

O/C

DATE: 25<sup>th</sup> July 2016**NSEIL**

25 JUL 2016

<b>To</b> <b>Listing Department</b> BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001  BSE - Scrip Code: 500295	<b>To</b> <b>Listing Department</b> The National Stock Exchange Limited of India Limited Bandra Kurla Complex Bandra East Mumbai - 400051 NSE - Scrip Code - VEDL
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**Sub: Revision of Scheme of Arrangement under Section 391-394 read with Sections 100-104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 between Cairn India Limited ("Cairn") and Vedanta Limited ("Vedanta" or the "Company") and their respective Shareholders and Creditors ("Scheme")**

Dear Sir/ Madam,

1. We refer to our letter dated 14<sup>th</sup> June 2015 wherein we had intimated that our Board of Directors ("Board") had approved the Scheme of Arrangement between Cairn India Limited and Vedanta Limited (formerly known as Sesa Sterlite Limited) and their respective shareholders and creditors ('the Scheme') subject to requisite statutory and regulatory approvals.
2. Subsequently, the Company had filed the Scheme along with the requisite documents under Clause 24(f) of the Listing Agreement with the BSE Limited and the National Stock Exchange of India Limited ("Stock Exchanges") on 24<sup>th</sup> June 2015. Pursuant to the same, the Stock Exchanges, vide their respective letters dated 10th September, 2015, had granted their no-objection to the Scheme.
3. Further to that approval, the Board of Vedanta and Cairn, in their respective meetings held on 22<sup>nd</sup> July 2016 respectively have approved the revision of the Scheme which, *inter alia*, revises the following:
  - a. Appointed Date has now been kept as 1<sup>st</sup> April 2016 which was earlier provided as 1<sup>st</sup> April 2015;
  - b. After duly considering the recommendations on Share Exchange Ratio jointly reassessed by M/s. Price Waterhouse & Co LLP and M/s Walker Chandiook & Co LLP, the Share Exchange Ratio has been revised as under:



- In consideration of amalgamation, every minority equity shareholder of Cairn would receive
- 1 (One) equity share of the face value of Re. 1/- (Rupee One) each of Vedanta credited as fully paid up for every 1 (One) fully paid up equity share of the face value of Rs. 10/- each of Cairn held by them;
  - 4 (Four) preference shares of the face value of Re. 10/- (Rupee Ten) each of Vedanta credited as fully paid up for every 1 (One) fully paid up equity share of the face value of Rs. 10/- each of Cairn held by them;

M/s. Lazard India Private Limited have issued a fairness opinion on the revised Share Exchange Ratio.

- c. Accounting Treatment, as provided under Paragraph 10, of the Scheme has been replaced so as to provide for accounting in terms of IndAS 103 (Business Combinations).
4. In relation to the aforesaid, we submit the following documents:
- a. Copy of the resolution passed by the Board of Directors of Vedanta and Cairn, approving the Scheme, at their respective meetings held on 22<sup>nd</sup> July 2016 respectively, are enclosed as **Annexure 'A1' and 'A2'** respectively;
  - b. Certified true copy of the Scheme is enclosed herewith as **Annexure 'B'**;
  - c. Certified true copy of the report from the Audit Committee recommending the Scheme is enclosed herewith as **Annexure 'C'**;
  - d. Certified true copy of the Joint Valuation Report is enclosed herewith is **Annexure 'D'**;
  - e. Certified true copy of the Fairness Opinion issued by M/s. Lazard India Private Limited, a Category I Merchant Banker in relation to the Scheme is enclosed as **Annexure 'E'**;
  - f. Certificate issued by the Statutory Auditor of Vedanta has been obtained with respect to the revised accounting treatment and the same is enclosed as **Annexure 'F'**.

Thanking you,

Yours faithfully,

For, **Vedanta Limited**

  
**Pooja Somani**  
Authorised Signatory

Encl.: As above



0/c

DATE: 25<sup>th</sup> July 2016

<b>To</b> <b>Listing Department</b> BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001  BSE - Scrip Code: 500295	<b>To</b> <b>Listing Department</b> The National Stock Exchange Limited of India Limited Bandra Kurla Complex Bandra East Mumbai – 400051 NSE - Scrip Code – VEDL
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**Sub: Revision of Scheme of Arrangement under Section 391-394 read with Sections 100-104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 between Cairn India Limited (“Cairn”) and Vedanta Limited (“Vedanta” or the “Company”) and their respective Shareholders and Creditors (“Scheme”)**

Dear Sir/ Madam,

1. We refer to our letter dated 14<sup>th</sup> June 2015 wherein we had intimated that our Board of Directors (“Board”) had approved the Scheme of Arrangement between Cairn India Limited and Vedanta Limited (formerly known as Sesa Sterlite Limited) and their respective shareholders and creditors (‘the Scheme’) subject to requisite statutory and regulatory approvals.
2. Subsequently, the Company had filed the Scheme along with the requisite documents under Clause 24(f) of the Listing Agreement with the BSE Limited and the National Stock Exchange of India Limited (“Stock Exchanges”) on 24<sup>th</sup> June 2015. Pursuant to the same, the Stock Exchanges, vide their respective letters dated 10th September, 2015, had granted their no-objection to the Scheme.
3. Further to that approval, the Board of Vedanta and Cairn, in their respective meetings held on 22<sup>nd</sup> July 2016 respectively have approved the revision of the Scheme which, *inter alia*, revises the following:
  - a. Appointed Date has now been kept as 1<sup>st</sup> April 2016 which was earlier provided as 1<sup>st</sup> April 2015;
  - b. After duly considering the recommendations on Share Exchange Ratio jointly reassessed by M/s. Price Waterhouse & Co LLP and M/s Walker Chandiook & Co LLP, the Share Exchange Ratio has been revised as under:



- In consideration of amalgamation, every minority equity shareholder of Cairn would receive
  - 1 (One) equity share of the face value of Re. 1/- (Rupee One) each of Vedanta credited as fully paid up for every 1 (One) fully paid up equity share of the face value of Rs. 10/- each of Cairn held by them;
  - 4 (Four) preference shares of the face value of Re. 10/- (Rupee Ten) each of Vedanta credited as fully paid up for every 1 (One) fully paid up equity share of the face value of Rs. 10/- each of Cairn held by them;

M/s. Lazard India Private Limited have issued a fairness opinion on the revised Share Exchange Ratio.

- c. Accounting Treatment, as provided under Paragraph 10, of the Scheme has been replaced so as to provide for accounting in terms of IndAS 103 (Business Combinations).
4. In relation to the aforesaid, we submit the following documents:
- a. Copy of the resolution passed by the Board of Directors of Vedanta and Cairn, approving the Scheme, at their respective meetings held on 22<sup>nd</sup> July 2016 respectively, are enclosed as **Annexure 'A1' and 'A2'** respectively;
  - b. Certified true copy of the Scheme is enclosed herewith as **Annexure 'B'**;
  - c. Certified true copy of the report from the Audit Committee recommending the Scheme is enclosed herewith as **Annexure 'C'**;
  - d. Certified true copy of the Joint Valuation Report is enclosed herewith is **Annexure 'D'**;
  - e. Certified true copy of the Fairness Opinion issued by M/s. Lazard India Private Limited, a Category I Merchant Banker in relation to the Scheme is enclosed as **Annexure 'E'**;
  - f. Certificate issued by the Statutory Auditor of Vedanta has been obtained with respect to the revised accounting treatment and the same is enclosed as **Annexure 'F'**.

Thanking you,

Yours faithfully,

For, **Vedanta Limited**

  
**Pooja Somani**  
Authorised Signatory

Encl.: As above





**CERTIFIED TRUE COPY OF THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF VEDANTA LIMITED (FORMERLY SESA STERLITE LIMITED) ('COMPANY') HELD ON JULY 22, 2016**

**APPROVAL OF THE AMENDMENT TO SCHEME OF ARRANGEMENT BETWEEN CAIRN INDIA LIMITED (CAIRN) AND THE COMPANY**

**"UNANIMOUSLY RESOLVED THAT** having considered the significant changes in the economic and financial markets, commodity pricing and on the recommendation of the Audit Committee in this regard and in modification of the earlier resolution dated June 14, 2015, the Joint Share Exchange Ratio Report obtained from Price Waterhouse & Co. LLP and Walker Chandiok & Co. LLP and the Fairness Opinion obtained from Lazard India Private Limited, Category I Merchant Bankers, both dated July 22, 2016, the Board do and hereby approve the revised share exchange ratio ("**Share Exchange Ratio**") as follows:

*In consideration of merger of Cairn into Vedanta, each Cairn minority shareholder will receive for each equity share held:*

- 1 equity share in Vedanta Limited; and
- 4 Redeemable Preference Shares with a face value of INR 10 in Vedanta Limited, with a coupon of 7.5% and tenure of 18 months from issuance.

**UNANIMOUSLY RESOLVED FURTHER THAT** all changes to the scheme of arrangement ("Scheme") between Cairn and the Company and their respective shareholders and creditors, including the change of the Appointed Date (as defined in the Scheme), to April 1, 2016 and substitution of the accounting treatment, to account in terms of Ind AS 103 (Business Combinations), be and is hereby approved.

**UNANIMOUSLY RESOLVED FURTHER THAT** the Board hereby approves the revised Scheme, incorporating *inter alia* the revised Share Exchange Ratio, change in Appointed Date and substitution of the accounting treatment, provided that all other provisions of the Scheme as approved *vide* resolution of the Board on June 14, 2015 to continue and be binding as approved then.

**UNANIMOUSLY RESOLVED FURTHER THAT** the Company shall inform BSE Limited and the National Stock Exchange of India Limited, of the changes to the Scheme including the revised Share Exchange Ratio, change in the Appointed Date and changes to the accounting treatment, as contemplated in the amended draft Scheme.

**UNANIMOUSLY RESOLVED FURTHER THAT** the appointment (including revision in appointment) of any valuers, merchant bankers, counsels, advocates, consultants etc., including Price Waterhouse & Co. LLP, Walker Chandiok & Co. LLP, Lazard India Private Limited, JP Morgan and Morgan Stanley and Khaitan & Co., if already made be and is hereby ratified and approved.

**Vedanta Limited** (Formerly known as Sesa Sterlite Ltd.)  
DLF Atria, Jacaranda Marg, DLF City - Phase-2, Gurgaon - 122002, Haryana, India  
T +91 124 4593000 | Website: [www.vedantalimited.com](http://www.vedantalimited.com)

Registered Office: Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa) - 403 001  
CIN: L13209GA1965PLC000044



**UNANIMOUSLY RESOLVED FURTHER THAT** the draft press release in respect of the revised terms of merger, as circulated, be and is hereby approved.

**UNANIMOUSLY RESOLVED FURTHER THAT** Mr. Thomas Albanese, Whole-Time Director & CEO, Mr. Tarun Jain, Whole-Time Director and Mr. DD Jalan, Whole-Time Director & CFO, and Mr. GR Arun Kumar, Deputy CFO, be and are hereby authorised severally to take all such steps in connection with:

- a) Making such alterations and changes in the draft Scheme, as may be expedient or necessary or for satisfying the conditions/requirement imposed by the High Courts, BSE and NSE, and/or any other statutory/regulatory authorities, as may be required;
- b) Finalise and settle the draft of the notices (including postal ballot) and explanatory statements for convening the meetings of the shareholders of the Company (a) for utilisation of the Securities Premium Account of the Company and (b) in terms of the SEBI Circulars
- c) Settle any question or difficulty arising under the Scheme or with regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of the Scheme and if necessary, to waive any of those (to the extent permissible under law);
- d) accept such modifications and/or such conditions, if any, which may be required and/or imposed by the Courts and/or by any other regulatory or government authority while sanctioning or approving the Scheme;
- e) To verify, sign, deal, swear, affirm, declare, deliver, execute, make, enter into, acknowledge, undertake, record all, inter alia, deeds, advertisements, announcements, disclosures, declarations, instruments, vakalatnamas, applications (including for holding / dispensation of shareholders' and creditor meetings), petitions, affidavits, objections, notices and writings whatsoever as may be usual, necessary, proper or expedient under the applicable laws/regulations including Companies Act, 1956, Companies Act, 2013, the SEBI Circulars, and Listing Agreement in relation to the aforesaid matter and to represent the Company in all correspondences, matters and proceedings of any nature whatsoever in relation to the above;
- f) To authenticate any document, instrument, proceeding and record of the Company;
- g) To engage any counsel, merchant bankers, consultant firms, advocates, attorneys, pleaders, solicitors, valuers, auditors, accountants, registrars, scrutinizers (for conducting voting through postal ballot, e-voting and voting at general meeting) or any other one or more agencies, as may be required in relation to or in connection with the Scheme, on such terms and conditions as they may deem fit, finalise their fees, terms and conditions of their appointment, issue appointment letter(s), furnish such information as may be required by them and also to sign, execute;

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CIN: L13209GA1965PLC000044

- h) Incur such other expenses as may be necessary with regard to the above;
- i) To file requisite forms with the relevant Registrar of Companies in connection with the Scheme;
- j) Suitably inform, apply and/or represent to the Central and/or State Government(s) and/or local or other regulatory authorities/ agencies, including but not limited to the Sub-Registrar of Assurances, Customs authorities, Excise authorities, Income-tax authorities, Sales Tax authorities, Value Added Tax Provident Fund authorities, Ministry of Petroleum and Natural Gas, etc., and/or to represent the Company before the said authorities and agencies

**RESOLVED UNANIMOUSLY FURTHER THAT** Ms. Pooja Somani – General Manager-Mergers & Acquisitions; Ms. Kavitha Pillai, Manager-Secretarial; Mr. Jagdish Agarwal, Head Legal – Iron Ore, be and are hereby severally authorised to sign, execute and deliver relevant documents, papers, applications, petitions, affidavits etc. as may be required for the purpose of all kinds of filing required to be made with the Scheme including stock exchanges and High Courts or any other statutory/ regulatory authority as may be required from time to time, and to do all such acts, deeds, matters and things as they may deem necessary and expedient at their absolute discretion in the above matters and to give effect to the above resolutions, without any further approval of the Board.

**UNANIMOUSLY RESOLVED FURTHER THAT** the copy of this resolution certified to be true by any Director of the Company be submitted to the concerned authorities and they be requested to act thereon.

**RESOLVED FURTHER THAT** if necessary, the Common Seal of the Company be affixed on such agreements, undertakings, deeds, documents, writings, etc., as may be required, (including on any modifications or amendments thereto as may be required from time to time), in connection with the purpose of the above resolution as may be required, in the presence of any one Director of the Company or Company Secretary, if any, who shall sign the same in token thereof."

**True Copy**  
**For Vedanta Limited**

 **DD Jalan**  
**Whole-Time Director & CFO**

**Vedanta Limited** (Formerly known as Sesa Sterlite Ltd.)  
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CIN: L13209GA1965PLC000044





**RELEVANT EXTRACTS FROM THE MINUTES OF THE MEETING OF BOARD OF DIRECTORS OF THE COMPANY HELD ON 22<sup>ND</sup> JULY, 2016**

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**“UNANIMOUSLY RESOLVED THAT** having considered the significant changes in the economic and financial markets, commodity pricing and on the recommendation of the Audit Committee in this regard and in modification of the earlier resolution dated 14 June 2015, the Joint Share Exchange Ratio Report obtained from Price Waterhouse & Co LLP and Walker Chandiook & Co. LLP and the Fairness Opinion obtained from JM Financial Institutional Securities Limited and DSP Merrill Lynch Limited, Category I Merchant Bankers, the Board do and hereby approve the revised share exchange ratio (**“Share Exchange Ratio”**) as follows:

In consideration of merger of Cairn into Vedanta, each Cairn India minority shareholder will receive for each equity share held:

- 1 equity share in Vedanta Limited; and
- 4 Redeemable Preference Shares with a face value of INR 10 in Vedanta Limited, with a coupon of 7.5% and tenure of 18 months from issuance.”

