

REPORT OF THE MEETING OF AUDIT & RISK MANAGEMENT COMMITTEE OF VEDANTA LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND ITS SHAREHOLDERS UNDER SECTION 230 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON THURSDAY, OCTOBER 28, 2021

The following Directors of the Company were present through video conferencing during discussion on the Scheme:

1. Mr. UK Sinha – Chairperson
2. Mr. DD Jalan – Member
3. Mr. Akhilesh Joshi - Member

The following were present through video conferencing during discussion on the Scheme:

By invitation:

1. Mr. Sunil Duggal – Whole-time Director & CEO
2. Mr. Ajay Goel – Acting Chief Financial Officer
3. Mr. Anupam Kumar – Head Group Financial Reporting
4. Mr. Dilip Golani – Group MAS Head
5. Mr. Deodatta Padgaonkar – Senior VP, MAS

In attendance:

1. Ms. Prerna Halwasiya – Company Secretary & Compliance Officer

1. Background

- 1.1. A meeting of the Audit & Risk Management Committee of the Company was held on October 28, 2021 to consider and recommend the proposed Scheme of Arrangement between the Company and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 ("Act") ("Scheme").
- 1.2. The Audit & Risk Management Committee of the Company noted that in terms of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ("SEBI Master Circular") read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), the Audit Committee of the Company is required to recommend the draft Scheme to the Board of Directors of the Company after taking into account *inter alia*, the valuation report and fairness opinion (if applicable), the rationale of the Scheme, impact of the Scheme on the shareholders, cost benefit analysis of the Scheme, the Scheme is not detrimental to the shareholders of the Company and other matters (as applicable). This report of the Audit & Risk Management Committee of the Company is made to comply with the requirements SEBI Master Circular read with Listing Regulations.

VEDANTA LIMITED

REGISTERED OFFICE: Vedanta Limited, 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East) Mumbai – 400093, Maharashtra, India | T +91 22 6643 4500 | F +91 22 6643 4530

CIN: L13209MH1965PLC291394



- 1.3. The following documents/ drafts were placed before the Audit & Risk Management Committee:
- 1.3.1. Draft Scheme, duly initialed by the Company Secretary & Compliance Officer of the Company for the purpose of identification;
 - 1.3.2. Certificate obtained by M/s S.R. Batliboi & Co. LLP, Chartered Accountants, the Statutory Auditor of the Company ("**Statutory Auditors**"), on the accounting treatment prescribed in the Scheme;
 - 1.3.3. Undertaking of the Company on non-applicability of conditions specified in Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular;
 - 1.3.4. Certificate obtained from Statutory Auditors of the Company, M/s. S. R. Batliboi & Co. LLP Chartered Accountants (ICAI Firm Registration No. 301003E/E300005) in relation to non-applicability of conditions specified in Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular;
 - 1.3.5. Financial statements of the Company for last 3 financial years; and
 - 1.3.6. Limited review unaudited financial results of the Company for the second quarter and half year ended September 30, 2021.
- 1.4. The Audit & Risk Management Committee noted that the Scheme provides for capital reorganization of the Company, *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves (*as defined in the Scheme*) to the Retained Earnings (*as defined in the Scheme*) of the Company. Pursuant to the Scheme, no shares/ consideration is proposed to be issued by the Company.

2. Need for the arrangement and rationale of the Scheme

- 2.1. The Audit & Risk Management Committee of the Company noted the rationale and the benefits of the Scheme which, *inter-alia*, are as follows:
- 2.1.1. *Over the years, the Company has built up significant reserves through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.*
 - 2.1.2. *Steady growth in sales volume, balanced capital expenditure for continuing operations has helped the Company achieve a strong track record of generating cash flows. With healthy business practices in place, the Company expects that it will continue its growth trajectory and its business operations will keep generating incremental cash flow over the coming years.*
 - 2.1.3. *The Company is of the view that the funds represented by the General Reserves are in excess of the Company's anticipated operational and business needs in the foreseeable future, thus, these excess funds can be utilized to create further shareholders' value, in such manner and to such*

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extent, as the Board of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other Applicable Law.

2.1.4. *The Scheme is in the interest of all stakeholders of the Company.*

3. Synergies of business of the entities involved in the Scheme

The Company is incorporated under the provisions of the Companies Act, 1956. The Company is a diversified natural resource company engaged in exploring, extracting and processing minerals and oil and gas. The Company engages in the exploration, production and sale of oil and gas, aluminum, copper, iron ore and power. The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The American Depository Receipts issued by the Company are listed on New York Stock Exchange. The Company has announced its intention to delist its American Depository Shares ("ADS") from the New York Stock Exchange ("NYSE") and to terminate its ADS program. The delisting is expected to become effective 10 (ten) days post filing of Form 25 with the U.S Securities Exchange Commission after which the ADS of the Company will no longer be listed for trading on the NYSE. However, the Company's equity shares will continue to be traded on BSE and NSE.

4. Impact of the Scheme on the shareholders of the Company

- 4.1. Pursuant to the Scheme, there is no outflow of/ payout of funds from the Company. The Scheme does not entail any discharge of consideration by the Company to its shareholders. Hence, the interest of the shareholders is not adversely affected. The Company's equity capital structure and the shareholding pattern subsequent to the Scheme will remain unchanged.
- 4.2. The Scheme does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.
- 4.3. The proposed Scheme is expected to be beneficial to the Company and its shareholders and all other stakeholders in large and is not detrimental to any of the shareholders of the Company.

5. Cost benefit analysis of the Scheme

After a careful evaluation of various uses of the available excess reserves, the Company believes that the proposed Scheme will provide an opportunity to leverage the balance sheet of the Company which in turn could further optimise the cost of capital and thus improve the economic value of the Company.

Although the proposed Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

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6. No requirement of obtaining valuation report or fairness opinion

The Scheme provides for capital reorganization of the Company, *inter alia*, providing for transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company. Pursuant to the Scheme no consideration, in form of cash, shares or otherwise, is proposed to be paid by the Company. Accordingly, there is no requirement to obtain a valuation report from a registered valuer. Since, there is no requirement to obtain valuation report for the present Scheme, there is also no requirement to obtain fairness opinion from a merchant banker.

7. Recommendation of the Audit & Risk Management Committee

The Audit & Risk Management Committee, *inter alia*, having noted the rationale, benefits and the impact of the Scheme on shareholders and others concerned and in particular the fact that the Scheme is not detrimental to the interests of any of the shareholders of the Company and in consideration of the documents placed before it, approves and recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Members of the Audit & Risk Management Committee

For and on Behalf of **VEDANTA LIMITED**


Mr. UK Sinha
Chairman of the Meeting
Place: New Delhi
Date: October 28, 2021



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