

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF VEDANTA LIMITED ("COMPANY") AT ITS MEETING HELD ON SEPTEMBER 29, 2023, AT 03:15 PM AT LONDON EXPLAINING THE EFFECT OF THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONGST THE COMPANY AND ALUMINIUM CO. ("RESULTING COMPANY 1"), TALWANDI SABO POWER LIMITED ("RESULTING COMPANY 2"), MALCO ENERGY LIMITED ("RESULTING COMPANY 3"), BASE METAL CO. ("RESULTING COMPANY 4") AND IRON AND STEEL CO. ("RESULTING COMPANY 5") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ("SCHEME") ON THE EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY

BACKGROUND

1. Based on the recommendations of the Committee of Independent Directors and Audit & Risk Management Committee, the Board of Directors of the Company ("Board") at its meeting held on September 29, 2023 approved the composite scheme of arrangement ("Scheme") amongst the Company, Resulting Company 1, Resulting Company 2, Resulting Company 3, Resulting Company 4 and Resulting Company 5 (each as defined in the Scheme, and collectively referred to as, the "Resulting Companies", the Resulting Companies and Company are collectively referred to as the "Parties") and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Act").
2. The Scheme, *inter-alia*, provides for:
 - 2.1 Demerger of the Aluminium Undertaking (as defined in the Scheme) of the Company to Resulting Company 1, and corresponding issuance of equity shares of Resulting Company 1 to the shareholders of the Company and reduction and cancellation of the entire pre-scheme share capital of Resulting Company 1, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act.
 - 2.2 Demerger of the Merchant Power Undertaking (as defined in the Scheme) of the Company to Resulting Company 2, and corresponding issuance of equity shares of Resulting Company 2 to shareholders of the Company and reduction and cancellation of the entire pre-scheme share capital of the Resulting Company 2, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act.
 - 2.3 Demerger of the Oil and Gas Undertaking (as defined in the Scheme) of the Company to Resulting Company 3, and corresponding issuance of equity shares of Resulting Company 3 to shareholders of the Company and reduction and cancellation of certain pre-scheme share capital of the Resulting Company 3, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act.
 - 2.4 Demerger of the Base Metals Undertaking (as defined in the Scheme) of the Company to Resulting Company 4, and corresponding issuance of equity shares of Resulting Company 4 to shareholders of the Company and reduction and cancellation of the entire pre-scheme share capital of the Resulting Company 4, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act.
 - 2.5 Demerger of the Iron Ore Undertaking (as defined in the Scheme) of the Company to Resulting Company 5, and corresponding issuance of equity shares of Resulting Company 5 to shareholders of the Company and reduction and cancellation of the entire pre-scheme share capital of the Resulting Company 5, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act.
3. The Scheme also provides for various other matters consequent and incidental thereto.
4. The Board, while approving the draft Scheme placed before it, took into consideration, *inter-alia*, the following:
 - a. Share Entitlement Ratio Report dated September 29, 2023, from BDO Valuation Advisory LLP, Registered Valuers ("SER Report") for the issuance of shares by each of the Resulting Companies to the shareholders of the Company pursuant to the Scheme;
 - b. Fairness Opinion dated September 29, 2023 from M/s. ICICI Securities Limited, an independent SEBI registered Category I Merchant Banker, on the SER Report ("Fairness Opinion");
 - c. Statutory Auditor's Certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants dated September 29, 2023, certifying that the accounting treatment contained in the draft Scheme as it relates to the Company is in compliance with applicable Accounting Standards specified by the Central Government under Section 133 of the Act and the rules made thereunder and specified in Paragraph (A)(5) of Part I of the SEBI Scheme Circular;
5. Undertaking dated September 29, 2023 by the Company Secretary & Compliance Officer of the Company, confirming the non-applicability of the requirements under Para A (10)(b) of Part I of the SEBI Scheme Circular relating to obtaining approval from the majority of public shareholders.
6. The Statutory Auditor's Certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants, dated September 29, 2023 certifying the Company's Undertaking under Clause (e) above pursuant to Paragraph A (10)(c) of Part I of the SEBI Scheme Circular.

PURPOSE OF THE REPORT

7. As per Section 232(2)(c) of the Act, a report adopted by the Board explaining the effect of compromise on each class of shareholders, key managerial personnel ("KMP"), promoters and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders along with the notice convening the meeting. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

SHARE EXCHANGE RATIO

1. The above-mentioned registered valuer has recommended the following share entitlement ratio for the issue of shares in terms of the Scheme:

"Each of the concerned Resulting Companies will issue shares to the shareholders of the Company in the ratio of 1 (One) fully paid-up equity share of the applicable Resulting Company having face value of INR 1 (Indian Rupee One) each [except for Resulting Company 2 having face value of INR 10 (Indian Rupees Ten) each] for every 1 (One) fully paid-up equity share of INR 1 (Indian Rupee One) each of the Company".

2. The aforesaid ratio has been confirmed in the Fairness Opinion referred to in Paragraph 4 of the Background above.

**VEDANTA LIMITED**

REGISTERED OFFICE: Vedanta Limited, 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East)
Mumbai - 400093, Maharashtra, India | T +91 22 6643 4500 | F +91 22 6643 4530
Email: comp.sect@vedanta.co.in | Website: www.vedantalimited.com

CIN: L13209MH1965PLC291394



3. The Resulting Companies shall seek listing of their respective equity shares on BSE and NSE (*each as defined in the Scheme*), in terms of and in compliance of the Circular No. SEBI/HO/CFD/DIII/CIR/P/2021/0000000665 dated November 23, 2021, as issued by the Securities and Exchange Board of India, and other provisions as may be applicable.
4. Immediately with effect from the Effective Date (*as defined in the Scheme*) and upon allotment of equity shares by the Resulting Companies to the shareholders of the Company, the entire pre-scheme paid up equity share capital of the Resulting Companies shall stand cancelled.

VALUATION DIFFICULTIES

No special valuation difficulties were reported.

EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL ("KMPs"), PROMOTERS AND NON-PROMOTER SHAREHOLDERS

1. Equity Shareholders (including Promoter and Non-promoter)

The Company has issued only one class of share capital, i.e., equity shares. All shareholders (including promoter and non-promoter shareholders) of the Company holding such equity shares will be entitled to the allotment of fully paid-up equity shares in the Resulting Companies in the manner set out in the Scheme.

The Scheme will not have an impact on the shareholding pattern of the Company.

2. Directors and Key Managerial Personnel ("KMPs")

The Scheme is not expected to have any effect on the Directors and KMPs of the Company. One or more of the Resulting Companies may, if applicable, employ the concerned KMPs of the Company engaged solely with the business to be carried out by such Resulting Company without any interruption in their service and on terms and conditions not less favourable than those on which they are engaged by the Company.

On behalf of the Board of Vedanta Limited


Anil Agarwal
Chairman
Place: London



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