VEDL/Sec./SE/25-26/36 May 29, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai– 400 001

National Stock Exchange of India Limited
"Exchange Plaza" 5th Floor Plot No., C/I, G Block
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051

Scrip Code: 500295

Scrip Code: VEDL

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations")

Dear Sir/Ma'am,

Further to our intimations dated September 29, 2023, July 31, 2024, November 22, 2024, December 20, 2024, and March 04, 2025, in respect of the Scheme of Arrangement between, inter alia, Vedanta Limited ("**Company**" or "**VEDL**"), Vedanta Aluminium Metal Limited ("**VAML**" or "**Resulting Company 1**"), Talwandi Sabo Power Limited ("**TSPL**" or "**Resulting Company 2**"), Malco Energy Limited ("**MEL**" or "**Resulting Company 3**"), and Vedanta Iron and Steel Limited ("**VISL**" or "**Resulting Company 4**"), and their respective shareholders and creditors ("**Scheme**").

We wish to inform you that the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**"), has passed an order dated May 27, 2025 (uploaded on NCLAT Website on May 28, 2025), granting an interim stay on the order passed by the Hon'ble NCLT, Mumbai dated March 04, 2025, to the extent it relates to "the rejection of the Scheme", subject to fulfilling the conditions mentioned in the Order ("**Order**").

Vedanta remains committed to its strategic reorganization plan and continues to work towards unlocking long-term value for all stakeholders.

A copy of the said order dated May 27, 2025, passed by the Hon'ble NCLAT in the Appeal is annexed hereto as **Annexure 1**.

Please take the above disclosure on record.

Thanking you.
Yours faithfully,
For Vedanta Limited

Prerna Halwasiya

Digitally signed by Prerna Halwasiya
Date: 2025.05.29 12:20:50 +05'30'

Prerna Halwasiya
Company Secretary & Compliance Officer

NATIONAL COMPANY LAW APPELLATE TRIBUNAL

PRINCIPAL BENCH

NEW DELHI

COMPANY APPEAL (AT) NO.90 OF 2025

In the matter of:

Talwandi Sabo Power Ltd.
C-103, Atul Projects,
Corporte Avenue, New Link,
Chakala Andheri €,
Mumbai 400093 **Appellant**

Vs

Sepco Electric Power Construction Corporation
Block A3-5, Center Financial City,
No.7000, Jingshi East Road,
Jinan, Shandong,
People's Republic of China **Respondent**

Present:

For Appellant : Mr. Arun Kathpalia, Sr. Advocate with Mr. Rohan Batra, Mr. Mehul Shah, Mr. Rishabh Bhargava, Mr. Dhruv Sethi, Ms. Yuga Rane, Ms. Dikhsa Gupta, Mr. Aditya Dhupar, Advocates.

For Respondents : Mr. Kapil Sibal, Sr Advocate Mr. Kapil Arora, Ms. Shikha Tandon, Mr. P.V. Mishra, Mr. Zaid Drabu, Mr. Adhiraj Singh Chauhan, Ms. Manisha Singh, Advocates.

O R D E R
(Hybrid Mode)

27.05.2025: This appeal is filed against an order dated 04.03.2025 passed by Ld. NCLT, Mumbai in the first motion petition wherein the following order has been made by Ld. NCLT:

> *"Therefore, keeping the totality of circumstances and also gone through the judgments referred by the Ld. Counsel for the*

Applicant, we deem it appropriate to hold that none of the judgments are relevant to the facts of the instant case as the present one is a case where material facts have not been disclosed by the Applicant Company, violating Section 230 (2)(a) of the Companies Act, 2013, which in our considered opinion is bound to prejudice the public interest at large. It is made clear that the merits of the Scheme proposed by the Applicant has not been gone into and the objections raised by the Objector and considered by the Tribunal are only to the extent of the disclosures which the Applicant Company is required to make in terms of law. Therefore, keeping in view of the facts and circumstances of the present case, we deem it appropriate to reject the Scheme presented by the Applicant under Section 230 of the Companies Act."

2. **I.A. No. 2268 of 2025** is an application seeking stay on the impugned order dated 04.03.2025.