**“UNANIMOUSLY RESOLVED FURTHER THAT** all changes to the scheme of arrangement (**“Scheme”**) between Vedanta Limited and the Company and their respective shareholders and creditors, including the change of the Appointed Date (as defined in the Scheme), to 1 April 2016 and substitution of the accounting treatment, to accounting in terms of INDAS 103 (Business Combinations), be and are hereby approved.”

**UNANIMOUSLY RESOLVED FURTHER THAT** the Board hereby approves the revised Scheme, incorporating *inter alia* the revised Share Exchange Ratio, change in Appointed Date and substitution of the accounting treatment, provided that all other provisions of the Scheme as approved *vide* resolution of the Board on 14 June 2015 to continue and be binding as approved then.

**UNANIMOUSLY RESOLVED FURTHER THAT** the Company shall inform BSE Limited and the National Stock Exchange of India Limited, of the changes to the Scheme including the revised Share Exchange Ratio, change in the Appointed Date and changes to the accounting treatment, as contemplated in the amended draft Scheme.

**UNANIMOUSLY RESOLVED FURTHER THAT** the appointment (including revision in appointment) of any valuers, merchant bankers, counsels, advocates, consultants etc., including Price Waterhouse & Co LLP, Walker Chandiook & Co LLP, DSP Merrill Lynch, JM Financial Institutional Securities Limited and Khaitan & Co., if already made be and is hereby ratified and approved.

**UNANIMOUSLY RESOLVED FURTHER THAT** the draft press release in respect of the revised terms of merger, as circulated, be and is hereby approved.

A blue ink handwritten signature, likely of a board member, located at the bottom left of the page.





**UNANIMOUSLY RESOLVED FURTHER THAT** Mr. Sudhir Mathur, Chief Financial Officer & Acting CEO, Mr. Sunil Bohra, Dy. CFO and Mr. Sandeep Budhiraja, Dy. CS be and are hereby severally authorized to take all such steps in connection with:

- a. Making such alterations and changes in the draft Scheme, as may be expedient or necessary or for satisfying the conditions/requirement imposed by the High Courts, BSE and NSE, and/or any other statutory/regulatory authorities, as may be required, provided that prior approval of the Board shall be obtained for making any material changes in the said draft Scheme as approved in this meeting;
- b. Finalize and settle the draft Scheme, draft of the notices (including postal ballot) for convening/ dispensing with the meetings of the shareholders and/or creditors of the Company and the draft of the explanatory statements under Section 393 of the Companies Act, 1956, SEBI Circulars, or any such applicable provisions under the Companies Act, 2013, in terms of the directions of the High Courts, or effect any other modification or amendment as they may consider necessary or desirable to give effect to the Scheme;
- c. Settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of the Scheme and if necessary, to waive any of those (to the extent permissible under law);
- d. To make necessary applications, petitions, appeals and judges summons to the competent authorities for the purpose for obtaining requisite approvals including "in principle" approvals as and when required before any court, tribunal, stock exchange, or statutory/regulatory authorities;
- e. To verify, sign, deal, swear, affirm, declare, deliver, execute, make, enter into, acknowledge, undertake, record all deeds, declarations, instruments, vakalatnamas, applications, petitions, affidavits, objections, notices and writings whatsoever as may be usual, necessary, proper or expedient and all manner of documents, petitions, affidavits and applications under the applicable laws including Companies Act, 1956, Companies Act, 2013, SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30 November 2015, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement, and other applicable laws/regulations in relation to the aforesaid matter and to represent the Company in all correspondences, matters and proceedings of any nature whatsoever in relation to the above;
- f. To authenticate any document, instrument, proceeding and record of the Company;
- g. Obtain the requisite approval and/or consents of the shareholders, secured lenders of the Company, banks, financial institutions and other regulatory authorities or entities or agencies as may be required and for that purpose, to initiate all necessary actions and to take other consequential steps as may be required from time to time in that behalf;

A handwritten signature in blue ink, appearing to be a stylized 'R' or 'B'.



- h. To file applications and/or petitions before the High Court for the directions for holding/dispensing meetings of the shareholders and creditors and for sanction of the Scheme;
- i. Suitably inform, apply and/or represent to the Central and/or State Government(s) and/or local or other regulatory authorities, including but not limited to the Sub-Registrar of Assurances, Customs authorities, Excise authorities, Income Tax authorities, Sales Tax authorities, Value Added Tax and Entry Tax authorities, Employees' State Insurance and Provident Fund authorities, telephone authorities, electricity authorities, postal authorities, and all other applicable authorities, agencies, etc., and/or to represent the Company before the said authorities and agencies and to sign and submit such applications, letters, forms, returns, memoranda, undertakings, declarations, deeds or documents and to take all required necessary steps and actions from time to time in the above connection, including registration of documents with the concerned Sub-Registrar of Assurances;
- j. To engage any counsel, valuers, merchant bankers, consultant firms, advocates, attorneys, pleaders, solicitors, valuers, auditors, accountants, registrars, scrutinizers (for conducting voting through postal ballot, e-voting and voting at general meeting) or any other one or more agencies, as may be required in relation to or in connection with the Scheme, on such terms and conditions as they may deem fit, finalise their fees, terms and conditions of their appointment, issue appointment letter(s), furnish such information as may be required by them and also to sign, execute and deliver all documents, letters, advertisements, announcements, disclosures, affidavits, undertakings and other related documents in favour of the concerned authorities, advocates or any one or more persons or firms as they may deem fit and to do all such acts, deeds and things as they may deem fit and as may be necessary in this regard;
- k. To decide the fees to be paid to the statutory auditors for providing any certification services under the Scheme.
- l. Incur such other expenses as may be necessary with regard to the above transaction, including payment of fees to solicitors, merchant bankers, advisors, valuers, registrars and other agencies and such other expenses that may be incidental to the above, as may be decided by them;
- m. Make any modifications as they may consider necessary in relation to the procedure and modalities of effecting the transactions contemplated in the Scheme;
- n. Consider, approve, sign and execute all other documents, all kind of notices, advertisements, announcements, disclosures, etc. which may be sent/ required to be sent to the concerned authorities on behalf of the Company;
- o. To file requisite forms with the relevant Registrar of Companies in connection with the Scheme during the process of sanction thereof and during the implementation of the Scheme;







- p. To make necessary applications to various statutory authorities, as may be required for the purpose of sanction and/or implementation of the Scheme and to make such disclosures to governmental or regulatory authorities as may be required for the purpose;
- q. Sign, execute and deliver such documents as may be necessary and do all such other acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect for the purpose of the above resolutions or to otherwise give effect to the transactions contemplated as aforesaid; and
- r. Undertake shareholders' approval by way of postal ballot, e-voting or court convened meeting;
- s. Authorise the officers of the Company and/or any other persons to discuss, negotiate, finalise, execute, sign, submit and file all required documents, deeds of assignment/conveyance and any other deeds, documents, Schemes, agreements, forms, returns, applications, letters, etc. including any modifications thereto, whether or not under the common seal of the Company, as may be required from time to time, and to do all such acts, deeds, matters and things as they may deem necessary and expedient at their absolute discretion in the above matters without any further approval of the Board.

**UNANIMOUSLY RESOLVED FURTHER THAT** Mr. Sudhir Mathur, Chief Financial Officer & Acting CEO, Mr. Sunil Bohra, Dy. CFO, Mr. Pankaj Kalra, Head Corporate Finance, Mr. Sandeep Budhiraja, Dy. CS and Mr. Dhiraj Kapoor, DGM – CS be and are hereby also severally authorised to sign, execute and deliver relevant documents, papers, forms, undertakings, applications, petitions, affidavits etc. as may be required for the purpose of all kinds of filings or submissions required to be made with the stock exchanges, High Courts or any other statutory/ regulatory authority as may be required from time to time, and to do all such acts, deeds, matters and things as they may deem necessary and expedient at their absolute discretion in the above matters and to give effect to the above resolutions, without any further approval of the Board.

**UNANIMOUSLY RESOLVED FURTHER THAT** the copy of this resolution certified to be true by any Director of the Company, Mr. Sudhir Mathur, Chief Financial Officer & Acting CEO, Ms. Neerja Sharma, Director – Assurance & Communication and Company Secretary or Mr. Sandeep Budhiraja, Dy. CS be submitted to the concerned authorities and they be requested to act thereon.

**For Cairn India Limited**

A blue ink signature of Neerja Sharma, written in a cursive style.

**Neerja Sharma**  
**Director – Assurance & Communication**  
**and Company Secretary**

## **SCHEME OF ARRANGEMENT**

(Under Sections 391 to 394 read with Sections 100-103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and /or Companies Act, 2013, as may be applicable)

**BETWEEN**

**CAIRN INDIA LIMITED**

**AND**

**VEDANTA LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

### **(A) PREAMBLE**

This Scheme of Arrangement ("**Scheme**" as defined hereinafter) provides for amalgamation of Cairn India Limited with and into the Vedanta Limited pursuant to provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, and Section 52 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 1956 / Companies Act, 2013. This Scheme also provides for various other matters consequential thereto or otherwise integrally connected therewith.

### **(B) DESCRIPTION OF COMPANIES**

1. Cairn India Limited (hereinafter referred to as "**Cairn**") is a subsidiary of Vedanta Limited and thereby forms part of the Vedanta group. Cairn is primarily engaged in the business of oil and gas exploration, development and production. Vedanta Limited directly / indirectly holds 59.9% of the equity share capital of Cairn. The equity shares of Cairn are listed on the BSE Limited and the National Stock Exchange of India Limited.
2. Vedanta Limited (hereinafter referred to as "**Vedanta**") is the flagship company of the Vedanta Resources Plc ("**VR Plc**"), a metals and mining conglomerate with business interests across India, Zambia, Australia, Namibia, South Africa and Ireland.

**Certified True Copy  
For Vedanta Limited** 1

  
**Authorised Signatory / Director  
Company Secretary**



The equity shares of VR Plc are listed on the official list of the United Kingdom Listing Authority ('UKLA'), and traded on the London Stock Exchange's main market for listed securities. Vedanta is a metals and mining company with business interests in copper, iron, aluminium and zinc, and is also engaged in power generation. The ultimate holding company of Vedanta, VR Plc, holds 62.9% of the equity share capital of Vedanta through intermediate wholly owned subsidiaries as well as through equity shares underlying the American Depositary Shares ("ADS") issued by Vedanta. The equity shares of Vedanta are listed on BSE Limited and the National Stock Exchange of India Limited. The ADS of Vedanta are listed on the New York Stock Exchange ('NYSE').

### **(C) RATIONALE FOR THE SCHEME**

1. The Scheme is expected to achieve the following benefits:
  - Consolidation and simplification of the group structure;
  - Enhanced diversification as a global natural resources player;
  - Stability and enhancement in earnings and cash flow;
  - Operational effectiveness and cost optimization
  - Stronger Balance Sheet resulting in:
    - Improved allocation of capital;
    - Broader access to capital markets;
    - Lower cost of capital;
2. The amalgamation is in the interest of the shareholders, creditors and all other stakeholders of the respective companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

### **(D) PARTS OF THE SCHEME:**

This Scheme is divided into the following parts:

**PART I** deals with the definitions, interpretations and share capital of Cairn and Vedanta;

**PART II** deals with the amalgamation of Cairn with and into Vedanta and other related matters; and



**PART III** deals with general terms and conditions applicable to this Scheme.

- (E) The amalgamation of Cairn with Vedanta will combine their business activities and operations into a single company with effect from the Appointed Date (defined hereinafter) and shall be in compliance with the provisions of the Income-tax Act, 1961, including Section 2 (1B) or any amendments thereto.

## **PART I**

### **DEFINITIONS AND SHARE CAPITAL**

#### **1. DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context, in addition to the terms defined elsewhere in this Scheme, the following capitalised terms shall have the meaning set out below:

- 1.1. **“Act” or “the Act”** means the Companies Act, 1956 and/or the Companies Act, 2013 (as the case may be and to the extent applicable) as in force from time to time (including any statutory modifications(s) or re-enactment(s) thereof) and rules and regulations made thereunder, for the time being in force, and which may relate or are applicable to the arrangement;
- 1.2. **“Appointed Date”** means 1<sup>st</sup> April, 2016 or such other date as may be agreed by the board of directors of Vedanta and Cairn and approved by the High Court or as directed or imposed by the High Court;
- 1.3. **“Board of Directors”** means the board of directors of Cairn or Vedanta, as the context may require, and shall include a duly constituted committee thereof;
- 1.4. **“Cairn”** means Cairn India Limited, a company incorporated under the provisions of Companies Act, 1956 having Company Identification Number: L11101MH2006PLC163934, and having its registered office at 101, First Floor, C Wing, Business Square, Andheri Kurla Road, Andheri (E), Mumbai – 400059, Maharashtra;
- 1.5. **“Cairn Equity Shares”** means equity shares of Cairn having a face value of Rs. 10/- each;
- 1.6. **“Cairn Equity Shareholders”** means the shareholders of Cairn holding Cairn Equity Shares;
- 1.7. **“Cairn EOP”** means all employee benefit option plans of Cairn;



- 1.8. **“Effective Date”** means the last of the dates on which the conditions specified in Clause 19 of this Scheme are complied with;
- 1.9. **“Employees”** means all the employees of Cairn as on the Effective Date;
- 1.10. **“High Court”** means the High Court having jurisdiction over Cairn and Vedanta and shall include the National Company Law Tribunal, if and when applicable;
- 1.11. **“Preference Shares”** means the 7.5% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each, the terms of which are specified in Annexure 1 to this Scheme;
- 1.12. **“Record Date”** shall mean such date to be fixed by the Board of Directors of Cairn/Vedanta, after the Effective Date, for the purpose of determining the members of Cairn to whom shares of Vedanta will be allotted pursuant to this Scheme in terms of Clause 5.1;
- 1.13. **“SEBI”** shall mean the Securities and Exchange Board of India;
- 1.14. **“SEBI Circulars”** shall mean circulars issued by SEBI, being Circular Number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular Number CIR/CFD/DIL/8/2013 dated May 21, 2013 and any amendments thereto;
- 1.15. **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form or this Scheme with such modification(s), if any made, as per Clause 16 of the Scheme from time to time, with the appropriate approvals and sanctions of the High Court(s) and other relevant regulatory/statutory/governmental authorities, as may be required under the Act, and/or under any other applicable laws;
- 1.16. **“Stock Exchanges”** means BSE Limited and The National Stock Exchange of India Limited;
- 1.17. **“Vedanta”** means Vedanta Limited a company incorporated under the Companies Act, 1956, having Company Identification Number: L13209GA1965PLC000044, and having its registered office at Sesa Ghor, 20 EDC Complex, Patto, Panjim, Goa – 403001.

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 (as the case may be) or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.



## 2. SHARE CAPITAL

- 2.1. The authorised, issued, subscribed and paid-up share capital of Cairn as on 31<sup>st</sup> March, 2015 is as under:

Share Capital	Rs. in Crore
<b>Authorised Share Capital</b>	
225,00,00,000 Equity Shares of Rs. 10/- each	2,250.00
<b>Total</b>	<b>2,250.00</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
1,874,852,752 Equity Shares of Rs. 10/- each, fully paid up	1874.85
<b>Total</b>	<b>1874.85</b>

Subsequent to the above date, there has been no change in authorised, issued, subscribed and paid up share capital till the date of approval of the Scheme by the Board on 14<sup>th</sup> June 2015.

