



Vedanta- KCM SHA Exposes VRL's Immediate Funding Shortfall

VRL's statements on liquidity ignore upcoming KCM investment milestones that KCM cannot self-fund or repay and may already be in breach of the restructuring agreement.

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November 25, 2025 – Viceroy has obtained a copy of the 2023 Shareholder Agreement (SHA) between Vedanta Resources Limited (VRL) and ZCCM. The SHA shows that **VRL is deliberately misleading bondholders, analysts and rating agencies about their contractual obligations to fund KCM.**

VRL management has emphatically stated there is no funding requirement for KCM from VRL in the medium term. This is categorically untrue: \$206m is due by December 31, 2025 with a further \$270m in 2026.

This is a catch 22: either VRL is lying to the Zambian government, or it is misleading the market.

1. In stark contrast to affirmations provided to investors and ratings agencies: VRL must continue funding KCM to the tune of hundreds of millions of dollars in the near-term. This is unfortunate for VEDL shareholders, who will inevitably be footing the bill.
2. Vedanta is charging unlawful extra interest on \$1bn in shareholder loans to KCM, in breach of the SHA's cost-of-funding cap.
3. VRL is using its stake in Vedanta Limited (VEDL), which is already fully pledged, as de-facto collateral.

VRL Chairman Anil Agarwal floated the idea of selling KCM to VEDL just days after it regained control of it in 2023, demonstrating VRL's view that KCM is not a real asset, but a liability to be disposed of to "sucker" shareholders of VEDL¹.

Synopsis
The Zambian government, which owns a 20 per cent stake in KCM, will allow Vedanta to resume control and operate KCM's mines and smelter after the company renewed a pledge to invest more than USD 1.2 billion to increase output and repay outstanding debts.



Mining tycoon Anil Agarwal on Tuesday stated that the **Konkola Copper Mines**, which returned to his London-based firm Vedanta Resources last week, can be moved to the group's India-listed firm **Vedanta Ltd** "at the right valuation".

Figure 1 – Anil Agarwal talks of moving Konkola Copper Mines to Vedanta Ltd at 'right valuation' – Economic Times

This is not just another governance failure; it is a reckless strategy of deception caused by VRL's consistent cash crises. Last time VRL tried this with KCM, it lost the asset.

¹ <https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/anil-agarwal-talks-of-moving-konkola-copper-mines-to-vedanta-ltd-at-right-valuation/articleshow/103612226.cms>



Misleading Shareholders: "No Near-Term Funding Required"

VRL has pitched a different story to every stakeholder group depending on what they want to hear:

- **To VEDL shareholders:** "Don't worry, VEDL won't be used to fund it."
- **To VRL bondholders:** "Don't worry, VRL doesn't have to fund KCM."
- **To KCM and the Zambian Government:** "Don't worry, VRL will fund it (and if we can't, we'll get the cash from VEDL)."

Over the past 18 months, VRL has floated and abandoned every funding structure imaginable: a stake sale to IHC in early 2024, a \$1b debt raise in February 2025, an IPO pitch in April 2025, and most recently, a proposed US listing via CopperTech Metals in November, a shell entity with no U.S. assets, operations, or customers.

On October 31, 2025, VRL CEO Deshnee Naidoo stated that KCM would be solely responsible for its own funding. This is incorrect and misrepresents VRL's funding obligations.

Imtiaz Shefuddin:	And just to follow-up, any funding that is going to be done at KCM? I think you mentioned the last time that it will be ring fenced within KCM, yes? Is that still the case?
Deshnee Naidoo:	That is still the case. In fact, I think I am more positive today than I was a quarter ago, given what is happening on the production ramp up as well as the copper prices.

Figure 2 – VEDL Q2 Earnings Call on October 31, 2025

On June 24, 2025, VRL CFO Ajay Goel and SVP Pooja Somani consistently downplayed KCM's funding requirements, stating that the input would be "linear" and would "happen through [KCM]'s own cash flow".

This is incorrect, the funding timelines are not linear: \$600m in investment is required in the first 2 years, on top of the \$275m which was required upfront.

Pooja Somani:	So last year the amount when we have reacquired the assets, that time we have given 275 and since then another 50 million has been given in the last year. So total 325 last year.
Ajay Goel:	Now in terms of overall funding plan, we also committed a billion capex and that will be over the longer time frame, almost 5 years and it is mostly linear.

And then your second question of how we plan to fund that, I think as Ajay clarified that a total investment of a \$1 billion over 5 years is what is required. And then Deshnee also clarified that this is an operating asset. So part of this funding will automatically happen through its own cash flow. And balance initial funding is what we'll have to, for the context 1 or 2 years, is what we have to mainly arrange for. And which is where the DCF, the feasibility study, bankable feasibility study that we are working on will help us to do the funding at KCM level for this asset.

Figure 3 – VRL FY25 Earnings Call on June 24, 2025



With no growth capital deployed up to FY25 and negative EBIT and EBITDA, KCM is incapable of generating free cash flow, let alone fund a billion-dollar investment.

