



Vedanta – Bondholder Update

Recent developments show that Vedanta no longer enjoys the quiet backing of regulators or the State.

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October 8, 2025 – Last week, Vedanta Resources Limited (VRL) tried and failed to raise \$1b from the bond market to repay a \$550m private credit facility (PCF). In June, VRL misled the market by stating that this repayment had already been covered.

The reduced \$500m that VRL managed to raise from captive lenders leaves them without the full funds to repay the PCF, let alone service the 9-18% interest payments on their current debts and meet their near-term \$204m compulsory investment in KCM by the end of 2025.

People familiar with the matter stated to Viceroy that Indian PSU banks have made clear that they have had their fingers burned too many times and have refused to act as a backstop.

Upcoming Legal Actions

This week, the focus turns to the Indian Courts with **five cases, all of which place them in conflict with the Government of India**. Bondholders should be watching closely:

1. NCLT hearing – October 8, 2025

Anil Agarwal stated at the Vedanta Limited AGM in June, that “We are absolutely confident that before September [2025] it is the time that [the demerger] should happen.” This ignored the serious concerns of SEBI and Gol. SEBI has filed an intervention and issued a Warning Letter to Vedanta Limited regarding its demerger.

The Gol’s criticism is even more vocal, accusing Vedanta of **misrepresentation, concealment of liabilities, and breaches of law**. They go further, asserting that “in all probability MALCO will go into liquidation” and that the whole demerger process may have been engineered by Vedanta to avoid paying funds due to the Gol.

2. SEBI vs Vedanta Hearing, Supreme Court – October 8, 2025

SEBI has determined that Vedanta Limited’s actions involving the proposed share buyback program at Cairn India was a breach of SEBI’s **Prohibition of Fraudulent and Unfair Trade Practices (PFUTP)** and a violation of SEBI’s Buyback Regulations. The Supreme Court is due to consider whether to uphold SEBI’s sanctions against the Company and three directors.

3. Government of India (Ministry of Coal) vs Vedanta – October 10, 2025

Following Vedanta’s mismanagement of the Radhikapur (West) coal block and non-compliance with development milestones, the Gol has demanded access to the **₹263 crore (\$30m) performance guarantee given by Vedanta. Vedanta is opposing.**

4. Vedanta vs Union of India and Others – October 10, 2025

On 19th September, in an unprecedented move, the Gol declined to renew its contract with Vedanta over the Cambay Block (CB-OS/2) and transferred control to ONGC with immediate effect. The Gol does not consider Vedanta a worthy steward of government assets. Vedanta is appealing.

5. Public Interest Litigation (PIL), Supreme Court – October 8, 2025

On August 12, 2025, advocate Shakti Bhatia filed a PIL action with the Union of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Ministry of Corporate Affairs (MCA), seeking a public and wide-ranging investigation into the Vedanta Group including the unlawful expatriation of funds to VRL. The petition has been joined by Shri Girish Mittal who is **seeking the recovery of \$1.5b in brand fees remitted to VRL**.



Bondholders and analysts have historically assumed that Vedanta and the Agarwal family would retain institutional support as the owners of key domestic assets. The intensity and timing of multiple legal and regulatory actions raises questions whether that assumption is still valid.

RBI referral of Vedanta to the Enforcement Directorate, September 23, 2025

The Enforcement Directorate (ED) is the most feared regulatory agency in India with broad-ranging powers of arrest, search, seizure and confiscation. **VRL's previous brush with the ED required them to remit ₹1,030 crore (\$123m) in brand fees back to VEDL.** Xiaomi, in nearly identical circumstances, has had ₹5,551 crore (\$650m) seized.

The ED has board powers to act unilaterally including the ability to freeze assets or restrict remittances based on preliminary findings. Any such action would stop VRL's ability to upstream cash from Indian operations. Given what we assess to be a thin liquidity buffer at VRL, even a partial disruption could impair its ability to meet near-term repayment obligations.

Singapore's Commercial Affairs Department Investigation

The Singapore Police Force's Commercial Affairs Department (CAD) is investigating red flags regarding transparency, financial conduct, and the use of Singapore's regulatory environment to shield illicit practices from scrutiny in other jurisdictions.

In addition to regulatory concerns over the marketing and trading of VRL bonds listed in Singapore (SGX), approximately **\$1.27b has been remitted to Vedanta Limited through Singapore in possible breach of Indian Law** to pay dividends and brand fees to VRL.

If the investigation advances, VRL may face fraud scrutiny in the jurisdictions of its key financing entities and the associated disclosure and compliance requirements.

Conclusion – The Credit Story Moves Into the Courtroom

Vedanta Resources faces significant challenges across legal, regulatory and operational fronts. The group's ability to rely on institutional or regulatory goodwill, a key assumption for many bondholders, is uncertain.

Legal conflict with the GoI, sanctions from SEBI, enforcement risk from the ED and the Singapore investigation point to a shift in tone from key stakeholders. At the same time the Vedanta Group operates with a structural cash shortfall and limited visibility on deleveraging options.

We advise bondholders to re-evaluate their assumptions regarding regulatory support, cross-border remittance risk and viability of cash extraction from Indian operations.



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.

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