1,62,70,291 (One Crore Sixty Two Lakhs Seventy Thousand Two Hundred Ninety One) Options are outstanding against Cairn EOP as on 31<sup>st</sup> May 2015 (being converted into cash awards pursuant to Clause 6.2 of the Scheme).

- 2.2. The authorised, issued, subscribed and paid-up share capital of Vedanta as on 31<sup>st</sup> March, 2015 is as under:

Share Capital	Rs. in Crore
<b>Authorised Share Capital</b>	
51,270,100,000 Equity Shares of Re.1/- each	5,127.01
3,50,00,000 Redeemable Preference Shares of Rs.10/- each	35.00
<b>Total</b>	<b>5,162.01</b>
<b>Issued, Subscribed and Paid-up Share Capital*</b>	
296,50,04,871 Equity Shares of Re.1/- each, fully paid-up	296.50
<b>Total</b>	<b>296.50</b>

\*Includes allotment of 310,632 equity shares to shareholders of erstwhile Sterlite Industries (India) Limited have been kept in abeyance.

Subsequent to the above date, there has been no change in authorised, issued, subscribed and paid up share capital till the date of approval of the Scheme by the





Board on 14<sup>th</sup> June 2015.

As on 31<sup>st</sup> March 2015, the issued equity share capital as above includes 22,13,31,788 equity shares which have been issued as underlying security in respect of 5,53,32,947 ADSs issued by Vedanta that are currently listed on the NYSE. Each ADS has four (4) underlying equity shares of Vedanta.

- 2.3. The authorised share capital of Cairn will be transferred to Vedanta as stated in Clause 17 of the Scheme.

**3. DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the High Court(s), or made as per Clause 16 of the Scheme, shall become effective from the Appointed Date, but shall be operative from the Effective Date.

**PART II**

**AMALGAMATION OF CAIRN WITH  
VEDANTA AND OTHER RELATED MATTERS**

**4. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND  
ENTIRE BUSINESS OF CAIRN**

- 4.1. Upon the Scheme becoming effective and with effect from the Appointed Date and pursuant to the provisions of Section 394 and other applicable provisions of the Act, if any and in accordance with provisions of Section 2(1B) of the Income-tax Act, 1961, the entire undertaking of Cairn along with all assets, liabilities, contracts, employees, licences, records, approvals, etc. being integral parts of the undertaking of Cairn shall, without any further act, instrument or deed, stand amalgamated with and be vested in or be deemed to have been vested in Vedanta as a going concern so as to become as and from the Appointed Date, the undertaking of Vedanta by virtue of and in the manner provided in this Scheme.
- 4.2. Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon this Scheme becoming effective and with effect from the Appointed Date:



- 4.2.1. All assets of Cairn, that are movable in nature or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by operation of law pursuant to the vesting orders of the High Court sanctioning the Scheme, shall stand vested in Vedanta and shall be deemed to be and have become the property of Vedanta by operation of law without any further act or execution of an instrument with the intent of vesting such assets in Vedanta. The order sanctioning the Scheme shall operate in relation to the movable property in accordance with its normal mode of vesting and as the context may provide, by physical or constructive delivery, or by endorsement and delivery or by mere operation of the order of the High Court(s) sanctioning the Scheme, in accordance with the Act, as appropriate to the nature of the movable property vested. The title to such property shall be deemed to have been mutated and recognised as that of Vedanta;
- 4.2.2. All other movable properties of Cairn, including investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, pursuant to the orders of the High Courts and by operation of law become the property of Vedanta, and the title thereof together with all rights, interests or obligations therein shall be deemed to have been mutated and recorded as that of Vedanta. All investments of Cairn shall be recorded in the name of Vedanta by operation of law as transmission in favour of Vedanta as a successor in interest and any documents of title in the name of Cairn shall also be deemed to have been mutated and recorded in the name of Vedanta to the same extent and manner as originally held by Cairn and enabling the ownership, right, title and interest therein as if Vedanta was originally Cairn. Vedanta shall subsequent to the orders of the High Court(s) be entitled to the delivery and possession of all documents of title of such movable property in this regard;
- 4.2.3. All immovable properties of Cairn, including land(s) and /or together with the buildings and structures standing thereon, estates and rights and interests in all immovable properties of Cairn, whether freehold or leasehold or otherwise and all documents of title, rights and easements, including pending mutation(s) in relation thereto shall stand vested in and/or be deemed to have been vested in Vedanta, as successor in interest and / or title to Cairn, by



operation of law pursuant to the orders of the High Court sanctioning the Scheme. Such assets shall stand vested in Vedanta and shall be deemed to be and have become the property of Vedanta by operation of law. Vedanta shall be always entitled to all the rights and privileges attached in relation to such immovable properties and shall be liable to pay appropriate rent, rates and taxes and fulfil all obligations in relation thereto or as applicable to such immovable property. The title to such properties shall be deemed to have been mutated and as regards pending mutation(s) shall be deemed to have been mutated in the name of Vedanta and recognised as that of Vedanta and the mere filing of necessary documents with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Government agencies shall suffice as record of continuing titles with Vedanta and shall constitute a deemed mutation. Vedanta shall, pursuant to the order of the High Courts be entitled to the delivery and possession of all documents of title to such immovable property. It is hereby clarified that all the rights, title and interest of Cairn in any leasehold properties shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, without any further act, instrument or deed, be vested in or be deemed to have been vested in Vedanta;

- 4.2.4. Provided that, if required, for the purpose of giving effect to the orders passed under Sections 391 to 394 of the Act in respect of this Scheme, Vedanta shall at all times be entitled to effect the change in the title and the appurtenant legal right(s) upon the vesting of such properties (including all the immovable properties) of Cairn in accordance with the provisions of Section 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other appropriate authority, in the jurisdiction where any such property is situated. Vedanta shall be entitled to engage in such correspondence, execute such documents and agreements, and make such representations as may be necessary to effect any mutation, if required. However, such correspondence, documents and agreements entered into by Vedanta in furtherance of the Scheme for ease of completion of mutation shall be deemed to be an integral part of the Scheme and the order sanctioning the same and such correspondence, documents and agreements, shall not constitute a separate instrument;
- 4.2.5. All debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether in Indian rupees or foreign currency, whether or not provided for in the books of account or disclosed in the balance sheets of Cairn



shall stand vested in Vedanta and shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Vedanta, and Vedanta shall assume and undertake to meet, discharge and satisfy the same under their respective terms and conditions, if any. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement, by virtue of which such debts, liabilities, duties and obligations have arisen, to give effect to the provisions of this Clause. Where any of the liabilities of Cairn as on the Appointed Date deemed to be transferred to Vedanta, have been discharged by Cairn after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of and for the benefit of Vedanta;

- 4.2.6. All registrations, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names and trademarks and other intellectual property rights, appertaining to Cairn, if any, shall stand vested in Vedanta without any further act, instrument or deed;
- 4.2.7. All taxes (including but not limited to disputed tax demands, advance tax, tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, etc) payable by or refundable to Cairn, including all or any refunds or disputed tax demands, if confirmed, or claims shall be treated as the tax liability or refunds/claims, as the case may be, of Vedanta, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to Cairn, shall, be available to Vedanta;
- 4.2.8. Vedanta shall stand substituted in and shall always be deemed to have been a party to all agreements, MOUs, deeds, contracts, including production sharing contracts (including as provided in Annexure 2), interests in oil blocks, interests in operating agreements / joint operating agreements, right of way to lay pipelines, petroleum exploratory licenses, exploratory rights, mining lease(s) or other specific licenses for exploration, development and production of oil & gas, land leases for seismic operations, rights of use in land, authorisations, permits, approvals, entitlements, subsidies, grants, including any indemnities, guarantees or other similar rights and entitlements whatsoever, etc. of whatever nature and wheresoever situate to which Cairn is a party, including any benefits to which Cairn may be eligible or entitled, and





subsisting or being effective on or immediately before the Effective Date (collectively referred to as “**Agreements**”) and all such Agreements and all interests therein shall remain in full force and effect against or in favour of Vedanta and shall be binding on and be enforceable by and against Vedanta as fully and effectually as if Vedanta had at all material times been a party thereto. Vedanta, if so required, shall provide certified copies of orders of High Courts sanctioning the Scheme to the counter parties to the Agreements for information purposes and such party or authority shall make and duly record the necessary substitution or endorsement in the name of Vedanta as successor, pursuant to such orders without any break in the validity and enforceability of such Agreement. However, till the time such substitution/ endorsement is actually effected, Vedanta shall always be deemed to a party to all such Agreements and be allowed to operate in the name and style of Cairn. It is hereby clarified that all rates, fees, profit sharing, etc. paid by Cairn till the Effective Date shall be considered paid by or for Vedanta and shall be considered part of total sum payable under such Agreement and Vedanta shall not be called upon or required to pay the same again;

- 4.2.9. All approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature in relation to Cairn, or to the benefit of which Cairn may be eligible/entitled, and which are subsisting or having effect on the Effective Date, shall be deemed to be approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature of Vedanta, and shall be in full force and effect in favour of Vedanta and may be enforced as fully and effectually as if, instead of Cairn, Vedanta had been a party or beneficiary or obligor thereto. Vedanta shall file certified copies of orders of the High Courts sanctioning the Scheme and, if required, file appropriate applications or forms with the relevant authorities concerned for statistical and information purposes only and third party or authority shall make and duly record the necessary substitution or endorsement in the name of Vedanta as successor pursuant to such orders without any break in the validity and enforceability of such approvals, consents, etc. However, till the



time such substitution/ endorsement is actually effected, Vedanta is authorized and shall always be deemed to have been authorised to carry on business in the name and style of Cairn and under the relevant license and or permit and / or approval, as the case may be. It is hereby clarified that all rates, fees, etc. paid by Cairn till the Effective Date shall be deemed to have been paid by or for Vedanta and shall be considered part of the total sum payable in relation to such licence, etc. and Vedanta shall not be called upon or required to pay the same again;

- 4.2.10. Benefits of any and all corporate approvals as may have already been taken by Cairn, whether being in the nature of compliances or otherwise under the Act, read with the rules and regulations made thereunder, shall stand vested in Vedanta and the said corporate approvals and compliances shall be deemed to have been taken/complied with by Vedanta.
- 4.3. Without prejudice to the generality of the foregoing Clauses, it is clarified that, by virtue of the sanction of this Scheme by the High Court and by virtue of the operation of law, the interest in the production sharing contracts and joint operating agreements (including participating interests / operatorship therein) shall be vested or deemed to have been vested in Vedanta as an integral part of the undertaking of Cairn. Vedanta and Cairn shall in furtherance to the aforesaid, make applications as necessary to the Central Government and/or the State Governments and/or any governmental authority, or other person as required under the production sharing contracts or such other documents executed by Cairn.
- 4.4. If and to the extent there are loans, deposits or balances or other outstanding inter-se between Cairn and Vedanta, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books of Vedanta. For removal of doubts, it is hereby clarified that there would be no accrual of interest or other charges in respect of any such loans, deposits or balances inter-se between Cairn and Vedanta, with effect from the Appointed Date.
- 4.5. The vesting of the entire undertaking of Cairn, as aforesaid, shall be subject to the encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such encumbrances shall be confined only to the relevant assets of Cairn or part thereof on or over which they are subsisting on and vesting of such assets in Vedanta and no such encumbrances shall extend over or apply to any other asset(s) of Vedanta. Any reference in any security documents or arrangements (to which Cairn is a party) related to any assets of Cairn shall be so construed to the end



and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Vedanta. Similarly, Vedanta shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of /to be availed of by it, and the encumbrances in respect of such indebtedness of Vedanta shall not extend or be deemed to extend or apply to the assets so vested.

- 4.6. Cairn may, but shall not be required or bound to, give notice in such form as it may deem fit and proper to each party, debtor or borrower as the case may be that, pursuant to the orders of the High Court sanctioning the Scheme and upon the Scheme becoming effective, the said debt, loan, advance, etc. be paid or made good or held on account of Vedanta as the person entitled thereto.
- 4.7. Vedanta may, if required, give intimation in such form as it may deem fit and proper to each person, debtor or borrower that pursuant to the orders of the High Court having sanctioned the Scheme and upon the Scheme becoming effective, the said person, debtor or borrower shall pay the debt, loan or advance or make good the same or hold the same to its account and that the right of Vedanta to recover or realise the same is in substitution of the right of Cairn.
- 4.8. Without prejudice to the foregoing Sections and upon this Scheme becoming effective, Cairn and Vedanta shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the Registrar of Companies having jurisdiction, to give formal effect to the above provisions, if required.
- 4.9. Vedanta shall, at any time after this Scheme becomes effective, in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which Cairn has been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. Vedanta shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of Cairn and to carry out or perform all such formalities or compliances referred to above on the part of Cairn.
- 4.10. Notwithstanding any provision to the contrary, upon the Effective Date and until the owned property, leasehold property and related rights thereto, license / right to use the immovable property, tenancy rights, liberties and special status are formally recorded, effected and/or perfected, in the records of the appropriate authority, in favor of



Vedanta, Vedanta is and shall be deemed to be authorized to carry on business in the name and style of Cairn under the relevant agreement, deed, lease and/or license, as the case may be.

- 4.11. For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that, with effect from the Effective Date and till such time that the name of the bank accounts of Cairn is replaced with that of Vedanta, Vedanta shall be entitled to operate the bank accounts of Cairn in the name of Cairn in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of Cairn after the Effective Date shall be accepted by the bankers of Vedanta and credited to the account of Vedanta, if presented by Vedanta. Vedanta shall be allowed to maintain bank accounts in the name of Cairn for such time as may be determined to be necessary by Vedanta for presentation and deposition of cheques and pay orders that have been issued in the name of Cairn. It is hereby expressly clarified that any legal proceedings by or against Cairn in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of Cairn shall be instituted, or as the case maybe, continued by or against Vedanta after the coming into effect of the Scheme.
- 4.12. The provisions of this Scheme as they relate to the amalgamation of Cairn into and with Vedanta, have been drawn up to comply with the conditions relating to “amalgamation” as defined under Section 2(1B) of the Income-tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of the law or the enactment of the law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961, or any amendment or any enactment thereof. Such modification will, however, not affect the other parts of the Scheme.
- 4.13. On the approval of this Scheme by the shareholders and creditors of Cairn and Vedanta, such shareholders and creditors, to the extent required under applicable law, shall also be deemed to have resolved and accorded all relevant consents under the Act or other applicable laws or otherwise to the same extent applicable in relation to the amalgamation set out in this Scheme, related matters and this Scheme itself.
- 4.14. Upon the Scheme becoming Effective, the carrying amount of investment in Sesa





Resources Limited by Vedanta shall be restated to the amount of the net book value of assets of Sesa Resources Limited, as at Appointed date, other than the carrying amount of investment in Cairn by Sesa Resources Limited and the difference arising on such restating shall be adjusted against the Securities Premium Account of Vedanta, as an integral part of the Scheme.