3. It is the submission of the Learned Sr. Counsel for the Appellant that composite scheme of arrangement between Vedanta Ltd. and its 5 wholly owned subsidiaries was filed before the Ld. NCLT. Under the scheme, Vedanta Ltd. proposed to demerge 5 of its business into respective subsidiary companies. Subsequent to the demerger each of the 5 subsidiaries were to be listed in the stock exchange. Subsequently, Vedanta Ltd. decided to retain the Base Metals business and only 4 business were proposed to be demerged. The first motion application for demerger of 3 business was approved by the Ld. NCLT on 21.11.2024. However, the demerger regarding business unit of generation and sale of power of Vedanta Ltd., and its merger with resulting company Talwandi Sabo Power Ltd. (TSPL) was rejected by the impugned order on objection of SEPCO, the Respondent herein.

4. It is the submission of the Learned Counsel for the Appellant that:

4.1 TSPL had entered into a contract with a SEPCO for setting up a power plant for which certain aspects like ESP modifications were pending. As per MOM dated 15.05.2020, the payments were to be made to SEPCO subsequent to completion of ESP modification, PG Testing and other pending works. SEPCO failed to complete the work.

4.2 Though SEPCO was shown as a creditor in the accounts, through qualification in notes to accounts, it was mentioned that payment will be due once the work is completed.

4.3 The agreement with SEPCO was terminated in February, 2024 as they have failed to complete the work. Thereafter, SEPCO is not being shown as a creditor in the accounts of the appellant.

4.4 In the financial accounts of the appellant ending 31.03.2024 the termination of contract was noted, as also the write back of contractual obligations. The First Motion application was filed on 15.10.2024.

4.5 The impugned order failed to note this change and held that material facts have not been disclosed, violating Section 230(2)(a) of the Companies Act, 2013.

4.6 It was submitted all the requirements of Section 230(2)(a) relating to disclosure of material facts, including latest financial position of the company, the latest auditor's report and pendency of any investigations/proceedings were fully complied with. Even otherwise, as per Rule 5 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 the Tribunal could have either directed dispensation/holding of meeting or dismissed the

application, whereas the Tribunal has rejected the scheme in the first motion stage itself. The relevant portion of the said Rule is reproduced below:

> ***"5. Directions at hearing of the application.*** *— Upon hearing the application under sub-section (1) of section 230 of the Act, the Tribunal shall, unless it thinks fit for any reason to dismiss the application, give such directions as it may think necessary in respect of the following matters: -*
>
> *……"*
>
> (Emphasis Supplied)

4.7 It was submitted that scheme is severable and without examining the merits of the scheme, the rejection of the scheme was a disproportionate action and beyond the powers bestowed on the Tribunal under Rule 5.

4.8 The net worth of the resulting company is positive Rs. 3008 crores and will further go up to Rs. 4535 crores on the scheme being implemented. This is not a scheme of arrangement with creditors and there are several judgments, including judgments in the case of *Reliance Industries Ltd. Through Signatory v. Registrar of Companies (2023 SCC OnLine NCLAT 2082, Mohit Agro Commodities Processing Pvt. Ltd. and Anr. (2021 SCC OnLine NCLAT 1139 and Ambuja Cement Limited [Company Appeal (AT) No. 19 of 2021]* wherein meeting of creditors was dispensed with on grounds of positive net worth of resulting/transferee company.

4.9 Even otherwise, the Appellant is willing to secure the amount of Rs. 1245 crores approximately claimed by the Respondent, without prejudice to their rights, by giving bank guarantee.

5. The Sr. Counsel for the Respondent submitted that the debt due to SEPCO was admitted and reflected continuously in the balance sheet of 2019 to 2023 and it was only since February 2024 that Respondent was not treated as a creditor.

5.1 As per Section 230(2)(a) and Rules 3 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 all the material information has to be disclosed in the scheme of compromise or arrangement as otherwise it will cause prejudice to the interest of the creditors/members. He admitted that the scheme has not been examined on merits by the Ld. NCLT but non-disclosure of the debt owed to SEPCO materially effects the scheme as SEPCO would have been more than 75% of unsecured debt by value.

