

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 Depository 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 1st 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 31st March, 2015 is as under:

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

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 14th 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 31st 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 31st March, 2015 is as under:

Share Capital	Rs. in Crore
Authorised Share Capital	
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
Total	5,162.01
Issued, Subscribed and Paid-up Share Capital*	
296,50,04,871 Equity Shares of Re.1/- each, fully paid-up	296.50
Total	296.50

*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 14th June 2015.

As on 31st 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.