- 4.15. Upon the Scheme becoming effective, the value of the investments in Cairn by Vedanta shall be adjusted against the balance in the capital reserve of Vedanta and the balance, if any, shall adjusted against balance in the Securities Premium Account of Vedanta, on cancellation of such investments.
- 4.16. The utilization, if any, of Securities Premium Account, as mentioned in Clause 4.14 and 4.15 above, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 52 of the Companies Act, 2013, and Sections 100 to 103 of the Companies Act, 1956, without having to follow the process under Section 100 to 103 of the Companies Act, 1956, separately, and the Order of the High Court sanctioning the Scheme shall be deemed to be also an Order under Section 102 of the Companies Act, 1956, for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital to the shareholders, and the provisions of Section 101 of the Act will not be applicable.
- 4.17. Notwithstanding the reduction pursuant to the Scheme, Vedanta shall not be required to add “and reduced” as a suffix to its name and Vedanta shall continue in its existing name.

## **5. ISSUE OF SHARES**

- 5.1. Upon coming into effect of the Scheme and upon vesting of the undertaking of Cairn (inclusive of all assets and liabilities thereof), into and with Vedanta by operation of law, Vedanta shall, without any further application or deed, issue and allot:
- (a) 1 (One) Equity share of Vedanta of Re. 1/- (Rupee One only) each, fully paid up for every 1 (One) Equity share of Rs. 10/- (Rupees Ten only) each, fully paid up held by Cairn Equity Shareholders (“**New Equity Shares**”), and
  - (b) 4 (Four) Preference Shares of Vedanta of Rs. 10/- (Rupees Ten only) each, fully paid up for every 1 (One) Equity share of Rs. 10/- (Rupees Ten only) each, fully paid up held by Cairn Equity Shareholders

to each Cairn Equity Shareholder whose name appears in the Register of Members as



on the Record Date (other than Vedanta itself or any of its subsidiaries) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be.

- 5.2. In view of the extant applicable laws, the Board of Directors of Vedanta shall apply for and obtain the permission of the Foreign Investment Promotion Board (“FIPB”)/ RBI for issue of Preference Shares to non-resident Cairn Equity Shareholders.
- 5.3. In the event, requisite approvals from FIPB/RBI for issue of such Preference Shares are not obtained on or before the Effective Date, notwithstanding anything to the contrary contained in the Scheme, the Board of Directors of Vedanta, subject to approval of the Reserve Bank of India (“RBI”), shall appoint merchant banker(s) (Category-I) (“**Merchant Banker(s)**”) to act on behalf of and as an agent and trustee of the non-resident Cairn Equity Shareholders in respect of the shares to be allotted as stated in Clause 5.1(b) above, in the manner provided hereunder:
- 5.3.1. Vedanta shall issue and allot Preference Shares to the Merchant Banker(s) and the Merchant Banker(s) shall, for and on behalf of such non-resident Cairn Equity Shareholders, receive the aforesaid Preference Shares in an on-shore escrow account on such terms and conditions as may be acceptable to the Board of Directors;
- 5.3.2. Immediately upon allotment of Preference Shares to the Merchant Banker(s), the Merchant Banker(s) shall, for and on behalf of the non-resident Cairn Equity Shareholders, and as an integral part of the Scheme, offer for sale the Preference Shares, issued and allotted to it under the Scheme within 30 (thirty) days from the date of listing of the Preference Shares by Vedanta, without Vedanta having to issue a prospectus for such offer for sale;
- 5.3.3. Upon receipt of the sale proceeds on sale of Preference Shares pursuant to Clause 5.3.2 above, the Merchant Banker(s) shall distribute such proceeds (net of expenses) to the non-resident Cairn Equity Shareholders within 7 (seven) business days from the date of receipt of such proceeds, after deducting or withholding taxes or duties as may be applicable, in the proportion to their entitlements.
- 5.4. Shares to be issued by Vedanta pursuant to Clause 5.1 above in respect of any Cairn Equity Shares and which are held in abeyance, if any under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by Vedanta.



- 5.5. The Preference Shares to be issued pursuant to Clauses 5.1(b) above to the respective Cairn Equity Shareholders shall be subject to the Memorandum of Association and Articles of Association of Vedanta, and shall rank for dividend in priority to the equity shares of Vedanta, and shall, on winding up of the Vedanta be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of the Vedanta.
- 5.6. The equity shares to be issued by Vedanta to the respective Cairn Equity Shareholders pursuant to Clause 5.1(a) above shall be subject to the Memorandum of Association and Articles of Association of Vedanta and shall rank *pari passu* with the existing equity shares of Vedanta in all respects including dividends.
- 5.7. The equity shares and the Preference Shares of Vedanta shall be issued in dematerialized form to those shareholders who hold shares of Cairn in dematerialized form, in to the account in which Cairn shares are held or such other account as is intimated by the shareholders to Vedanta and / or its Registrar. All those shareholders who hold shares of Cairn in physical form shall also have the option to receive the equity shares and Preference Shares in Vedanta, as the case may be, in dematerialized form, provided the details of their account with the Depository Participant are intimated in writing to Vedanta and / or its Registrar. Otherwise, they shall be issued equity shares and Preference Shares in physical form. Such physical share certificate(s), if any, shall be sent by Vedanta to the shareholders of Cairn at their respective registered addresses, as appearing in the register of members maintained by Cairn as of Record Date (or in case of joint holders - to the address of that one of the joint shareholders whose names stands first in such register of members in respect of such joint shareholding) and Vedanta shall not be responsible for any loss in transit.
- 5.8. Cairn and Vedanta shall, if and to the extent required, apply for and obtain any approvals from concerned government / regulatory authorities for the issue and allotment of equity shares and Preference Shares to the Cairn Equity Shareholders pursuant to Clause 5.1 of the Scheme.
- 5.9. In the event of there being any pending share transfer, whether lodged or outstanding, of any Cairn Equity Shareholder, the Board of Directors or any committee thereof of Cairn/Vedanta shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the name of the registered holder were operative from the Effective Date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.



- 5.10. Approval of this Scheme by the shareholders of Vedanta shall be deemed to be the due compliance with the provisions of Section 62 and Section 42 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of shares pursuant to Clause 5.1 by Vedanta to the Cairn Equity Shareholders, as provided in this Scheme.
- 5.11. The approval of this Scheme by the shareholders of both the companies under Sections 391 and 394 of the Act shall be deemed to be the approvals under Sections 13, 14 of Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 5.12. All New Equity Shares of Vedanta issued pursuant to the Scheme shall be listed on the Stock Exchanges and all Preference Shares of Vedanta issued pursuant to the Scheme shall be listed on The National Stock Exchange of India Limited and the BSE Limited, in accordance with applicable laws and regulations and Vedanta shall apply for such listings upon receipt of the orders of High Court sanctioning the Scheme. Vedanta shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with applicable laws or regulations for complying with the formalities of the Stock Exchanges.
- 5.13. The issue of New Equity Shares and Preference Shares, as above, will not result in any fractional entitlement to any shareholder.
- 5.14. The New Equity Shares and Preference Shares allotted to Cairn Equity Shareholders including Cairn UK Holdings Limited shall be subject to the same encumbrances, prohibitions and restraints/ attachments, if any, as may be subsisting under applicable law including Income-tax Act, 1961, with respect to Cairn Equity Shares as on the Record Date.
- 5.15. Upon the Scheme becoming effective and upon the issue of shares in terms of Clause 5.1 above, the equity shares of Cairn, both in dematerialized form and in physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, Vedanta may, instead of requiring the surrender of the share certificates of Cairn, directly issue and dispatch the new share certificates of Vedanta.
- 5.16. U.S. Law Considerations
- 5.16.1. The New Equity Shares and Preference Shares to be issued to the Cairn Equity Shareholders in terms of Clause 5.1 above have not been, and will not be





registered under the United States Securities Act of 1933, as amended ('U.S. Securities Act'). The issuance of the New Equity Shares under or as a result of the Scheme, shall be in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act (the "**Section 3(a)(10) Exemption**"). To obtain the Section 3(a)(10) Exemption, Vedanta will be relying on the High Courts' approval of the Scheme following the hearing of the High Courts on the terms and conditions of the Scheme.

5.16.2. Further, for purposes of ensuring that the Scheme complies with the requirements of Section 3(a)(10) of the U.S. Securities Act, Cairn and Vedanta shall undertake that:

- (a) Cairn Equity Shareholders, as against their equity shares, shall receive the New Equity Shares and Preference Shares and shall not receive cash or other consideration ; and
- (b) the Scheme shall become effective only after it has been approved by the High Courts following the hearings by the High Courts.

5.16.3. Vedanta shall, on or prior to the Record Date, submit to the United States Securities and Exchange Commission, an announcement under cover of a Form 6-K with respect to the Scheme.

5.16.4. Vedanta shall make an application, if required, to the NYSE in accordance with applicable laws, rules and regulations in connection with the issuance of the New Equity Shares and shall take all steps necessary in that regard.

## **6. EMPLOYEES**

6.1. On the Scheme becoming effective, all employees of Cairn in service on the Effective Date, shall be deemed to have become employees of Vedanta with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Vedanta shall not be less favorable than those applicable to them with reference to Cairn on the Effective Date. Vedanta undertakes to continue to abide by any agreement/settlement, if any, validly entered into by Cairn with any union/employee of Cairn recognized by Cairn. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which the employees of



Cairn are members shall be transferred to such provident fund, gratuity fund and superannuation fund of Vedanta or to be established and caused to be recognized by the appropriate authorities, by Vedanta. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees of Cairn would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of Cairn. Upon transfer of the aforesaid funds to the respective funds of Vedanta, the existing trusts created for such funds by Cairn shall stand dissolved. It is further clarified that the services of the employees of Cairn will be treated as having been continuous, uninterrupted and taken into account for the purpose of the said fund or funds.

Without prejudice to the aforesaid, the Board of Directors of Vedanta, if it deems fit and subject to applicable laws, shall be entitled to retain separate trusts or funds within Vedanta for the erstwhile fund(s) of Cairn.

- 6.2. Upon the Scheme becoming effective, and as an integral part of the Scheme, Vedanta shall issue cash award options ("**Vedanta Option**") to the employees of Cairn, holding options under Cairn EOP ("**Eligible Employees**") which shall entitle the Eligible Employees to receive cash awards as per the Option Scheme (defined below). The number of Vedanta Options issued shall be equal to the number of options under Cairn EOP (whether vested or unvested) outstanding on the Effective Date.
- 6.3. The terms and conditions applicable to the Vedanta Options shall be no less favourable than those provided under Cairn EOP, and shall not be detrimental to the interest of the employees of Cairn being transferred to Vedanta under the Scheme. Such Vedanta Option will be issued under a new employee cash award options scheme created by Vedanta ("**Option Scheme**"). On creation of the Option Scheme, the Cairn EOP shall stand extinguished. The Option Scheme created by Vedanta shall, *inter alia*, be based on the following principles:
- 6.3.1. Each Vedanta Option shall have an exercise price per equity share of Vedanta equal to the respective Cairn EOP exercise price less Rs.10 (Rupees Ten Only) or such other amount as may be determined by Vedanta;
- 6.3.2. The grant of the Vedanta Options to the Eligible Employees under the Scheme shall be effected as an integral part of the Scheme, and the consent of the Boards of Directors and shareholders of Cairn and Vedanta to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Cairn EOP and the Option Scheme, including without limitation, for the purposes of



creating the Option Scheme, modifying terms of the Cairn EOP, modifying the exercise price of the stock options under Cairn EOP and all related matters. No further approval of the shareholders of Cairn or Vedanta or the Board of Directors or committees of the Board of Directors of Cairn or Vedanta would be required in this connection under the respective Cairn EOP and applicable law, as the case may be;

6.3.3. In relation to the Vedanta Option granted by Vedanta to the Eligible Employees, pursuant to this Scheme in lieu of the Cairn EOP, the vesting period during which the Cairn EOP were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under the respective Cairn EOP and the applicable law, as the case may be;

6.3.4. The Boards of Directors of Cairn and Vedanta shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 6.3.

6.4. Without prejudice to the above, the Board of Directors of Vedanta may offer to settle the Cairn EOP through any other consideration otherwise than through Option Scheme such that the same shall be no less favourable than the Cairn EOP and shall not be detrimental to the interest of the employees of Cairn.

## **7. LEGAL PROCEEDINGS**

7.1. Any suit, petition, appeal or other proceeding of whatsoever nature and any orders of court, judicial or quasi-judicial tribunal or other governmental authorities enforceable by or against Cairn including without limitation any restraining orders (including order under section 281B of the Income-tax Act, 1961) pending before any court, judicial or quasi-judicial tribunal or any other forum, relating to Cairn, whether by or against Cairn, pending as on the Effective Date, shall not abate or be discontinued or in any way prejudicially affected by reason of the amalgamation of Cairn or of any order of or direction passed or issued in the amalgamation proceedings or anything contained in this Scheme, but by virtue of the order sanctioning the Scheme, such legal proceedings shall be continued and any prosecution shall be enforced by or against Vedanta in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against Cairn, as if this Scheme had not been implemented.

7.2. After the Appointed Date and until the Effective Date, Cairn shall defend all legal



proceedings, other than in the ordinary course of business, with the advice and instructions of Vedanta.

- 7.3. The transfer and vesting of the assets and liabilities under the Scheme and the continuance of the proceedings by or against Vedanta shall not affect any transaction or proceeding already completed by Cairn between the Appointed Date and the Effective Date to the end and intent that Vedanta accepts all acts, deeds and things done and executed by and/or on behalf of Cairn as acts, deeds and things done and executed by and on behalf of Vedanta.

## **8. CONTRACTS, DEEDS, ETC.**

- 8.1. All contracts, deeds, bonds, Agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) for the purpose of carrying on the business of Cairn, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to Cairn, or to the benefit of which Cairn may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, delivery or recordal or by operation of law pursuant to the orders of the High Court sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, Agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) of Vedanta. Such properties and rights described hereinabove shall stand vested in Vedanta and shall be deemed to be the property and become the property by operation of law as an integral part of Vedanta. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against Vedanta and shall be the legal and enforceable rights and interests of Vedanta, which can be enforced and acted upon as fully and effectually as if it were Cairn. Upon this Scheme becoming effective, the rights, benefits, privileges, duties, liabilities, obligations and interest whatsoever, arising from or pertaining to contracts including production sharing contracts (as provided in Annexure 2) and properties, shall be deemed to have been entered into and stand assigned, vested and novated to Vedanta by operation of law and Vedanta shall be deemed to be Cairn's substituted party or beneficiary or obligor thereto. It being always understood that Vedanta shall be the successor in the interest of Cairn. In





relation to the same, any procedural requirements required to be fulfilled solely by Cairn (and not by any of its successors), shall be fulfilled by Vedanta as if it were the duly constituted attorney of Cairn.

- 8.2. Vedanta may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Cairn is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. Vedanta shall be deemed to be authorised to execute any such writings on behalf and in the name of Cairn and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Cairn.
- 8.3. Without prejudice to the provisions of this Scheme, with effect from the Appointed Date, all inter-party transactions between Cairn and Vedanta shall be considered as intra-party transactions for all purposes, from the Appointed Date. Any taxes (including tax deducted at source or dividend distribution tax) paid in relation to such transaction shall, to the extent permissible by applicable law, be claimed as a refund.
- 8.4. Vedanta shall be entitled to the benefit of all insurance policies which have been issued in respect of Cairn and the name of Vedanta shall be substituted as "Insured" in the policies as if Vedanta was initially a party thereto.
- 8.5. Any inter-se contracts between Cairn on the one hand and Vedanta on the other hand shall stand cancelled and cease to operate upon the coming into effect of this Scheme.

