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IN THE NATIONAL COMPANY LAW TRIBUNAL MUMBAI BENCH

CSA(CAA) No. 195/2022

IN THE MATTER OF SECTION 230 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013

AND

IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN VEDANTA LIMITED AND ITS SHAREHOLDERS

VEDANTA LIMITED ...**APPLICANT COMPANY**

To
The Assistant Director / Registrar
National Company Law Tribunal
Mumbai

BE PLEASED to issue one certified copy of the order pronounced on 26th August 2022 by the Bench consisting of Shri. HV Subba Rao, Hon'ble Member (Judicial) and Smt. Anuradha Sanjay Bhatia, Member (Technical), in the captioned matter.

Dated this 1st September 2022

For Khaitan & Co.

Advocates for the Applicant Company

राष्ट्रीय कम्पनी विधी अधिकरण
NATIONAL COMPANY LAW TRIBUNAL
मुंबई न्यायपीठ / MUMBAI BENCH
12 SEP 2022
डायरी नं / DIARY NO. D-12629
को पीटीशन / अप्लिकेशन
CO. PETITION / APPLICATION No. 11.05

IN THE NATIONAL COMPANY LAW TRIBUNAL

COURT V, MUMBAI BENCH

CA(CAA) No. 195/2022

In the Matter of Section 230 And Other Applicable Provisions of The Companies Act 2013 and Rules framed thereunder as in force from time to time;

AND

In the Matter of The Scheme of Arrangement Between Vedanta Limited and Its Shareholders

Vedanta Limited, a company incorporated under the provisions of the Companies Act, 1956, having corporate identity number L13209MH1965PLC291394 and its registered office at 1st Floor, C wing, Unit 103, Corporate Avenue Atul Projects, Chakala, Andheri (East), Mumbai – 400 093 Maharashtra, India

...Applicant Company

Order Reserved on 11.08.2022

Order Pronounced on 26.08.2022

Coram: H.V. Subba Rao, Hon'ble Member (Judicial)

Anuradha Sanjay Bhatia, Hon'ble Member (Technical)

Appearances (via videoconferencing) :

For the Applicant Company: i/b Khaitan & Co, Advocates for the Applicant Company

ORDER

1. This Court is convened by videoconferencing.

2. Vedanta Limited (hereinafter referred to as the "**Applicant Company**" has proposed a Scheme of Arrangement with its shareholders ("**Scheme**") pursuant to the provisions of Section 230 and other applicable provisions of the Companies Act, 2013 ("**Act**"). The Scheme provides for capital reorganization of the Applicant 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.

3. The Applicant Company is incorporated under the provisions of the Companies Act, 1956. The registered office of the Applicant Company is situated in Mumbai, Maharashtra and hence the subject matter of the Application is within the jurisdiction of the Hon'ble National Company Law Tribunal, Mumbai Bench ("**Hon'ble Tribunal**"). The equity shares of the Applicant Company are listed on the BSE Limited and National Stock Exchange of India Limited.

4. Learned Counsel for the Applicant Company submits that the circumstances and/or reasons and/or grounds that have necessitated and/or justified the Scheme and some of the major benefits which would accrue from the Scheme are extracted from the Scheme and stated below:

"(C) RATIONALE FOR THIS SCHEME

1. *Over the years, the Company has built up significant reserves through transfer of profit to the reserves in accordance with provisions of the erstwhile Companies Act 1956 and erstwhile rules notified thereunder namely the Companies (transfer of*

profit to reserves) Rules, 1975.

2. *Steady growth in sales volume balance capital expenditure for continuing operations has helped the company in achieving 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.*

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 utilised to create for the shareholder's value, in such manner and to such 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.*

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

5. The Learned Counsel for the Applicant Company submits that the Scheme was approved by a resolution passed by the Board of Directors of the Applicant Company at its meeting held on 29th October 2021. Certified copy of the Board Resolution passed by the Board of Directors of the Applicant Company is annexed to the Company Scheme Application.

6. The Learned Counsel for the Applicant Company submits that the Securities Exchange Board of India have given their comments on the Scheme that are incorporated in the no objection letters dated 7th April 2022 issued by National Stock Exchange of India Limited ("**NSE Letter**") and letter dated 19th April 2022 issued by BSE Limited ("**BSE Letter**"). The said NSE Letter and BSE Letter are

annexed to the Company Scheme Application. The Learned Counsel for the Applicant Company submits that the Applicant Company has complied with the conditions mentioned in the BSE Letter and NSE Letter, to the extent applicable. Further, in view of NSE Letter, there is no requirement of issuing notices to Securities Exchange Board of India and National Stock Exchange of India Limited.