In addition, under the terms of KCM's restructuring, VRL's Shareholder loans' interest and principal repayments rank strictly behind over \$1.2b in Class 2 creditors.

The result: not a single dollar of interest charged to KCM has been paid, nor can it be. Instead, it sits on VRL's lending subsidiary's balance sheet as unrecoverable accrued interest.

CRISIL's October 24, 2025, review repeats this delusion, stating that KCM has no major capex over the medium term after its June 2025 \$124m investment milestone².

FINANCIAL PERFORMANCE

(US\$ million, unless stated)

Particulars	FY 2024-25	FY 2023-24	% Change
Revenue	390	-	-
EBITDA	(38)	-	-
EBITDA margin (%)	-	-	-
Depreciation and amortisation	158	-	-
Operating Profit before special items	(196)	-	-
Share in Group EBITDA (%)	-	-	-
Capital Expenditure	(12)	-	-
Sustaining	(12)	-	-
Growth	0	-	-

Revenue for the year was US\$ 390 million and EBITDA was US\$ (38) million.

Figure 4 – VRL FY25 Annual report

production-linked incentive scheme, which are monitorable. Crisil Ratings understands that there is no major capex requirement for the Konkola Copper Mines Plc (KCM) business over the medium term and the same is not to be undertaken at Vedanta level. Further developments in this regard will remain monitorable.

Figure 5 – Crisil Rating Rationale October 24, 2025

This is demonstrably false. The SHA sets out the funding schedule based on the Funding Assessment Period Commencement Date of December 31, 2024.

15.1.2 in the case of VRHL, VRHL and/or its Affiliates have not advanced and paid to the Company, in aggregate (on a cumulative basis), at least the following amounts in terms of the Capital Expenditures Support Commitment by the following dates:

- (a) by the date falling 6 months following the Funding Assessment Period Commencement Date: USD124,000,000;
- (b) by the date falling 12 months following the Funding Assessment Period Commencement Date: USD330,000,000;
- (c) by the date falling 18 months following the Funding Assessment Period Commencement Date: USD428,000,000;
- (d) by the date falling 24 months following the Funding Assessment Period Commencement Date: USD600,000,000;
- (e) by the date falling 30 months following the Funding Assessment Period Commencement Date: USD645,000,000;
- (f) by the date falling 36 months following the Funding Assessment Period Commencement Date: USD740,000,000;
- (g) by the date falling 42 months following the Funding Assessment Period Commencement Date: USD785,000,000;
- (h) by the date falling 48 months following the Funding Assessment Period Commencement Date: USD870,000,000;
- (i) by the date falling 54 months following the Funding Assessment Period Commencement Date: USD923,000,000; and
- (j) by the date falling 60 months following the Funding Assessment Period Commencement Date: USD1,000,000,000,

and in each case, if applicable, VRHL fails to remedy such breach, if capable of remedy, within ninety (90) days following the due date for payment arising as set out in this Clause 15.1.2, provided that:

KCM Shareholder Funding Schedule (per SHA 5.1.2) (\$m)		
Due Date	Cumulative Commitment	Incremental Amount Due
30-Jun-25	124	124
31-Dec-25	330	206
30-Jun-26	428	98
31-Dec-26	600	172
30-Jun-27	645	45
31-Dec-27	740	95
30-Jun-28	785	45
31-Dec-28	870	85
30-Jun-29	923	53
31-Dec-29	1,000	77

Figure 6 – KCM SHA & KCM Shareholder Funding Schedule (per SHA 5.1.2)

The next funding milestone of \$206m is due by December 2025 under the SHA. This directly contradicts CRISIL's claims that there are no medium-term commitments and undercuts the Company's assurances to stakeholders.

Despite this, VRL continues to claim that KCM can "self-fund", a narrative unsupported by the operational, contractual, or financial reality.

Viceroy's visit to KCM sites at Chililabombwe, Chingola and Kitwe showed no visible maintenance or capex. Our full report is available at the link below:

<https://viceroyresearch.org/2025/08/29/vedanta-konkola-copper-mines-a-hollow-asset/>

² <https://copperbeltkatangamining.com/vedanta-completes-initial-124-million-investment-in-kcm-ahead-of-schedule/>



Shareholder Loan Breach: Overcharging & Risk of Asset Loss

Clause 16.1.2 of the SHA caps interest on shareholder loans at the lower of:

- (i) Reference Rate + 7% or
- (ii) VRL's cost of funding.

The standalone financials of Vedanta Resources Holdings Limited, the VRL subsidiary funding KCM, shows that it is overcharging KCM interest. As noted above, due to KCM's restructuring agreement, 100% of interest has been rolled up as accrued interest.

