



### Vedanta KCM Update

On 23 July 2019, the High Court of South Africa delivered a judgement in favour of Vedanta Resources Holdings Ltd (“Vedanta”) in the matter pertaining to the winding up proceedings and appointment of a provisional liquidator at KCM in Zambia. Given that Vedanta and ZCCM are parties to a shareholders’ agreement that requires all disputes between the parties to be resolved according to the dispute resolution mechanism in that agreement, Vedanta had sought an order relating to the discharge of the legal proceedings in Zambia. The judgement requires ZCCM, Vedanta’s shareholding partner in KCM, to immediately withdraw the winding-up proceedings against KCM in the Zambia High Court such that the provisional liquidator is discharged from office, pending the result of an arbitration process to be run in South Africa.

The High Court of South Africa has determined that as the matters set out in support of the winding up proceedings are disputes as contemplated in the shareholders’ agreement, it is the correct supervisory forum for this matter, given that Vedanta and ZCCM chose Johannesburg as the seat of arbitration and therefore entrusted the High Court of South Africa with supervisory powers to ensure compliance with the KCM shareholders’ agreement. The High Court of South Africa has also awarded legal costs in the matter to Vedanta.

Whilst ZCCM might challenge the enforceability of the judgement of the High Court of South Africa in Zambia, this is an important judgement that Vedanta believes should be complied with and which will have an impact when arbitration proceedings are instituted by Vedanta against ZCCM in South Africa next week.