7. The Learned Counsel for the Applicant Company submits that as on 31st March 2022, the Applicant Company has 7,43,582 Equity Shareholders holding 371,71,99,039 equity shares, details of which are annexed to the Company Scheme Application. A meeting of the Equity Shareholders of the Applicant Company be convened and held on Tuesday, 11th October 2022, at 3:00 p.m. through video conferencing, other audio-visual means or in physical presence of shareholders, and, if thought fit, approving, with or without modification(s), the proposed Scheme. In addition to the above, the Applicant Company will provide facility of remote e-voting to each of its equity shareholders to cast their vote.

8. At least 1 (One) month before the said meeting of the Equity Shareholders of the Applicant Company to be held as aforesaid, a notice convening the said meeting at the day, date and time as aforesaid, together with a copy of the Scheme, a copy of the Explanatory Statement required to be sent under Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, shall be sent to the Equity Shareholders of the Applicant Company by e-mail to their registered e-mail address as per the records of the Applicant Company, in view of the on-going COVID-19 pandemic and ongoing social distancing norms. The Applicant Company shall ensure that the Equity Shareholders of the

Applicant Company whose e-mail address' are not available with the Applicant Company or who have not received notice convening said meeting, can access/ download the said notices from the website of the Applicant Company viz. www.vedantalimited.com and on the websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. The said notices will mention the procedure to register and vote on the resolutions proposed in the said notice.

9. At least 30 (Thirty) days before the meeting of the Equity Shareholders of the Applicant Company to be held as aforesaid, a notice convening the said meeting, at the date and time aforesaid be published each in 'Business Standard' in English having nation-wide circulation and 'Navshakti' in Marathi having circulation in Maharashtra, stating that copies of the Scheme and the said statement required to be furnished pursuant to Section 230(3) of the Companies Act, 2013 can be obtained free of charge by emailing the Applicant Company at compliance.officer@vedanta.co.in.

10. The Applicant Company undertakes to:

    i. Issue notice convening meeting of the Equity Shareholders as per Form No CAA.2 (Rule 6) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

    ii. Issue statement containing all the particulars as per Section 230 of the Companies Act, 2013; and

    iii. Advertise the notice convening meeting as per Form No. CAA.2 (Rule 7) of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016.

The undertaking is accepted.

11. Justice (Retd.) Ranjit Vasantrao More, Former Chief Justice of Meghalaya High Court failing whom, Mr. Upendra Kumar Sinha, Independent Director of the Applicant Company, is hereby appointed as the Chairperson for the meeting of the Equity Shareholders of the Applicant Company.

12. Mr. Upendra Shukla, Practicing Company Secretary (FCS No. 2727) is hereby appointed as a Scrutinizer for the meeting of the Equity Shareholders of the Applicant Company.

13. The Chairperson appointed for the aforesaid meeting of the Applicant Company to issue notice of the meeting of the Equity Shareholders referred above. The Chairperson shall have all powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, as may be applicable for meetings of Equity Shareholders convened and held through video conferencing or other audio-visual mode, in relation to the conduct of the meeting including for deciding procedural questions that may arise at the meeting or at any adjournment thereof or any other matter including, an amendment to the Scheme or resolution, if any, proposed at the meeting by any person(s).

14. The quorum for the aforesaid meetings of the Equity Shareholders of the Applicant Company shall be as prescribed under Section 103 of the Companies Act, 2013.

15. The value and number of the equity shares of each Equity Shareholder shall be in accordance with the books/ register of the Applicant Company or depository records and where the entries in the books/ register/ depository records are disputed, the Chairperson of the Meeting shall determine the value for the

purpose of the aforesaid meeting and his decision in that behalf would be final.

16. The Chairperson shall file a compliance report not less than 7 (Seven) days before the date fixed for holding of the meeting of the Equity Shareholders of the Applicant Company and report to this Tribunal that the directions regarding the issue of notice and advertisement have been duly complied with, as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

17. The Chairperson shall report to this Tribunal, the result of the aforesaid meeting within 30 (Thirty) days of the conclusion of the said meeting of the Equity Shareholders of the Applicant Company, and the said report shall be verified by his undertaking as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

18. The Learned Counsel submitted that the Applicant Company do not have preference shareholders and therefore the question of convening and holding of a meeting of the preference shareholders of the Applicant Company to consider and approve the Scheme does not arise.

