Vedanta gets demerger nod; 99.99% shareholders, 99.95% lenders support move

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Vedanta Ltd. will also act as an incubator for new businesses, including Vedanta's technology verticals | (Photo: Reuters)

Vedanta Ltd on Thursday said its shareholders and lenders have approved the splitting of the metals to oil conglomerate into five independent, sector-focused entities.

In a stock exchange filing, Vedanta said 99.99 per cent of shareholders who voted for the demerger scheme, supported the move.

Parallelly, 99.59 per cent of the secured creditors, and 99.95 per cent of unsecured creditors of Vedanta Ltd voted in favour of the demerger.

Mining tycoon Anil Agarwal launched the plan to overhaul the business in 2023 after failing to take Vedanta private in 2020.

The five entities being created from the split would include Vedanta Ltd, which would house the company's base metals.

According to Vedanta's demerger scheme, every Vedanta shareholder will receive 1 additional share in each of the 4 newly demerged companies on the completion of the demerger process.

The other companies that will be created out of the demerger are Vedanta Aluminium, one of the world's largest producers of aluminium; Vedanta Oil & Gas, India's largest private-sector crude oil producer; Vedanta Power, one of India's largest generators of power; Vedanta Iron and Steel - a company with a highly scalable ferrous portfolio; and Vedanta Limited which will include the world's second largest integrated zinc producer and third largest silver producer in Hindustan Zinc.

Vedanta Ltd will also act as an incubator for new businesses, including Vedanta's technology verticals.

Of the 391.03 crore shares of the company, 324.58 crore or 83 per cent, voted on the demerger scheme. Of these, all but 42,186 shares were polled in favour of the demerger, according to the filing.

As per Vedanta's demerger scheme, the demerger will create five independent companies of a global scale focussed on the mining, production and/or supply of aluminium, iron-ore, copper, oil & gas, and on generation and distribution of power.

It will enable greater focus of the Vedanta management on the relevant businesses thereby allowing further streamlining of operations and more efficient usage of assets and leveraging of opportunities.

Similarly, the demerger scheme has emphasised that over time, each of the independent companies can attract different sets of investors, strategic partners, lenders, and other stakeholders enabling deeper collaboration and expansion in these specific companies without committing the existing organisation in its entirety.

The demerger will enable investors to separately hold investments in businesses with different investment characteristics and market potential thereby allowing them to select investments which best suit their investment strategies and risk profiles.

As per Vedanta's demerger scheme, it will also enable focused and sharper capital market access (debt and equity), thereby unlocking the value of the demerged entities.

Vedanta Ltd currently operates a diversified portfolio with interests in metals, mining, oil and gas, power generation, and other emerging sectors.

As listed companies have to seek various approvals under relevant sectoral and capital market regulations, the proposed demerger scheme will remain subject to receipt of other applicable statutory, government and regulatory approvals, including inter alia from the National Company Law Tribunal.

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