- Loans to KCM total \$1.025b, of which \$346m is drawn, with accrued interest of \$25.5m.
 - The \$1bn facility is priced at 3-month SOFR + 7% (~12.3%).
 - The \$25m facility is priced at 11.41%

9.3 During the year ended 31 March 2024, the Company (lender) had executed a loan facility of US\$ 25,000,000 with KCM (borrower) at an interest rate of 11.41% per annum repayable in February 2029. As at 31 March 2025, the principal loan amount outstanding under this facility is US\$ 25,000,000 (31 March 2024: US\$ 25,000,000) along with the accrued interest of US\$ 3,348,891 (31 March 2024: US\$ 386,667). Interest income recognized for the year was US\$ 2,962,224 (31 March 2024: US\$ 386,667).

During the current year ended 31 March 2025, the Company (lender) had executed a loan facility of US\$ 1,000,000,000 with KCM (borrower) at an interest rate of 3 months SOFR plus 7% per annum repayable in July 2029. As at 31 March 2025, the principal loan amount outstanding under this facility is US\$ 320,750,000 (31 March 2024: US\$ NIL) along with the accrued interest of US\$ 22,206,073 (31 March 2024: US\$ NIL). Interest income recognized for the year was US\$ 22,206,073 (31 March 2024: US\$ NIL).

Figure 7 – Vedanta Resources Holdings Limited FY25 Annual Report

However, VRL's actual weighted cost of funding is ~9.88%. Under the SHA this becomes the applicable cap, since it is lower than 3-month SOFR + 7%.

VRL External Debt Cost Summary (\$m)		
Lender / Instrument	Amount	Rate
Vedanta Resources Finance II - Bond A	296	9%
Vedanta Resources Finance II - Bond B	509	10%
Vedanta Resources Finance II - Bond C	1,200	8%
Vedanta Resources Finance II - Bond D	500	9%
Vedanta Resources Finance II - Bond E	550	8%
Vedanta Resources Ltd – Bond	478	9%
Vedanta Ltd - INR 345 (USD bond)	398	12%
Vedanta Semiconductors Pvt Ltd – Bond	293	10%
Vedanta Ltd - INR 208 (USD bond)	234	9%
State Bank of India - Term Loan	375	11%
Canara Bank - Term Loan	100	9%

Figure 8 – VRL External Debt Cost Summary as of March 31, 2025

If the Zambian government again deems Vedanta in breach, as it did in 2019, expropriation is a material risk.

Upon regaining control in FY25, VRL immediately booked a \$2.2b gain on consolidation and revalued KCM's assets to \$2.7b.

Any regulatory or legal reversal could force VRL to write down this already-inflated asset, a severe hit to equity and solvency ratios. KCM is already facing enforcement actions: CEC has seized assets for unpaid debts and the Trafigura arbitration remains unresolved.



VEDL Stake: Fully Pledged, Yet Used as Collateral

VRHL's note accompanying the KCM loans includes a statement that if KCM were at risk of default, VRL could liquidate its VEDL stake to settle the balance:

No expected credit loss provision has been recognised for the year as the probability of default for the receivables due between 2023 and 2025 is negligible. If a default appeared possible, the Parent company of the Group could sell its shares in Vedanta Limited immediately on the open market and settle any balances which were due. Therefore, any shortcomings from this process would likely be trivial to the financial statements.

Figure 9 – Vedanta Resources Holdings Limited FY25 Annual Report

This is financial theatre: VRL's entire VEDL stake is already pledged to offshore creditors who are unlikely to consent to liquidation of their collateral to backstop an insolvent subsidiary's debts³.

Instead, it reinforces the opposite: VRL does not expect repayment from KCM and is hiding an unrecoverable position behind a guarantee it cannot execute.

Compounding this, VRHL's FY25 outflows were financed by loans from Vedanta Resources Finance II, the subsidiary VRL uses to issue high-yield Singapore-listed bonds. Bond proceeds were effectively funneled from creditors into a financial black hole.

Creditors: amounts falling due after one year		
	As at 31 March 2025 US\$	As at 31 March 2024 US\$
Loan from VRL (refer note 10.1)	461,036,841	1,863,050,289
Loan from VRJ2L (refer note 10.2)	375,168,224	610,318,181
Loan from FI (refer note 10.7)	270,750,000	-
Loan from VRF2 (refer note 10.3)	2,040,249,715	593,115,076
Loan from VFUL (refer note 10.4)	252,289,866	246,095,390
(A)	3,399,494,646	3,312,578,936
Less: current maturities of long-term borrowings		
Loan from VRL (refer note 10.1)	-	1,282,160,373
(B)	-	1,282,160,373
(A+B)	3,399,494,646	2,030,418,563

Figure 10 – Vedanta Resources Holdings Limited FY25 Annual Report

VRL now faces a binary decision: fund KCM and miss upcoming debt interest payments, or default on its SHA obligations and risk losing KCM again, and writing back down a substantial portion of its book. The Company's current financial position cannot support both.

We believe the answer is already obvious: **Anil Agarwal's ego will not tolerate a second public expropriation.**

³ <https://www.nseindia.com/get-quotes/equity?symbol=VEDL>



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 to function 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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