**9. TAXES/ DUTIES / CESS ETC.**

Upon the Scheme becoming effective, by operation of law pursuant to the orders of the High Court:

- 9.1. The unutilized credits relating to excise duties paid on inputs lying to the account of Cairn as well as the unutilized credits relating to service tax paid on input services consumed by Cairn and any unutilized credit/ advance payment of sales tax/ VAT shall be transferred to Vedanta automatically without the requirement of any specific approval or permission as an integral part of the Scheme.
- 9.2. Income taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternative tax, wealth tax, if any, paid by Cairn shall be treated as paid by Vedanta and



it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable. Minimum alternative tax credit available to Cairn under the Income-tax Act, 1961, if any, shall be available to Vedanta.

- 9.3. If Cairn is entitled to any benefits under incentive schemes and policies, all such benefits under all such incentive schemes and policies shall be and stand vested in Vedanta.
- 9.4. Vedanta is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income-tax Act, 1961, credit of dividend distribution tax, credit of tax deducted at source, credit of foreign taxes paid/withheld, etc., etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

## **10. ACCOUNTING TREATMENT**

- 10.1 The amalgamation shall be accounted for in the books of Vedanta in accordance with the “pooling of interests method” prescribed under IndAS 103 “Business Combinations” and/ or such other IndAS as may be relevant. Accordingly,

10.1.1. All the assets and liabilities of Cairn shall be recorded at their existing carrying amounts and in the same form in the books of Vedanta.

10.1.2. The face value of equity shares issued by Vedanta to the Cairn Equity Shareholders pursuant to this Scheme shall be recorded as equity share capital of Vedanta and the preference shares issued by to Vedanta to the Cairn Equity Shareholders pursuant to this Scheme shall be recorded in accordance with the applicable IndAS;

10.1.3. The balance of the retained earnings appearing in the financial statements of Cairn (as appearing in the books of accounts of Cairn) shall be aggregated with the corresponding balance appearing in the financial statements of Vedanta.



Alternatively, at the option of the Board of Vedanta, the same shall be transferred to general reserve, if any, of Vedanta.

- 10.1.4. The identity of the reserves of Cairn shall be preserved and they shall appear in the financial statements of Vedanta in the same form and manner, in which they appeared in the financial statements of Cairn, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective, there is any reserve in the financial statements of Cairn available for distribution whether as bonus shares or dividend or otherwise, the same shall also be available in the financial statements of Vedanta for such distribution pursuant to this Scheme becoming effective.
- 10.1.5. The excess, if any, between the amount recorded as share capital issued by Vedanta and the amount of share capital of Cairn shall be transferred to capital reserve in the books of Vedanta and such capital reserve shall be presented separately from other capital reserves with disclosure of its nature and purpose in the notes to financial statements of Vedanta.
- 10.1.6. Any inter-company payables/ receivables (including loans, advances or debtors etc.) shall be cancelled.
- 10.1.7. In case of any differences in accounting policies between Vedanta and Cairn, impact of the same will be quantified and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles, so as to ensure that the financial statements of Vedanta reflect the financial position on the basis of harmonious accounting policies.

## **11. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE**

### **11.1. With effect from the Appointed Date and up to and including the Effective Date:**

- 11.1.1. Cairn shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for Vedanta;
- 11.1.2. all profits or income arising or accruing to Cairn and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum



alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/paid in a foreign country, etc.) or losses arising or incurred by Cairn shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of Vedanta;

- 11.1.3. All loans raised and all liabilities and obligations incurred by Cairn after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of Vedanta in which the undertaking of Cairn shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of Vedanta;
- 11.1.4. Cairn shall carry on its business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:
- (a) when the same is expressly provided in this Scheme; or
  - (b) when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the High Court; or
  - (c) when written consent of Vedanta has been obtained in this regard;
- 11.1.5. except by mutual consent of the Cairn and Vedanta, or except pursuant to any prior commitment, obligation or arrangement existing or undertaken by Cairn and/or Vedanta as on the date of sanction of this Scheme by the Board of Directors, or except as contemplated in this Scheme, pending sanction of this Scheme, Cairn and/or Vedanta shall not make any change in their capital structures either by way of any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation or in any other manner, which would have the effect of re-organisation of capital of such company(ies);
- 11.1.6. Cairn shall not alter or substantially expand its business, or undertake (i) any





material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business, except with the written concurrence of Vedanta;

11.1.7. Cairn shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of Vedanta;

11.1.8. Cairn shall not amend its Memorandum of Association or Articles of Association, except with the written concurrence of Vedanta, unless required to be done pursuant to actions between the Appointed Date and Effective Date expressly permitted under this Scheme.

11.2. From the Effective Date, Vedanta shall carry on and shall be entitled to carry on the business of Cairn.

11.3. Vedanta shall be entitled, pending the sanction of the Scheme, to apply to the appropriate authorities and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which Vedanta may require to carry on the business of Cairn and to give effect to the Scheme.

11.4. Vedanta shall be entitled to credit the tax paid including credit of the tax deducted at source in relation to Cairn, for the period between the Appointed Date and the Effective Date.

11.5. For the purpose of giving effect to the amalgamation order passed under Sections 391 to 394 and other applicable provisions of the Act in respect of this Scheme by the High Court, Vedanta shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of Cairn, in accordance with the provisions of Sections 391 to 394 of the Act. Vedanta is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme.

## **12. DECLARATION OF DIVIDEND, BONUS, ETC.**

12.1. Cairn and Vedanta shall be entitled to declare and pay dividends, whether interim



and/or final, to their respective shareholders prior to the Effective Date.

- 12.2. It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of Cairn and/or Vedanta to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of Cairn and Vedanta and subject, wherever necessary, to the approval of the shareholders of Cairn and Vedanta, respectively.

### **13. SAVING OF CONCLUDED TRANSACTIONS**

The vesting of the undertaking of Cairn as above and the continuance of proceedings by or against Cairn shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date in accordance with this Scheme, to the end and intent that Vedanta accepts and adopts all acts, deeds and things done and executed by Cairn in respect thereto as done and executed on behalf of Vedanta.

## **PART III**

### **GENERAL TERMS AND CONDITIONS**

#### **14. DISSOLUTION OF THE CAIRN AND VALIDITY OF RESOLUTIONS**

- 14.1. Upon the effectiveness of this Scheme, Cairn shall be dissolved without winding up, and the Board of Directors and any committees thereof of Cairn shall without any further act, instrument or deed be and stand discharged. The name of Cairn shall be struck off from the records of the Registrar of Companies, Mumbai and Vedanta shall make necessary filings in this regard.
- 14.2. Upon the coming into effect of this Scheme, the resolutions, if any, of Cairn, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of Vedanta and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by Vedanta and shall constitute the aggregate of the said limits in Vedanta.

#### **15. APPLICATION TO HIGH COURT**

Cairn and Vedanta shall as may be required make applications and/or petitions under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act to the High Court or such other appropriate authority for sanction of this Scheme



and all matters ancillary or incidental thereto.

**16. MODIFICATION OR AMENDMENTS TO THE SCHEME**

- 16.1. On behalf of Cairn and Vedanta, the Boards of Directors of respective companies, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by both of them (i.e. the board of directors of Cairn and board of directors of Vedanta) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.
- 16.2. For the purpose of giving effect to this Scheme or to any modification thereof the Boards of Directors of Cairn and Vedanta may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.
- 16.3. Cairn and Vedanta (by their respective Boards or such other person or persons, as the respective Board may authorise) shall each be at liberty to withdraw this Scheme, in entirety, in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.
- 16.4. In the event of revocation / withdrawal of the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter-se Cairn and Vedanta or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the applicable law and as agreed between the Parties and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

**17. COMBINATION OF AUTHORISED SHARE CAPITAL**

- 17.1. Upon the Scheme becoming effective and prior to issuance of shares under Clause 5.1 above, the authorized share capital of Cairn shall stand consolidated and vested in and



be merged with the authorized share capital of Vedanta and shall stand increased and reclassified as consisting of: (a) equity shares of Re. 1 each; and (b) Redeemable Preference Shares of Rs. 10/- (Rupees Ten) each, without any liability for payment of any additional fees (including fees and charges to the relevant Registrar of Companies) or stamp duty, as such fees and duties in respect of such authorized share capital of Cairn have already been paid by the Cairn, the benefit of which stands vested in Vedanta pursuant to the Scheme becoming effective in terms hereof.

17.2. Consequently, the authorised share capital of Vedanta of Rs. 51,270,100,000 (divided into 51,270,100,000 equity shares of Re. 1/- each and 3,50,00,000 (Three Crores Fifty Lakhs only) redeemable preference shares of Rs. 10/- (Rupees Ten) each) shall stand increased and enhanced to Rs. 74,12,01,00,000 (divided into 66,12,01,00,000 equity shares of Re. 1 each and 80,00,00,000 redeemable preference shares of Rs. 10/- (Rupees Ten) each).

17.3. Clause V of the Memorandum of Association of Vedanta shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13 and 61 of the Companies Act 2013 and Section 394 and other applicable provisions of the Companies Act 1956 and Companies Act 2013, as the case may be, and be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs. 74,12,01,00,000 divided into 66,12,01,00,000 (Six Thousand Six Hundred and Twelve and One Lakh only) number of equity shares of Re. 1/- (Rupees One) each and 80,00,00,000 (Eighty Crore) redeemable preference shares of Rs. 10/- (Rupees Ten) each.”

17.4. This Scheme as proposed, and upon sanction by the High Court, shall constitute a single window clearance and shall be deemed to be sufficient for the enhancement and increase of the authorized share capital of Vedanta and no further resolution subsequent to the sanction of the Scheme shall be required for increasing the authorized share capital (whether under Section 13, Section 14, Section 61, Section 64 and/or any other applicable provisions of the Act), nor shall any additional fees or stamp duty, be payable on the Memorandum of Association of Vedanta.

## **18. CHANGE IN OBJECT CLAUSE OF VEDANTA**

18.1. With effect from the Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of Vedanta shall be deemed to be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities Cairn, pursuant to the





provisions of Sections 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. Accordingly, the Memorandum of Association of Vedanta shall be altered and amended and necessary revisions in numbering of the clauses inserted shall be carried out. The following clause shall be added to the Memorandum of Association of Vedanta and shall read as under:

*“(12E) To carry on in India and elsewhere in the world the business or businesses of surveying, prospecting, drilling and exploring for, acquiring, developing, producing, maintaining, refining, storing, trading, supplying, transporting, marketing, distributing, importing, exporting and generally dealing in minerals and other natural oils, petroleum and all other forms of solid, liquid and gaseous hydrocarbons and other minerals and their products and by-products and all their branches.*

*(12F) To search for, purchase, take on lease or licence, obtain concessions over or otherwise acquire, any estate or interest in, develop the resources of, work, dispose of, or otherwise turn to account, land or sea or any other place in India or in any other part of the world containing, or thought likely to contain, oil, petroleum, petroleum resource or alternate source of energy or other oils in any form, asphalt, bitumen or similar substances or natural gas, chemicals or any substances used, or which is thought likely to be useful for any purpose for which petroleum or other oils in any form, asphalt, bitumen or similar substances, or natural gas is, or could be used and to that end to organise, equip and employ expeditions, commissions, experts and other agents and to sink wells, to make borings and otherwise to search for, obtain, exploit, develop, render suitable for trade, petroleum, other mineral oils, natural gas, asphalt, or other similar substances or products thereof.”*

- 18.2. For the purposes of the amendments in the Memorandum of Association and Articles of Association of Vedanta as provided in this Clause, the consent / approval given by the members of Vedanta to this Scheme pursuant to Section 391 of the Companies Act, 1956 and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of members of Vedanta as required under the provisions of Section 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act shall be required to be passed for making such change / amendment in the Memorandum of Association and Articles of Association of Vedanta and filing of the certified copy of this Scheme as sanctioned by the High Court, in terms of Section 391-394 of the Companies Act, 1956 and any other applicable provisions of the Act, together with the Order of the High Court and a printed copy of the Memorandum of



Association for the purposes of said Section 13 and 14 of the Companies Act, 2013 and all other applicable provisions of the Act and the concerned Registrar of Companies shall register the same and make the necessary alterations in the Memorandum of Association and Articles of Association of Vedanta accordingly and shall certify the registration thereof in accordance with the provisions of Section 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act.

- 18.3. Vedanta shall file with the concerned Registrar of Companies, all requisite forms and complete the compliance and procedural requirements under the Act, if any.

## **19. CONDITIONALITY OF THE SCHEME**

Unless otherwise decided by the Boards of Directors, this Scheme shall be conditional upon and subject to:

- 19.1. Approvals of Ministry of Petroleum and Natural Gas, Government of India, being received as required under the provisions of the production sharing contracts concerned for transfer of participating interest and for transfer of operatorship in the blocks, wherever required.
- 19.2. The Scheme being approved by a shareholders' resolution of Cairn and Vedanta passed by way of postal ballot/e-voting in terms of para 5.16 of the SEBI Circulars; provided that the same shall be acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.
- 19.3. The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of Cairn and Vedanta as may be directed by the High Court.
- 19.4. The Scheme being sanctioned by the High Court.
- 19.5. Certified copy/(ies) of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies by Cairn and Vedanta.
- 19.6. The Scheme being approved by shareholders of VR Plc, as required under the UKLA's Listing Rules.

## **20. EFFECT OF NON-RECEIPT OF APPROVALS**

- 20.1. In the event of any of the said sanctions and approvals referred to in the preceding Clause 19 not being obtained and / or the Scheme not being sanctioned by the High



Court or such other competent authority, the Scheme shall become null and void, and each party shall bear and pay its respective costs, charges and expenses in connection with the Scheme.

- 20.2. If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of Cairn and Vedanta through their respective Boards, affect the validity or implementation of the other provisions of this Scheme.

**21. COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, (including stamp duty) shall be borne by Vedanta.



## **Annexure -1**

### **Terms of issue of Preference Shares**

(a) Face Value

The Preference Shares issued pursuant to Clause 5.1(b) shall have a face value of Rs 10 (Rupees Ten) per Preference Share.

(b) Accumulation of dividend and convertibility

The Preference Shares shall be non-cumulative in nature and non-convertible.

(c) Coupon

The Preference Shares shall, subject to the provisions of the Articles of Association of Vedanta and subject to the provisions of the Act, confer on the holders thereof a right to a fixed preferential dividend of 7.5% (Seven and One Half per cent) per annum in priority to the dividend, if any, payable to equity shares subject to deduction of taxes at source if applicable. The Preference Shares shall not be entitled to participate in any profits in addition to the coupon rate mentioned above.

(d) Voting Rights

The holder of Preference Share shall have the right to vote in accordance with Section 47 of the Companies Act, 2013.

(e) Redemption

The Preference Shares are redeemable on the expiry of 18 (eighteen) months from the date of allotment thereof. Each Preference Share shall be redeemed at a face value of Rs. 10 each (Rupees Ten Each) per Preference Share.

(f) Taxation

All payments in respect of redemption of Preference Share shall be made after deducting or withholding taxes or duties as may be applicable.

(g) Listing

The Preference Shares shall be listed on recognised stock exchanges.





(h) Winding-up

In the event of winding up of Vedanta, the holders of Preference Shares shall have a right to receive repayment of the capital paid-up and arrears of dividend, whether declared or not, up to the commencement of winding up, in priority to any payment of capital on the equity shares out of the surplus of Vedanta but shall not have any further right to participate in the profits or assets of the Vedanta.