19. The Learned Counsel for the Applicant Company submits that as on of 31st March 2022 the Applicant Company has 227 Secured Creditors having an aggregate value of Rs. 3,10,53,53,71,281 details of which are annexed as to the Company Scheme Application. The present Scheme is an arrangement between the Applicant Company and its shareholders, under the provisions of Section 230 of the Companies Act, 2013. The Scheme provides for capital reorganisation of the Applicant Company, *inter alia*,

providing for transfer of amounts standing to the credit of General Reserves to Retained Earnings of the Applicant Company. No consideration is proposed to be issued pursuant to the Scheme. Thus, the Secured Creditors of the Applicant Company shall, in no way, be affected by the Scheme, as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors. Further, there is no outflow of cash from the Applicant Company and the Scheme would not in any way adversely affect the operations of the Applicant Company or the ability of the applicant company to honour its commitments or to pay debts in the ordinary course of business. Therefore, the convening and holding of a meeting of the Secured Creditors of the Applicant Company is dispensed with. The Applicant Company undertakes to serve notice to all their respective Secured Creditors by Registered Post-AD/Speed Post, and email-ids, if available with Applicant Companies and in case the e-mail ids are not available, by way of registered post acknowledge due enclosing a copy of Scheme, with instructions that they may submit their representations, if any, to the Tribunal within a period of 30 days from the date of receipt of such notice and copy of such representations shall simultaneously be served upon the Applicant Companies. It shall be the responsibility of the Applicant Companies to ensure that every Secured Creditors is put on notice regarding the Scheme, so that they may take an informed decision thereon and file consent affidavit of all Secured Creditors at the time of Filing of Company Petition.

20. The Learned Counsel for the Applicant Company submits that as on 31st March 2022 the Applicant Company has 3,656 Unsecured Creditors having an aggregate value of Rs. 1,08,93,26,59,597 the details of which are annexed to the Company Scheme. The Scheme provides for capital reorganisation of the Applicant Company, *inter*

alia, providing for transfer of amounts standing to the credit of General Reserves to Retained Earnings of the Applicant Company. No consideration is proposed to be issued pursuant to the Scheme. Thus, the Unsecured Creditors of the Applicant Company shall, in no way, be affected by the Scheme, as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors. Further, there is no outflow of cash from the Applicant Company and the Scheme would not in any way adversely affect the operations of the Applicant Company or the ability of the applicant company to honour its commitments or to pay debts in the ordinary course of business. Therefore, the convening and holding of meeting of the Unsecured Creditors of the Applicant Company is dispensed with. However, the Applicant Company is directed to issue notice to all their respective Unsecured Creditors, by Registered Post-AD/Speed Post, and e-mail ids, if available with the Applicant Company and in case the e-mail ids are not available, by way of registered post acknowledge due enclosing a copy of the Scheme, with instructions that they may submit their representations, if any, to the Tribunal within a period of 30 days from the date of receipt of such notice, and copy of such representations shall simultaneously be served upon the Applicant Company. It shall be the responsibility of the Applicant Company to ensure that every Unsecured Creditors is put on notice regarding the Scheme, so that they may take an informed decision thereon and file consent affidavit of all Unsecured Creditors of at least the value of 90% Unsecured Creditors at the time of filing of Company Petition.

21. The Applicant Company is directed to serve notice along with copy of scheme by Registered Post-AD/Speed Post and hand delivery upon the (i) the Central Government through the Regional Director, Western Region, Ministry of Corporate Affairs; (ii) the Registrar of

Companies at Mumbai; and (iii) the Income Tax Authority at Company Circle 25(1), Delhi for Applicant Company having PAN No. AACCS7101B, within whose jurisdiction the Applicant Company's assessment is made, (iv) Goods & Services Tax Authority at Office of Superintendent, Central Goods and Service Tax, Range V, Sawantwadi Maharashtra within whose jurisdiction the principal place of business in the state of Maharashtra is located; (v) BSE Limited (through the BSE Listing Centre); and (vi) any sectoral regulator, if any, pursuant to Section 230(5) of the Act read with Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. If no response is received by the Tribunal from such authorities within 30 (Thirty) days of the date of receipt of the notice, it will be presumed that they have no objection to the Scheme as per Rule 8 of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016.

22. That the Applicant Company to file Affidavits of Service respectively, with the Registry proving dispatch of notices to creditors and regulatory authorities as stated above, and report to this Tribunal that the directions have been duly complied with.

23. Ordered Accordingly.

SD/-
Anuradha Sanjay Bhatia
Member (Technical)

SD/-
H.V. Subba Rao
Member (Judicial)

Certified True Copy
Copy issued "free of cost"
On 2/9/2022

Deputy Registrar 2/9/2022.
National Company Law Tribunal Mumbai Bench
Government of India