6. The crux of the argument of the learned senior counsel for the respondent is *per* Rule *3(iii),* an application under Section *230* of the Act needs to be filed alongwith the Scheme which should include disclosure as *per* Section *230 (2)(a)* of the Act and the non disclosure of the material fact would amount to rejection of the scheme alongwith application and as such there is no bifurcation between rejection of the application and the scheme. The learned senior counsel for the Respondent relied upon Mist Direct Sales Pvt Ltd CA(CAA)/10/ND/2024; Srishti Infrastructure Development Corporation Ltd CP(CAA)/737/KB/2017 and Ayushi Credit and Capital Services Ltd CA(CAA)/78/ND/2022 to say that in case a disclosure of material fact is not made, the entire scheme can be rejected.

7. We have heard both the learned senior counsels. The issue raised before us is whether the Ld. NCLT can reject a first motion application or the scheme itself. The appellant before us has contended that it is only an

application at the first motion stage which could be rejected if material disclosures are not made. Their argument is in line with plain reading of Rule *5* which says at the first motion stage the Ld. NCLT may either ***(i)*** pass direction *inter alia* for convening/dispensation of meetings of shareholders and creditors; ***(ii)*** dismiss the application *i.e.* first motion application filed under Section *230(1)* read with Rule *3* for any reason it deems fit. Thus Rule *5* only grants the Ld. NCLT the jurisdiction to reject the first motion application and not the scheme of arrangement, as Rule 5 categorically uses expression *application* and not the *scheme* and that Rule *5* further provide it is upon hearing of an application under Section 230(1) of the Act the Ld. NCLT can dismiss the application. Reference was made to Rules *15* and *17* to clarify that the consideration of Scheme shall take place only on the second motion stage.

8. It was an argument of the appellant that in Mist Direct (Supra) the Ld. NCLT had only rejected the application and not the Scheme; and Shrishti Infrastructure (Supra) deals with adjudication of intervention application of an objector and not the rejection of the Scheme under Rule *5* of the Compromise Rules. Moreover, in this case the intervention was sought at the second motion stage after notice of meetings were issued and not at the first motion stage, unlike the present case and lastly in Aayushi Credit (Supra) though the scheme was rejected by the Ld. NCLT but the effect of Rule *3* and *5* of Compromise Rules was never considered.

9. It is also the argument that an *application* is different from the *scheme* of Compromise and Arrangement and the *Act* as well as the Compromise rules makes this distinction and uses the expression for different purpose i.e.

application, being an application to call meetings of shareholders and creditors and where the Statute has used different expressions, they are not interchangeable and have separate meanings assigned to them and thus it is an argument the consideration of scheme has to take place only in second motion.

10. The argument raised by the appellant is the phrase *upon hearing an application* under Section *230(1)* of the Act empowers the Ld. NCLT to only can dismiss the application and hence the jurisdiction of the Ld. NCLT is limited. It is the case the first motion is limited to hearing of an application and hence when a scheme which has not been examined on merits, as so stated in the impugned order, it cannot be rejected as it would then take away the applicant's ability to cure any discrepancy in the application. Thus the issue raised is the rejection of the scheme at this stage would be a jurisdictional error.

11. Further on material disclosure, both the parties have contrary arguments. Though on the one hand the Respondent says they have not been shown as a creditor by the appellant herein but the argument of the appellant is Section *230(2)(a)* of the Act requires a company to disclose its latest financial position, the latest auditor's report on its accounts and the pendency of any proceedings against it and this requirement of pendency have been fully complied with as full disclosures in relation to its latest financial position, latest auditor's report and pending proceedings has since been made. Reference was also made to Notes *40* and *50* of the latest financial statement of the appellant for the financial year 2023-24 read with the auditor's report.

12. Thus the issues raised before us need to be considered at length and presently in view of the submissions made the scheme is severable and thus in case the stay is not granted to the impugned order it may affect the second motion application filed in respect of other three transferor companies pending in different Tribunals. The appellant also offers to give a Bank Guarantee to secure the debt of the Respondent herein. In these circumstances, it would be appropriate to list the matter for detailed hearing on **04.08.2025** and in the meanwhile the impugned order, so far as it only relates to *rejection of the scheme* is hereby stayed till the next date of hearing upon the appellant giving a Bank Guarantee to the tune of Rs.*1245* crores to protect the interest of the Respondent herein, within two weeks from today.

List the matter on **04.08.2025 for further hearing.**

[Justice Yogesh Khanna]
Member (Judicial)

[Mr. Ajai Das Mehrotra]
Member (Technical)

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