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## Annexure 2

SR NO	CONTRACT
1.	Production Sharing Contract dated 23 September 2005 between Government of India, Cairn Energy India Pty. Ltd., Cairn Exploration Ltd. and Oil & Natural Gas Corporation Limited (“ONGC”) with respect to Block KG-ONN-2003/1, duly amended vide Amendment No.1 and 2. Currently, ONGC and the Company holds Participating Interest in the Block 51% and 49% respectively.
2.	Production Sharing Contract dated 30 June 1998 between the Government of India, Oil & Natural Gas Corporation Limited (“ONGC”), Tata Petrodyne Limited (“TPL”) and Cairn Energy India Pty Limited with respect to Contract Area identified as CB/OS-2, duly amended vide Amendment No.1, No.2 and Amendment No.3.. Currently, ONGC, TPL and the Company holds Participating Interest in the Block 50%, 10% and 40% respectively.
3.	Production Sharing Contract dated 15 May 1995 between Government of India, Oil & Natural Gas Corporation Limited and Shell India Production Development B.V. (subsequently Cairn Energy India Pty Limited and Cairn Energy Hydrocarbons Limited acquired interest from Shell India Production B.V vide amendment dated 25 March 2000) with respect to Rajasthan Block RJ-ON-90/I, duly amended vide Addendum No.1, Amendment No.2 and Amendment No.3. Currently, ONGC, Cairn Energy Hydrocarbons Limited and the Company holds Participating Interest in the Block 30%, 35% and 35% respectively.
4.	Production Sharing Contract dated 28 October 1994 between Government of India, Oil & Natural Gas Corporation Limited, Videocon Petroleum Limited (subsequently name changed to Videocon Industries Limited vide Amendment No.2), (Cairn Energy India Pty Limited (formerly known as Command Petroleum (India) Pty Ltd, vide addendum dated 31 July 1998) and Ravva Oil (Singapore) Pte Ltd. in respect of Ravva Oil and Gas Fields, duly amended vide Addendum, Amendment No.2 and Amendment No.2. Currently, ONGC, Videocon Industries Limited, Ravva Oil (Singapore) Pte Ltd and the Company holds Participating Interest in the Block 40%, 25%, 12.5% and 22.5% respectively.
5.	Production Sharing Contract dated 2 March 2007 between the Government of India and Cairn Energy India Pty Ltd. and Cairn India Ltd., Oil & Natural Gas Corporation Limited and Tata Petrodyne Ltd. in respect of Contract Area PR-



SR NO	CONTRACT
	OSN-2004/1, duly amended vide Amendment No.1. Currently, ONGC, Tata Petrodyne Ltd and the Company holds Participating Interest in the Block 35%, 30% and 35% respectively.
6.	Production Sharing Contract dated 30 June 2010 between the Government of India, Cairn Energy India Pty Limited and the Company in respect of Block KG-OSN-2009/3, duly amended vide Amendment No.1. Currently, the Company holds 100% Participating Interest in the Block.
7.	Production Sharing Contract dated 30 June 2010 between the Government of India, Cairn Energy India Pty Limited and the Company in respect of Contract Area MB-DWN-2009/1, duly amended vide Amendment No.1. Currently, the Company holds 100% Participating Interest in the Block.

\* \* \* \* \*



**REPORT OF THE AUDIT COMMITTEE OF VEDANTA LIMITED ('VEDANTA' OR 'THE COMPANY') FOR MERGER OF CAIRN INDIA LIMITED ('CAIRN') WITH VEDANTA**

**Present**

- |                       |          |
|-----------------------|----------|
| 1. Mr. Ravi Kant      | Chairman |
| 2. Mr. Naresh Chandra | Member   |

**BY INVITATION:**

- |                        |   |
|------------------------|---|
| 1. Mr. Thomas Albanese | Whole-Time Director & Chief Executive Officer |
| 2. Mr. Tarun Jain      | Whole-Time Director                           |
| 3. Mr. DD Jalan        | Whole-Time Director & Chief Financial Officer |
| 4. Mr. GR Arun Kumar   | Deputy Chief Financial Officer                |
| 5. Ms. Pooja Somani    | General Manager – Mergers & Acquisitions      |
| 6. Mr. Mehul Shah      | Partner, Khaitan & Co.                        |
| 7. Mr. Hiten K. Kotak  | Partner, Price Waterhouse & Co LLP            |
| 8. Mr. Neeraj Garg     | Partner, PwC                                  |
| 9. Mr. Rajan Wadhawan  | Partner, PwC                                  |
| 10. Ms. Ashwini Modi   | Manager, Walker Chandiok & Co LLP             |
| 11. Mr. Premnath Iyer  | Partner, Lazard India Private Limited         |
| 12. Mr. Deepak Sharma  | Director, Lazard India Private Limited        |

**IN ATTENDANCE:**

Ms. Bhumika Sood Deputy Company Secretary

—  
Member Attending through Audio Call (with express permission of the Chairman)

Ms. Lalita D. Gupte, Independent Director, participated in the discussion via audio call.

**1. Background**

- 1.1 A meeting of the Audit Committee of Vedanta Limited ("**Vedanta**" or "**the Company**") was held on June 14, 2015 to consider and recommend to the Board of Directors a scheme of arrangement between Cairn India Limited ("**Cairn**") and Vedanta and their respective shareholders and creditors ("**Scheme**"). The Audit Committee, at such meeting on June 14, 2015, based on the Exchange Ratio Report prepared by Price Waterhouse & Co LLP and Walker Chandiok & Co LLP, Independent Chartered Accountants and Fairness Opinion issued by Lazard India Private Limited, an Independent Category I Merchant Banker, had recommended the Scheme for its approval to the Board of Directors of the Company.
- 1.2 The Board of Directors at its meeting held on June 14, 2015 had considered the recommendations of the Audit Committee and approved the Scheme.

*Dk*



- 1.3 The changing climate of the Indian markets and the variation in prices of commodities warranted a re-assessment of the share exchange ratio and hence Price Waterhouse & Co LLP and Walker Chandiok & Co LLP, Independent Chartered Accountants were requested to provide a revised joint share exchange ratio report ("**Joint Exchange Ratio Report**") and Lazard India Private Limited, an Independent Category I Merchant Banker were requested to provide a revised fairness opinion ("**Fairness Opinion**") on such Joint Exchange Ratio Report.
- 1.4 Pursuant to this, a meeting of the Audit Committee of Vedanta was held on July 22, 2016 to consider and recommend to the Board of Directors a revised scheme of arrangement with the revised share exchange ratio, based on the revised Joint Exchange Ratio Report and the revised Fairness Opinion. The Audit Committee was further required to consider other changes proposed to the Scheme that include: (i) change of the Appointed Date (as defined in the Scheme) from April 1 2015 to April 1, 2016; and (ii) Substituting the accounting treatment to account in terms of IndAS 103 (Business Combinations). A copy of the draft revised Scheme was tabled before the Audit Committee for their approval and recommendation before the Board.
- 1.5 This report of the Audit Committee is made in accordance with the requirements of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("**SEBI Circular**").
- 1.6 This report is made after considering the following revised documents:
- Draft scheme of arrangement,;
  - Joint Exchange Ratio Report dated July 22, 2016 issued by Price Waterhouse & Co LLP and Walker Chandiok & Co LLP, Independent Chartered Accountants;
  - Fairness Opinion dated July 22, 2016 issued by Lazard India Private Limited, an Independent Category I Merchant Banker providing the fairness opinion on the revised share exchange ratio recommended in the Joint Exchange Ratio Report.

## **2. Proposed Revisions to the Share Exchange Ratio**

- 2.1. The Audit Committee discussed and noted the rationale of the revisions to the share exchange ratio considering a significant and rapid change in the economic and financial markets and the commodity prices.
- 2.2. The Audit Committee reviewed the Joint Exchange Ratio Report and noted that the said report recommended the following:
- In consideration of merger of Cairn into Vedanta, every equity shareholder of Cairn would receive 1 (One) Equity Share of Vedanta Limited (of INR 1/- each fully paid up), and 4 (Four) Preference Share of Vedanta Limited (of INR 10/- each fully paid up) for 1 (One) equity share of Cairn India Limited (of INR 10/- each fully paid up)
- No shares would be issued to the Company or its subsidiary for their shareholding in Cairn India.
- 2.3. Further, the Fairness Opinion confirmed that the revised share exchange ratio in the Joint Exchange Ratio Report is fair to the Company and its shareholders.
- 2.4. The Audit Committee further considered other changes proposed to the Scheme that include: (i) change of the Appointed Date (as defined in the Scheme) from 1 April 2015 to 1 April 2016; and



(ii) substitution of the accounting treatment to account in terms of INDAS 103 (Business Combinations).

**3. Recommendation of the Audit Committee**

The Audit Committee recommends the draft revised Scheme, taking into consideration the Joint Exchange Ratio Report and the Fairness Opinion and the changes to the Appointed Date and the substitution of the accounting treatment, for favorable consideration by the Board of Directors of the Company.

**By Order of the Audit Committee**

For and on behalf of

**VEDANTA LIMITED**

A handwritten signature in black ink, appearing to read 'Ravi Kant', is written over a horizontal line.

**Ravi Kant**

**Chairperson of the Audit Committee for the Meeting**

DATE: July 22, 2016

PLACE: Mumbai

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**REPORT OF THE AUDIT COMMITTEE OF CAIRN INDIA LIMITED ('CAIRN' OR 'THE COMPANY') FOR MERGER OF CAIRN WITH VEDANTA LIMITED ('VEDANTA')**

**Present**

- |                      |          |
|----------------------|----------|
| 1. Mr Aman Mehta     | Chairman |
| 2. Dr Omkar Goswami  | Member   |
| 3. Mr Edward T Story | Member   |

**BY INVITATION:**

Mr. Sudhir Mathur	CFO & Acting CEO
Mr. Sunil Bohra	Dy. CFO
Mr. Sandeep Budhiraja	Dy. CS
Mr. Dhiraj Kapoor	DGM – CS
Mr. Vikas Kothari	JM Financial Institutional Securities Limited
Mr. Deven Kampani	JM Financial Institutional Securities Limited
Mr. Jagan Dholakhia	JM Financial Institutional Securities Limited
Mr. Jitesh Agarwal	JM Financial Institutional Securities Limited
Mr. Venugopal	JM Financial Institutional Securities Limited
Mr. Gautam Dhariwal	DSP Merrill Lynch
Mr. Raj Balakrishnan	DSP Merrill Lynch
Mr. Haigreave Khaitan	Khaitan & Co.
Mr. Khushno B Panthaky	Walker Chandio & Co. LLP
Ms. Darshana Kadakia	Walker Chandio & Co. LLP
Mr. Anand Shah	Price Waterhouse & Co LLP

**IN ATTENDANCE:**

Ms. Neerja Sharma, Director – Assurance & Communication and Company Secretary

**1. Background**

- 1.1 A meeting of the Audit Committee of Cairn India Limited (“**Cairn**” or “**the Company**”) was held on 14 June 2015 to consider and recommend to the Board of Directors a scheme of arrangement between Cairn India Limited and Vedanta Limited (“**Vedanta**”) and their respective shareholders and creditors (“**Scheme**”). The Audit Committee, at such meeting on 14 June 2015, based on the share exchange ratio report prepared by Price Waterhouse & Co LLP and Walker Chandio & Co LLP, Independent Chartered Accountants and fairness opinions issued by JM Financial Institutional Securities Limited and DSP Merrill Lynch Limited, both Independent Category I Merchant Bankers, had recommended the Scheme for its approval to the Board of Directors of the Company.



- 1.2 The Board of Directors at its meeting held on 14 June 2015 had considered the recommendations of the Audit Committee and approved the Scheme.
- 1.3 The changing climate of the Indian markets and the variation in prices of commodities warranted a re-evaluation of the share exchange ratio and hence a fresh and revised joint share exchange ratio report was prepared by Price Waterhouse & Co LLP and Walker Chandiok & Co LLP, Independent Chartered Accountants ("**Joint Exchange Ratio Report**") and a fresh and revised fairness opinion was issued by JM Financial Institutional Securities Limited and DSP Merrill Lynch Limited, both Independent Category I Merchant Bankers ("**Fairness Opinions**").
- 1.4 Pursuant to this, a meeting of the Audit Committee of Cairn was held on 22 July 2016 to consider the revised share exchange ratio, based on the revised Joint Exchange Ratio Report and the revised Fairness Opinions and recommended to the Board of Directors a revised share exchange ratio under the Scheme. The Audit Committee was further required to consider other changes proposed to the Scheme that include: (i) change of the Appointed Date (as defined in the Scheme) to 1 April 2016; and (ii) substitution of the accounting treatment to account in terms of INDAS 103 (Business Combinations). A copy of the draft revised Scheme was tabled before the Audit Committee for their approval and recommendation before the Board.
- 1.5 This report of the Audit Committee is made in accordance with the requirements of SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30 November 2015 ("**SEBI Circular**").
- 1.6 This report is made after considering the following revised documents:
- Draft revised scheme of arrangement, duly initialed by the Company Secretary of the Company for the purpose of identification;
  - Joint Share Exchange Ratio Report dated 22 July 2016 issued by Price Waterhouse & Co LLP and Walker Chandiok & Co LLP, Independent Chartered Accountants;
  - Fairness Opinions each dated 22 July 2016 issued by JM Financial Institutional Securities Limited and DSP Merrill Lynch Limited, Independent Category I Merchant Bankers providing their Fairness Opinion on the revised share exchange ratio recommended in the Joint Exchange Ratio Report.

## **2. Proposed Revisions to the Share Exchange Ratio**

- 2.1. The Audit Committee discussed and noted the rationale of the revisions to the share exchange ratio considering a significant and rapid change in the economic and financial markets and the commodity prices.
- 2.2. The Audit Committee reviewed the Joint Exchange Ratio Report and noted that the said report recommended the following:

In consideration of merger of Cairn into Vedanta, each Cairn India minority shareholder will receive for each equity share held:





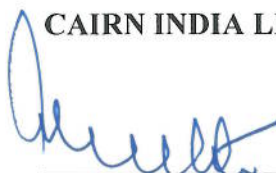
- 1 equity share in Vedanta Limited; and
  - 4 Redeemable Preference Shares with a face value of INR 10 in Vedanta Limited, with a coupon of 7.5% and tenure of 18 months from issuance.
- 2.3. Further, the Fairness Opinions confirmed that the revised share exchange ratio in the Joint Exchange Ratio Report is fair to the Company and its shareholders.
- 2.4. The Audit Committee further considered other changes proposed to the Scheme that include: (i) change of the Appointed Date (as defined in the Scheme) to 1 April 2016; and (ii) substitution of the accounting treatment to account in terms of INDAS 103 (Business Combinations).

### **3. Recommendation of the Audit Committee**

The Audit Committee recommends the draft revised Scheme, taking into consideration the revised Joint Exchange Ratio Report and the Fairness Opinions and the change to the Appointed Date and substitution of the accounting treatment for favorable consideration by the Board of Directors of the Company.

#### **By Order of the Audit Committee**

For and on behalf of

 **CAIRN INDIA LIMITED**

**Chairman of the Audit Committee**

DATE: 22 July 2016

PLACE: Mumbai



Price Waterhouse & Co LLP  
Chartered Accountants  
252, Veer Savarkar Marg  
Shivaji Park, Dadar (West)  
Mumbai 400 028

Walker Chandiok & Co LLP  
Chartered Accountants  
16<sup>th</sup> Floor, Tower II, India Bulls Finance Centre  
S B Marg, Elphinstone (West)  
Mumbai 400 013

**Private and Confidential**

22 July 2016

To,

**The Board of Directors**

Vedanta Limited  
20, Sesa Ghor  
EDC Complex  
Patto, Panjim  
Goa 403001

**The Board of Directors**

Cairn India Limited  
101, 1<sup>st</sup> Floor, C-Wing, Corporate Square  
Andheri-Kurla Road  
Andheri (E)  
Mumbai 400 059

**Sub: Recommendation of updated Share Exchange Ratio for the proposed merger of Cairn India Limited with Vedanta Limited**

Dear Sir / Madam,

We refer to our ongoing discussions and respective engagement letters, whereby Vedanta Limited and Cairn India Limited (together referred to as the 'Specified Companies'/'Companies'/'Clients'/'you') have requested Price Waterhouse & Co LLP ('PW&Co') and Walker Chandiok & Co LLP ('WCC'), respectively, to recommend an updated Share Exchange Ratio (as defined hereinafter) for the proposed merger of Cairn India Limited ('Cairn India') with Vedanta Limited ('Vedanta India').

