

Vedanta Demerger Scheme: A New Chapter for Vedanta and Talwandi Sabo Power



Delhi, India Jan 3, 2026 (Issuewire.com) - When huge conglomerates announce a demerger, it's essentially a restructuring move. For businesses like Vedanta Ltd., it reflects a strategy, a vision, and broader expansion plans. That's exactly what's happening in the case of the Vedanta Demerger Scheme, which recently received approval from the National Company Law Appellate Tribunal (NCLAT) for one of its subsidiaries- Talwandi Sabo Power Ltd (TSPL)- the Punjab's largest private power plant.

NCLAT has allowed TSPL to move ahead with its demerger plan, setting aside a lower court's order that put the proposed demerger on hold. For Vedanta, NCLAT's approval is a well-thought-out step toward sharpening business focus, improving financial discipline, and delivering more value to shareholders.

What Happened Recently?

Vedanta demerger scheme was facing regulatory delays around the demerger of TSPL. The Chandigarh bench of the National Company Law Tribunal (NCLT) had raised objections, claiming that the demerger scheme lacked the necessary disclosures, specifically regarding the company's debt obligations, which slowed down the demerger process. But now, the NCLAT has set aside those objections, giving a green light to Vedanta's restructuring plan.

The order comes after the counsel for Talwandi Sabo informed NCLAT that it has ended its dispute with China's Sepco Electric Power Construction Corp. (SEPCO) and reached an agreement on September

11, 2025. SEPCO, which is one of the creditors of TSPL, objected to the [Vedanta Demerger](#) for alleged non-payment of dues worth INR 1,251 crores. TSPL and SEPCO were locked in a legal battle relating to the engineering, procurement, and construction (EPC) contracts entered into between the two companies for setting up a thermal power project.

NCLAT's Decision – A Big Relief for Vedanta

The recent settlement agreement provides for a full and final resolution of all claims and counterclaims and includes withdrawal of pending arbitration proceedings. However, financial details regarding the deal were not disclosed.

The NCLAT's decision is a big relief for Vedanta as the proposed demerger is a step towards minimising the company's debt and improving value for the shareholders by creating focused independent businesses.

Bigger Picture: Vedanta's Restructuring Plan

Vedanta is demerging Talwandi Sabo Power Ltd. along with other businesses to create independent, sector-focused companies. Vedanta will split into five companies, including Vedanta Aluminium, Vedanta Oil & Gas, Vedanta Power, Vedanta Iron and Steel, and Vedanta Limited (the remaining listed entity). Anil Agarwal, the Chairman of Vedanta Ltd., pointed out that each of the newly formed entities has the potential to be a national champion and grow into a USD 100 billion company.

The company, through the Vedanta demerger, aims to unlock value for shareholders by creating pure-play businesses with their own management teams. This move will let each of the newly formed entities attract dedicated investors and partners and drive future growth.

For investors, Vedanta demerger means improved transparency and clearer opportunities to invest in specific sectors, whether that's metals, energy, or power.

Why Does the Demerger Matter?

The recent approval is not just a legal victory; rather, it has strategic importance for Vedanta. Here's why it matters:

- **Sharper business focus** – Each of the business units will operate as a dedicated, sector-focused unit.
- **Debt management** – By splitting business entities, Vedanta can reduce the debt load on the parent company.
- **Investor confidence** – The Establishment of pure-play companies will attract global investors looking for specific sectors.
- **Operational efficiency** – Independent management teams will be well-positioned to make faster, focused decisions.

In short, the Vedanta demerger will help the company move towards becoming a more transparent, agile, and value-driven company.

The Road Ahead

Indeed, the [Vedanta Demerger Scheme](#), once approved, will be the beginning of a new journey.

Vedanta is now completing the legal formalities, regulatory clearances, and operational aspects of the demerger.

Vedanta Demerger for TSPL is just the beginning of a larger transformation in how Vedanta operates. NCLAT, by letting TSPL operate as an independent entity, is assisting the company in improving its efficiency and unlocking value for shareholders.

For investors, Vedanta's demerger is a reminder that Vedanta is not standing still — it is actively reshaping itself to align with changing market realities. The TSPL demerger is just one step, but it's a step that could redefine the group's future.

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