or fund projects, THL Zinc Ventures used them to repay the Oaktree loan.

Cash flows from financing activities			
Proceeds from issue of share capital		**600,000,000**	-
Proceeds from borrowings		**94,000,000**	975,000,000
Repayment of borrowings		**(550,000,000)**	(8,000,000)
Redemption of OCPRS	17	-	(700,000,000)
Interest paid		**(112,200,000)**	(82,701,631)
Other borrowing cost paid		**(9,746,106)**	(19,223,275)
Net cash generated from financing activities		**22,053,894**	165,075,094

Figure 17 – THL Zinc Ventures Limited FY24 Annual Report

6. Deprived of investment, BMM resorted to a further $250m loan from ASBA & RMB at SOFR +3.9% to develop its facilities.

Project Finance Facility of $250 million was secured in August 2024 with the first drawdown in September 2024. The RMB bridge financing and ICICI revolving loans were settled with the first drawdown, and net proceeds from first drawdown of $103 million was received from RMB. This settlement is included as part of repayments in the reconciliation of interest-bearing loans and borrowings. As at 31 March 2025 $250 million was drawn down. This loan is a secured and USD denominated loan.

The project finance loan facility of $250 million was provided by ABSA and RMB on a 7-year term. The loan is repayable quarterly starting from June 2026, and has therefore been classified as a long-term loan as at 31 March 2025. Interest is charged at 3-M SOFR +390bps.
The secured bank loan is subject to the following financial conditions on each measurement date:

- The Senior Debt Service Cover Ratio shall be equal to or greater than 1.4:1. The Senior Debt Service Cover Ratio was 3.43:1 as at 31 March 2025 (31 March 2024: N/A).
- The Total Debt Service Cover Ratio shall be equal to or greater than 1.2:1. The Total Debt Service Cover Ratio was 1.80:1 as at 31 March 2025 (31 March 2024: N/A).
- The Loan Life Cover Ratio shall be equal to or greater than 1.5:1. The Senior Debt Service Cover Ratio was 2.14:1 as at 31 March 2025 (31 March 2024: N/A).
- The Net Debt to EBITDA Ratio shall be equal to or greater than 2.5:1. The Net Debt to EBITDA Ratio was 1.57:1 as at 31 March 2025 (31 March 2024: N/A).
- The Current Ratio shall be after 30 September 2026, equal to or greater than 1.1:1. This is applicable from 30 September 2026.
  The Fixed Assets Cover Ratio shall be equal to or greater than 1.1:1. The Fixed Assets Cover Ratio was 3.43 as at 31 March 2025 (31 March 2024: N/A).
- The liquidity test is passed. The liquidity test was passed as at 31 March 2025 (31 March 2024: N/A).
- All covenants are tested half-yearly, at 30 September and 31 March 2025. The Group has no indication that it will have difficulty complying with these covenants.

The loan is secured by first pari pasu charge based on special notarial bond and general notarial bond to the value of USD 500 Million on Black Mountain (Pty) Ltd; mining rights, movable and immovable assets, share pledges, all bank accounts, insurance policies, and trade receivables of Black Mountain Mining (Pty) Ltd by way of a deed of hypothecation.

Figure 18 – THL Zinc Ventures Limited FY24 Annual Report

As a result of this process, the THL Group is burdened with almost $800m in debt costing $76m annually. It is bleeding cash, has no further access to capital outside of VEDL, and has made miniscule progress on capex projects.

THL Debt - FY 2025	*THL Zinc*		
US$'000s	**Balance**	**Rate**	**Annual Interest**
THL Zinc Ventures - Loan from Citicorp	350,000	9.60%	33,600
THL Zinc Ventures - Loan from Vedanta Limited	129,000	12.00%	15,480
THL Zinc Ventures - Loan from Monte Cello BV	32,024	13.25%	4,243
BMM - Loan from ABSA & RMB	250,000	8.25%	20,625
Accrued interest - VEDL & Monte Cello*	17,362	12%	2,083
THL Group Debt	**778,386**	**9.77%**	**76,032**

Figure 19 – THL Group FY25 Debt