PW&Co and WCC are together referred to as 'Valuers' or 'we' or 'us' and individually referred to as 'Valuer' in this updated joint Share Exchange Ratio Report ('Share Exchange Ratio Report' or 'Report').

**SCOPE AND PURPOSE OF THIS UPDATED REPORT**

Vedanta India, formerly known as Sesa Sterlite Limited, is a subsidiary of Vedanta Resources Plc ('Vedanta UK'). Vedanta India is a leading natural resources company with substantial interests in Zinc, Lead, Silver, Copper, Iron ore, Aluminium, Power and Oil & Gas. Cairn India, Hindustan Zinc Limited, BALCO Limited, Talwandi Sabo Power Limited and MALCO Energy Limited are amongst the subsidiaries of Vedanta India. Equity shares of Vedanta India are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). American Depository Shares ('ADS') of Vedanta India are listed on the New York Stock Exchange. Equity shares of Hindustan Zinc Limited are listed on BSE and NSE.

Cairn India, a subsidiary of Vedanta India, is one of the largest independent oil and gas exploration and production companies in India. Cairn India contributed to around one-fourth of India's domestic crude oil production in FY16. Equity shares of Cairn India are listed on BSE and NSE.

The Board of Directors of Vedanta India and Cairn India has approved a scheme of Arrangement under section 391-394 of the Companies Act, 1956 ('Scheme') for the merger of Cairn India into Vedanta India ('the Transaction'), as on 14 June 2015. In connection with the aforementioned, the Valuers issued a joint share exchange ratio report dated 14 June 2015.

Post issuance of the above referred joint share exchange ratio report, significant developments have taken place in the operating domains of the Specified Companies which *inter-alia* include significant movement in the commodity prices and various cost savings measures initiated by the Specified Companies. Accordingly, the Management has now requested the Valuers to provide an updated joint share exchange ratio report ('Share Exchange Ratio Report' or 'Report'), based on the updated information to be made available by the Management. We understand that there would be no change in



the Scheme except the number of preference shares to be issued to the shareholders of Cairn India, as follows:

Pursuant to the Scheme, as a consideration for the merger, Vedanta India would now issue to the shareholders of Cairn India:

- a) 4 (four) redeemable preference share of face value INR 10 each of Vedanta India ('Preference Share') for 1 (one) equity share of face value INR 10/- each of Cairn India, and
- b) Such number of equity shares as determined based on the updated Share Exchange Ratio.

Share Exchange Ratio ('Share Exchange Ratio') is defined as the ratio in which the equity shareholders of Cairn India shall be entitled to receive equity shares in Vedanta India in lieu of their holding in Cairn India, after considering (a) above.

We understand that the Appointed Date for the proposed merger is 1 April 2016.

For the aforesaid purpose, the Companies have appointed the Valuers to submit a Report recommending a Share Exchange Ratio to be placed before the Audit Committees/ Board of Directors of the Companies.

The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of the Companies and report on the Share Exchange Ratio for the Transaction in accordance with generally accepted professional standards.

The Valuers have been appointed severally and not jointly and have worked independently in their analysis. Both the Valuers have received information and clarifications from the Companies. Valuers have independently arrived at different values per share of the two Companies. However, to arrive at a consensus on the Updated Share Exchange Ratio for the proposed merger, appropriate averaging and rounding off in the values arrived at by the Valuers have been done.

We have been provided with historical financial information for the Companies upto 31 March 2016. We have considered the same in our analysis and made adjustments for further facts made known (past or future) to us till the date of our Report. The current valuation does not factor impact of any event which is unusual or not in normal course of business. We have relied on the above while arriving at the Share Exchange Ratio for the Transaction.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

## SOURCES OF INFORMATION

In connection with this exercise, we have used the following information about the Companies received from the Management and/or gathered from public domain:

- Stand alone and consolidated audited financial statements of the Companies for the 3 years ended 31 March 2016;
- Projected financials/ cash flows of the Companies (including their key operating subsidiaries) which represent respective management's best estimates of the projected performance of the Companies and their key operating subsidiaries (together referred to as the 'Financial Projections');
- Market prices of equity shares of Vedanta India, Cairn India and Hindustan Zinc Limited;
- Scheme of Arrangement ('Scheme');
- Updated key terms of the Preference Shares;
- Discussions with the Management in connection with the business operations of the Companies and their key operating subsidiaries, past trends, future plans and prospects, etc;
- Details of ESOPs outstanding, if any, in the Companies;
- Other information and documents for the purpose of this engagement.





The Companies have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

#### **SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to and based on (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the date of this Report, (iii) the financial statements of the Companies as at 31 March 2016, and (iv) Financial Projections and other information provided by the Management. The Management has represented that the business activities of Vedanta India and Cairn India, including their subsidiaries and associates, as applicable, have been carried out in the normal and ordinary course between 31 March 2016 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 31 March 2016 and the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single share exchange ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for decision of the Share Exchange Ratio at which the proposed merger shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.

In the course of the analysis, we were provided with both written and verbal information, including market, financial and operating data.

We must emphasize that the Financial Projections are prepared by the management of the respective companies and provided to us for the purpose of our analysis. The fact that we have considered the Financial Projections in this exercise should not be construed or taken as our being associated with or a party to such projections. Realisations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the Financial Projections. Since



the Financial Projections relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

In accordance with the terms of our respective engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter(s) and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies/ its key operating subsidiaries and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Companies. Our conclusion assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

We are not advisors with respect to legal tax and regulatory matters for the Transaction. No investigation of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

This Report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the outcome of the transaction.

We owe responsibility to only the Boards of Directors of the respective company that has appointed us under the terms of our respective engagement letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.



We do not accept any liability to any third party in relation to the issue of the Report and our Report is conditional upon an express indemnity from the Companies in our favour holding us harmless from and against any cost, damage, expense and other consequences in connection with the provision of this Report. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India. PW&Co and WCC have not prepared the Report for inclusion in a registration statement under the US Securities Act of 1933 and would not be referred to as an 'expert' in any regulatory filings under the US Securities Act of 1933 or under any of the securities laws/ regulations of any other state or jurisdiction in the United States/ United Kingdom.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Transaction and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

This Report supersedes our previous joint share exchange ratio report dated 14 June 2015.

## BACKGROUND OF COMPANIES

### Vedanta India

Vedanta Resources Plc ('Vedanta UK') is globally diversified natural resources company and through its subsidiaries have business interests in Zinc, Lead, Silver, Copper, Iron ore, Aluminium, Power and Oil & Gas. Equity shares of Vedanta UK are listed on London Stock Exchange.

Vedanta India, formerly known as Sesa Sterlite Limited, is a subsidiary of Vedanta UK. Vedanta India is a leading natural resources company which operates in the Zinc, Lead, Silver, Copper, Iron ore, Aluminium, Power and Oil & Gas sectors. Cairn India, Hindustan Zinc Limited, BALCO Limited, Talwandi Sabo Power Limited and MALCO Energy Limited are amongst the subsidiaries of Vedanta India. Equity shares of Vedanta India are listed on BSE and NSE. ADS of Vedanta India are listed on the New York Stock Exchange. Equity shares of Hindustan Zinc Limited are listed on BSE and NSE.

The issued and subscribed equity share capital of Vedanta India as at 31 March 2016 is INR 2,965 million consisting of 2,965,004,871 equity shares of face value of INR 1 each. The shareholding pattern of Vedanta India as at 31 March 2016 is as follows:



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Shareholding Pattern as on 31 March 2016	No of equity shares @	% Share Holding
<b>Promoter and Promoter Group</b>		
- Equity shares	1,764,676,160	59.5%
- Equity shares held by the custodian against which depository receipts have been issued	99,292,708	3.4%
<b>Sub-total : Promoter and Promoter Group</b>	<b>1,864,025,368</b>	<b>62.9%</b>
<b>Non Promoters</b>		
- Equity shares #	972,144,091	32.8%
- Equity shares held by the custodian against which depository receipts have been issued	128,891,912	4.3%
<b>Sub-total : Non-promoters</b>	<b>1,100,979,503</b>	<b>37.1%</b>
<b>Total (including shares held by the custodian against which depository receipts have been issued)</b>	<b>2,965,004,871</b>	<b>100.0%</b>

@ Face value INR 1 each

# Including 310,632 equity shares held by the erstwhile shareholders of Sterlite Industries (India) Limited which have been kept in abeyance

Source: BSE filing (As at 31 March 2016)

## Cairn India

Cairn India, a subsidiary of Vedanta India, is one of the largest independent oil and gas exploration and production companies in India. Vedanta India, directly and indirectly, through its subsidiaries holds ~59.9% equity stake in Cairn India as at 31 March 2016. Cairn India contributed about one-fourth of India's domestic crude oil production. Equity shares of Cairn India are listed on BSE and NSE.

The issued and subscribed equity share capital of Cairn India as at 31 March 2016 is INR 18,748.6 million consisting of 1,874,862,481 equity shares of face value of INR 10 each. The shareholding pattern of Cairn India as at 31 March 2016 is as follows:

Shareholding Pattern as on 31 March 2016	No of equity shares @	% Share Holding
Promoter and Promoter Group	1,122,713,999	59.9%
Non Promoters	752,148,482	40.1%
<b>Grand Total</b>	<b>1,874,862,481</b>	<b>100.0%</b>

@ Face value INR 10 each

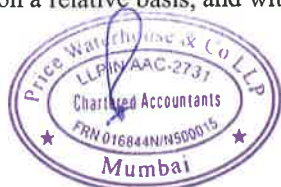
Source: BSE filing (As at 31 March 2016)

In addition, as at date, Cairn India has 9,440,746 outstanding employee stock options and 4,898,100 outstanding phantom options.

The Management has informed us that there would not be any capital variation in the Companies till the Transaction becomes effective other than on account of the existing employee stock option plans ('ESOP').

## APPROACH - BASIS OF SHARE EXCHANGE RATIO

The proposed Scheme contemplates the merger of Cairn India into Vedanta India pursuant to the Scheme. Arriving at the Share Exchange Ratio for the proposed merger of Cairn India into Vedanta India would require determining the value of the equity shares of Cairn India and Vedanta India, independently but on a relative basis, and without considering the current Transaction.



Vedanta India holds investment in equity shares of other companies. Cairn India, Hindustan Zinc Limited, BALCO Limited, Talwandi Sabo Power Limited and MALCO Energy Limited are amongst the subsidiaries of Vedanta India. Considering the aforementioned, equity value of Vedanta India has been arrived at on a 'sum of parts' basis, considering value its own business operations and value of its investments held in other companies. Similarly, Cairn India has operating fields at different stages, accordingly equity value of Cairn India has been arrived on a 'sum of the parts' basis considering the key operating fields.

As discussed below, there are several commonly used and accepted methods for determining the value of the equity shares of a company / business, which have been considered in the present case, to the extent relevant and applicable:

1. Market Price method;
2. Comparable Companies' Quoted Multiple ('CCM')/ Comparable Transaction Multiple ('CTM') method;
3. Discounted Cash Flows method; and
4. Net Asset Value method

#### **Market Price (MP) Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of the Companies are listed on BSE and NSE and there are regular transactions in their equity shares with adequate volumes. For determining the value of the Companies under the market price methodology, the share price observed on NSE for the respective Companies over a reasonable period have been considered, as the traded turnover of shares of the Companies on NSE is higher than that on BSE.

#### **Comparable Companies' Quoted Multiple ('CCM')/ Comparable Transaction Multiple ('CTM') method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Vedanta India is a leading natural resources company with substantial interests in Zinc, Lead, Silver, Copper, Iron ore, Aluminium, Power and Oil & Gas. Cairn India is one of the largest independent oil and gas exploration and production companies in India. Natural resource companies can vary in terms of quantity, quality and geographical location of reserves and resources, product portfolio, operating and capital cost structure, terms and tenor of production sharing agreements, etc. Accordingly, for our analysis we have not considered CCM method.

We have not used CTM method as in addition to the aforementioned factors transaction multiples may also include acquirer specified considerations, synergy benefits, control premium and minority adjustments.





### Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to to the firm/ the equity shareholders are discounted at the weighted average cost of capital/ cost of equity. The sum of the discounted value of such free cash flows is the value of the firm / equity.

Using the DCF analysis involves determining the following:

#### *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital.

#### *Appropriate discount rate to be applied to cash flows i.e. the cost of equity:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the capital providers/ equity capital providers (namely shareholders). The opportunity cost equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of DCF valuation, the free cash flow forecast is based on Financial Projections as provided by the Management. While carrying out this engagement, we have relied extensively on historical information made available to us by the management of the Companies and the respective Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

To arrive at the total value available to the equity shareholders of Vedanta India and Cairn India, value arrived above under DCF method is adjusted, as appropriate, for value of investments of Vedanta India, cash and cash equivalent, borrowings, surplus assets, tax benefit, adjustment for ESOPs, deferred tax liabilities, contingent liabilities and other matters. The total value is then divided by diluted equity shares (considering ESOPs, as appropriate) to arrive at the value per equity share.

### Net Asset Value (NAV) Methodology

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A scheme of arrangement would normally be proceeded with, on the assumption that the companies merge as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of greater importance to the basis of merger, with the values arrived at on the net asset basis being of limited relevance. However, NAV Methodology has been considered since both entities have significant capital employed on physical assets in their balance sheet.

We have computed the Net Asset Value of equity shares of the Companies as per balance sheet as at 31 March 2016. Adjustments, as appropriate, have been made for contingent liabilities, value of investments of Vedanta India and other matters. The total value is then divided by diluted equity shares (considering ESOPs, as appropriate) to arrive at the value per equity share.

### BASIS OF SHARE EXCHANGE RATIO

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions,



the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Key terms of Preference Shares are as under:

- Face Value: INR 10 each
- Preference share coupon: 7.5% per annum
- Redemption: 18 months

The basis of Share Exchange Ratio of the Cairn India into Vedanta India would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a Share Exchange Ratio of equity share it is necessary to arrive at a single value for each company's equity share. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies but at their relative values to facilitate the determination of a Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various methodologies explained herein earlier, issue of Preference Shares of Vedanta India to the equity shareholders of Cairn India and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.

Valuers, as considered appropriate, have independently applied methodologies discussed above and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the Share Exchange Ratio for the proposed merger suitable averaging and rounding off in the values arrived at by the Valuers have been done.



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In view of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following exchange ratio for the merger of Cairn India Limited into Vedanta Limited:


- 1 (one) equity share of Vedanta Limited of INR 1/- each fully paid up, and
- 4 (four) Preference Share of Vedanta Limited of INR ~~10~~/- each fully paid up

for

- every 1 (one) equity share of Cairn India Limited of INR 10/- each fully paid up.

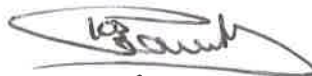
Respectfully submitted,

Price Waterhouse & Co LLP  
Chartered Accountants  
ICAI FRN: 016844N/ N500015



Rajan Wadhawan  
Partner  
Membership No: 090172  
Date: 22 July 2016

Walker Chandiok & Co. LLP  
Chartered Accountants  
ICAI FRN: 001076N/N500013



Khushroo B. Panthaky  
Partner  
Membership No: F42423  
Date: 22 July 2016



# LAZARD

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22<sup>nd</sup> July 2016

The Board of Directors  
Vedanta Limited  
20 Sesa Ghor  
EDC Complex  
Patto  
Panjim  
Goa 403001  
India

Dear Members of the Board,

1. Vedanta Limited, a listed Indian limited company (the **Company**), announced on 14th June 2015 a proposal to amalgamate and merge Cairn India Limited, an Indian limited company (**Cairn India**), into the Company by entering into a scheme of arrangement under sections 391-394 of the Indian Companies Act, 1956 (read in conjunction with sections 100-103 of the Companies Act, 1956 and section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013) (the **Transaction**).

Under the original terms of the Transaction, the Company proposed that each holder of Cairn India shares (other than the Company and its subsidiaries) would receive for each share of Cairn India (**Cairn India Share**): (i) one equity share in the Company (the **Company Shares**) and (ii) one redeemable preference share in the Company, with a par value of Rs. 10, a dividend of 7.5% per annum payable annually at the end of each financial year and a maturity of 18 months, upon which redemption would be in cash (the **Company Preference Shares**) ((i) and (ii) together, the **Original Exchange Ratio**).

We understand that the Company proposes to pursue the Transaction after revising the Original Exchange Ratio, pursuant to which, among other things, the Company would issue, and each holder of Cairn India Shares (other than the Company and its subsidiaries) would receive for each Cairn India Share (a) one Company Share and (b) 4 Company Preference Shares ((a) and (b) together, the **Revised Exchange Ratio**).

The terms and conditions of the Transaction are more fully set out in the draft scheme document that was provided to us on 21<sup>st</sup> July 2016 (the **Draft Scheme Document**) the

Lazard India Private Limited  
Registered Office  
Level - 7 C, The IL&FS Financial Centre,  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051  
+91 22 6752 6000 phone  
www.lazard.com



final version of which will be filed by the aforementioned companies with the appropriate courts in India.

2. For the aforesaid purpose, the Company and Cairn India have appointed Price Waterhouse & Co LLP and Walker Chandiook & Co. LLP (jointly the **Valuers**) to prepare a joint valuation report (the **Valuation Report**) in relation to the Revised Exchange Ratio.
3. You have requested our opinion as of the date hereof as to the fairness, from a financial point of view, to the Company of the Revised Exchange Ratio provided for in the Transaction.
4. In connection with this opinion, we have:
  - (i) reviewed the Draft Scheme Document;
  - (ii) reviewed certain publicly available historical and forecast financial and operational information with respect to Vedanta Resources Plc, the ultimate parent entity of the Company, the Company and Cairn India available in their respective annual and interim reports, production updates, company presentations and selected analyst research reports;
  - (iii) reviewed certain historical business and financial information relating to the Company and Cairn India, as provided by the Company;
  - (iv) reviewed various internal financial forecasts and other data provided to us by the Company throughout July 2016 relating to the business of the Company and Cairn India, including, but not limited to, operating models and life of mine valuation models in relation to the Company and Cairn India;
  - (v) held discussions with members of the respective senior management teams of the Company and Cairn India with respect to their views regarding the business and prospects of the Company and Cairn India and the assumptions made in constructing the forecasts;
  - (vi) held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilised by them in preparing the Valuation Report and recommendation;
  - (vii) primarily considered forward curve and spot commodity pricing scenarios based on the information available to us at the date hereof, in addition to making reference to consensus analysts' estimates for commodity pricing;
  - (viii) reviewed certain publicly available financial information with respect to certain other companies in lines of business we believe to be generally relevant in the context of the businesses of the Company and Cairn India, respectively;
  - (ix) reviewed historical stock prices and trading volumes of the Company Shares and Cairn India Shares; and
  - (x) performed such other financial analyses and considered such other information and factors as we deemed appropriate.



In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and we have relied upon the respective assurances of the management teams of the Company and Cairn India that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the financial forecasts utilized in our analyses, we have been advised by the Company, and we have assumed, that they have been approved by senior management of the Company and Cairn India and have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of the Company and Cairn India as to the future financial performance of the respective companies in compliance with all applicable accounting and legal requirements. We have assumed, without independent verification, that there are no undisclosed, material liabilities of or relating to the Company or Cairn India or any other relevant entity. We have assumed that the intercompany receivable at Cairn India, payable by the Company, is treated as cash when assessing the valuation of Cairn India to the Company. We express no opinion on the Company's or Cairn India's mining or exploration licenses or in relation to any potential mine life extensions or future licensing. We have assumed that Cairn India should be able to extend the Rajasthan Production Sharing Contract to which it is a party to 2030 on its existing terms. In our analysis, we have adjusted on a probability weighted basis certain of the Company's projected expansion plans, but we express no view on Company's or Cairn India's expansion plans or development projects. We have assumed a holding company discount would be applied to the divisions of the Company not wholly owned by it. We assume no responsibility for, and express no view as to, any of the aforementioned forecasts or the assumptions on which they are based. We have not conducted or been provided with any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of the Company or Cairn India nor have we conducted any due diligence or made any physical inspection of the properties or assets of the Company or Cairn India. We have not evaluated the solvency or fair value of the Company or Cairn India either under the laws of India or other laws relating to bankruptcy, insolvency or similar matters.

5. We have been informed by the Company that it has not factored any potential synergy benefits into its management forecasts and that such forecasts have been prepared on a standalone basis.
6. With respect to the Valuation Report, we have assumed that it has been reasonably prepared on the basis of the best currently available estimates and judgments of the Valuers. We have not independently verified or validated, nor do we express any opinion on, the financial, market, technical or operating forecasts and other information or data provided to or otherwise reviewed by or discussed with us, or the views of the respective managements of the Company and Cairn India as to the future business, operations and prospects of the Company or Cairn India or any underlying assumptions with respect thereto.
7. Our opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we

assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. We do not express any opinion as to the actual value of the Company Shares when issued pursuant to the Transaction or the price at which the Company Shares, the Company's depository receipts or Cairn India Shares may trade at any time subsequent to the announcement of the Transaction. In addition, we express no view on future commodity pricing and for the purposes of rendering this opinion, as the Company is aware, we have relied without independent investigation primarily on forward curve and spot pricing for oil and other commodity prices as of the date hereof, rather than consensus analyst projections.

8. We also have assumed, with your consent, that the Transaction will be consummated in accordance with the terms described in the Draft Scheme Document and in compliance with all applicable laws and other requirements, without waiver, modification or amendment of any material term, condition or agreement meaningful to our analyses or opinion and that, in the course of obtaining the necessary regulatory, shareholders, creditor or third party approvals or consents and releases for the Transaction, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on the Company, Cairn India or the Transaction (including the contemplated benefits thereof). We have also assumed, with the consent of Company, that obtaining the necessary governmental, regulatory, judicial or other third party approvals, consents, releases and waivers for the Transaction, including any delay or divestiture requirements or amendments or modifications, will not have an adverse effect on the Company, Cairn India or the Transaction. We have assumed, at the direction of the Company, that the final scheme document will not differ in any material respect from the Draft Scheme Document reviewed by us.
9. We have been informed by the Company that the Transaction will be treated as a tax-free reorganization for Indian income tax purposes. We have assumed, as discussed with the Company, that the potential withholding tax liability at Cairn India associated with the reorganisation in 2006-07 of the Cairn Energy Plc group, the ultimate parent entity of Cairn India at the time of the transaction (the *Cairn Parent*), and the related attachment by Indian authorities of certain Cairn India shares held by the Cairn Parent, will have no material impact on the fairness, from a financial point of view, to the Company of the Revised Exchange Ratio. We do not express any opinion as to any tax or other consequences that might result from the Transaction, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Company has obtained such advice as it deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities to which the Company or Cairn India is or may be a party or is or may be subject or of any governmental investigation of any ongoing or possible unasserted claims or other contingent liabilities to which the Company, Cairn India or any of their respective affiliates is or may be a party or is or may be subject.
10. We express no view or opinion as to any terms or other aspects of the Transaction (other than the Revised Exchange Ratio to the extent expressly specified herein) including, without limitation, the form or structure of the Transaction or the terms of the Company

Preference Shares. We were not requested to, and we did not, participate in the negotiation of the terms of the Transaction. Our opinion is limited to the fairness, from a financial point of view, to the Company of the Revised Exchange Ratio provided for in the Transaction, our analysis primarily relates to the relative values of the Company and Cairn India and we express no opinion or view with respect to the financial implications of the Transaction for any stakeholders, including creditors of the Company. Our opinion does not address any terms (other than the Revised Exchange Ratio to the extent expressly specified herein) or other aspects or implications of the Transaction, including, without limitation, the form or structure of the Transaction or otherwise. We express no view as to, and our opinion does not address, the underlying business decision of the Company to effect the Transaction, the impact of the Transaction on the Company or any of its affiliates, including, without limitation, possible implications on ownership structure, listing format or capital structure, the relative merits of the Transaction as compared to any alternative business strategies that might exist for the Company or any other transaction in which the Company might engage, and the Company remains solely responsible for the commercial assumptions on the basis of which it agrees to proceed with the Transaction. Our opinion is necessarily based only upon information as referred to in this letter. As you are aware, the credit, financial and stock markets have experienced volatility and oil and certain other commodities' prices have fallen significantly, and we express no opinion or view as to any potential effects of such volatility or price falls on the Company, Cairn India or the Transaction.

11. We and our affiliate Lazard & Co., Limited are acting as financial adviser solely to the Company in connection with the Transaction and will receive a fee for providing this opinion. In addition, the Company has agreed to reimburse our expenses and to indemnify us against certain liabilities arising out of our engagement. We and other members of the Lazard Group (defined as Lazard Ltd and its direct and indirect subsidiaries) in the past have provided, and in the future may provide, certain investment banking services to the Company or its affiliates, for which we have received and may receive compensation. In addition, in the ordinary course, certain members of the Lazard Group and some employees within the Lazard Group may trade securities of the Company and Cairn India for their own accounts and for the accounts of their clients, may at any time hold a long or short position in such securities, and may also trade and hold securities on behalf of the Company, Cairn India and certain of their respective affiliates. The issuance of this opinion was approved by an opinion committee within the Lazard Group.
12. Our engagement and the opinion expressed herein are solely for the benefit of the Board of Directors of the Company (in its capacity as such) and our opinion is rendered to the Board of Directors of the Company in connection with its evaluation of the Transaction and is not rendered to or for the benefit of, and shall not confer any rights or remedies upon, any person other than the Board of Directors of the Company. Delivery of our opinion does not create any fiduciary, equitable or contractual duties on us (including, without limitation, any duty of trust or confidence). Our opinion is not intended to, and does not, constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the Transaction or any matter relating thereto. This opinion may not be disclosed or otherwise referred to, nor may our opinion be used or relied upon by any third party for any purpose whatsoever, except: (i) with our prior written consent in each instance; (ii) as required by law or regulation to be disclosed by

the Company to the concerned Indian Courts of law or any other person in relation to the aforementioned scheme of arrangement, in the Company's shareholders' circular related to the Transaction or pursuant to the listing agreements between the Company and the stock exchanges and the circulars issued by the Securities and Exchange Board of India; and (iii) that this opinion may be disclosed as an exhibit to a current report on Form 6-K furnished to the U.S. Securities and Exchange Commission by the Company. This opinion has been issued for the sole purpose listed in clause (ii) of the immediately preceding sentence and shall not be valid for any other purpose.

13. Based on and subject to the foregoing, including the various assumptions and limitations referred to herein, we are of the opinion that, as of the date hereof, the Revised Exchange Ratio provided for in the Transaction is fair, from a financial point of view, to the Company.

Very truly yours,



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LAZARD INDIA PRIVATE LIMITED

The Board of Directors  
Vedanta Limited  
Sesa Ghor, 20 EDC Complex, Patto, Panjim,  
Goa – 403001.

Dear Sirs,

1. At the request of Vedanta Limited ('the Company'), we have examined the proposed accounting treatment specified in clause 10 of the Draft Scheme of Arrangement ('the Scheme'), approved by the respective Board of Directors of the Company and Cairn India Limited with reference to its compliance with the applicable Indian Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles. The said Scheme is proposed to be filed in terms of the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, and Section 52 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 1956 / Companies Act, 2013 and is subject to the approval of the respective shareholders and creditors of both the Company and Cairn India Limited and other relevant regulatory authorities. The extracts of clause 10 of the Scheme is given as an annexure to this certificate.
2. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies as aforesaid, is that of the Board of Directors of the Company. Our responsibility is only to examine and report whether the proposed accounting treatment specified in the Scheme complies with the applicable Ind AS. Nothing contained in this certificate, nor anything said or done in the course of, or in connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.
3. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI). Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
4. Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment specified in clause 10 of the Scheme, as given in annexure to this certificate, is in compliance, with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Indian Accounting Standards notified by the Central Government under Companies Act, 2013.
5. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.
6. This certificate is issued at the request of the Vedanta Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the Bombay Stock Exchange and National Stock Exchange. This Certificate should not be used for any other purpose without our prior written consent.

For S.R. Batliboi & Co. LLP  
ICAI Firm registration number: 301003E/E300005  
Chartered Accountants

per Naman Agarwal  
Partner

Membership Number: 502405  
Place: Gurgaon  
Date: July 25, 2016





**10. ACCOUNTING TREATMENT**

10.1 The amalgamation shall be accounted for in the books of Vedanta in accordance with the "pooling of interests method" prescribed under IndAS 103 "Business Combinations" and/ or such other IndAS as may be relevant. Accordingly,

10.1.1. All the assets and liabilities of Cairn shall be recorded at their existing carrying amounts and in the same form in the books of Vedanta.

10.1.2. The face value of equity shares issued by Vedanta to the Cairn Equity Shareholders pursuant to this Scheme shall be recorded as equity share capital of Vedanta and the preference shares issued by to Vedanta to the Cairn Equity Shareholders pursuant to this Scheme shall be recorded in accordance with the applicable IndAS;

10.1.3. The balance of the retained earnings appearing in the financial statements of Cairn (as appearing in the books of accounts of Cairn) shall be aggregated with the corresponding balance appearing in the financial statements of Vedanta. Alternatively, at the option of the Board of Vedanta, the same shall be transferred to general reserve, if any, of Vedanta.

10.1.4. The identity of the reserves of Cairn shall be preserved and they shall appear in the financial statements of Vedanta in the same form and manner, in which they appeared in the financial statements of Cairn, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective, there is any reserve in the financial statements of Cairn available for distribution whether as bonus shares or dividend or otherwise, the same shall also be available in the financial statements of Vedanta for such distribution pursuant to this Scheme becoming effective.

10.1.5. The excess, if any, between the amount recorded as share capital issued by Vedanta and the amount of share capital of Cairn shall be transferred to capital reserve in the books of Vedanta and such capital reserve shall be presented separately from other capital reserves with disclosure of its nature and purpose in the notes to financial statements of Vedanta.



10.1.6. Any inter-company payables/ receivables (including loans, advances or debtors etc.) shall be cancelled.

10.1.7. In case of any differences in accounting policies between Vedanta and Cairn, impact of the same will be quantified and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles, so as to ensure that the financial statements of Vedanta reflect the financial position on the basis of harmonious accounting policies.

